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**SOME FACTOR AFFECTING THE DEMAND FOR PRIVATE
EDUCATION - THE CASE OF SIXTH FORMS
MAKTAB ADABI MUAR, JOHOR**

BY

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RESEARCH PAPER

This is to certify that Bro. / ~~SIS~~ ^{XXX} YAZID ITHNIN
has written the Master of Economics research paper entitled:

Some Factors Affecting the Demand for Private Education - The

Case of Sixth Forms Maktab Adabi Muar, Johor.

under my supervision. The relevant comments made on the paper during its presentation have been incorporated in the present version of the paper to my full satisfaction.

I have pleasure in recommending that the graduate committee may approve the paper in partial fulfilment of the requirements for the degree of Master of Economics.

Name of Supervisor: Prof. Dr. Ataul Huq Pramanik

Date: 6/9/93


(Signature)

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ABSTRACT

This study examines some of the factors affecting the demand for private education. Fifty respondents (Sixth Form students) were selected at random from Maktab Adabi Maharani (MAM) Muar, in the state of Johor. Data were collected via a standard questionnaire.

The objectives of the study are to examine and analyse the background characteristics and previous education of pupils, to estimate the costs of undertaking private education and to trace the trend of enrolments in MAM. Private education is that formal secular education acquired from private institutions based on payments after a student fails to continue in government school because of unsatisfactory examination results. Specifically, this study seeks to explain the relationship between factors such as family incomes, family sizes, localities, education level, to the demand for private education.

It is found that the average cost of undertaking private education at MAM for the first month is RM590.30 all inclusive, for hostel expenses or RM462.83 for non-hostel, assuming that all necessary payments are paid at the time of enrolment. The average cost per year ranges from RM3,808.56 (hostel-stay) to RM2,405.39 (non-hostel). Estimation of cost includes all direct individual cost items. Since most of the students are from the rural poor populace, their decisions to pursue private education is often financially constrained. Demand is not hindered by distance. About half of the sample is of high aspiration and determined to perform better than before.

PART I
INTRODUCTION

Statement of the Problem

Most studies conducted locally tend to emphasize on the educational aspects of government or assisted schools, whereas the private schools are deliberately neglected. Although the public is aware of the importance of good and high academic performance of pupils, the dropout rate is still high. This phenomenon leads to an increase in demand for private education. It is important for us to know about other factors causing such situation, the pupils' decisions, economic considerations, performances and job opportunities.

Student's demand for the private education depends among others; on the background of students in terms of previous education, family status or location of stay. Majority of these students come from low income rural households. Since the cost of undertaking private education is high, some may have to stop their education half-way due to lack of finance. Naturally, this is a waste of human resources. Moreover, this is made worst as the failure rates among private schools are still high.

Most private schools are characterised by *ad-hoc* nature of teachers. Some of the permanent staff are not as well qualified as their counter-parts in the government aided schools. Most STPM/HSC holders offer their services temporarily. Once a private school teacher is offered other

better paid job or has the chance of furthering his education, his job is handed over to another new or inexperienced teacher. This is a problem which seems to be consistently happening in most private schools and therefore hinders the smooth flow of pupils' studies. Besides, how can we expect good academic standards when the teachers themselves are lacking teaching experience.

It is a common belief that the higher the standard of living of the family, or the higher the education level of the parents, the better would be the children's performance in examinations, *ceteris paribus*. Since the highest demanders for private education are the rural poor populace, there is a tendency for the poor academic performance. The standard of living, in one way, may be reflected by the parent's level of income. It may not, however, be the best indicator, since other criteria such as the overall educational environment, entry requirements, lack of adequate seats in private schools and the family background are not taken into consideration. If the direct relationship between family income and student's performance is true, then there will be a continuous 'vicious circle' of failures.

One of the main aims of students sitting for the STPM/HSC examination is to gain university admission. However, in the past, the rate of failures in private schools was usually high. Most parents today, regardless of their own educational status, would like to see their children attending courses in one of the universities or any higher seats of learning. With this in mind, parents normally agree with the suggestion put

forward by their sons/daughters to sit for the STPM/HSC examination after studying in private schools. The parents do not really analyse achievements or the abilities of their children at SPM/MCE level. One should, however, consider whether it is better to improve the SPM/MCE grade, or join the sixth form but risking the failure at post secondary level. It would be advantageous if the costs and benefits to this decision could be quantified.

Most private schools are faced with disciplinary problems, where pupils are of low aspiration towards their education and capabilities. This may be due to the fact that most private students consist of those who could not pursue their education in government assisted schools either because they completely failed in any one of the preceding examinations or they did not meet the necessary requirements for continuing their studies. To leave the private school either because of financial difficulties, loss of confidence or simply because of repeated failures, would be frustrating to both the pupils and their parents.

Sometimes parents encourage their dropout-children to go to private schools. Even in private schools, some of these pupils go just for the sake of attending. This may be because farming has become less and less attractive especially to our younger generations. The attitude of working with the government or firm is still considered prestigious, no matter how small the income is.

Objective of the Study

The main objective of this study is to ascertain some of the pertinent factors that determine the pattern of demand for private education today. This study attempts to look closely at the backgrounds of students and parents/guardians, family income and costs of undertaking private education. The pupils' aspiration and expectations will also be enquired.

The specific objectives are as follows:

1. To review the present Malaysian Education system mainly confining to Form Three, Five and Six (Appendix A).
2. To identify, examine and analyse the background characteristics of the families of pupils who demand private education.
3. To estimate the average cost per pupil for undertaking such private education for the sixth formers (STPM/HSC level).
4. To trace the trend in enrolment of the Sixth Form pupils in Maktab Adabi Muar, Johor, and finally;
5. To analyse the inter-relationship existing among the factors that affect the demand for private education, taking into account some important determinants like income, educational background of parents, availability of other educational institutions nearby, the facilities provided and the entry

requirements set by such private institutions.

Definition of Terms

For the purpose of this paper, the following terms are defined to eliminate ambiguity:

Private education: The formal education offered by the private enterprises who receive no financial assistance from the government, but the education is similar in syllabus and context to those offered in government schools.

Private school: School that is established and managed privately, with no financial assistance whatsoever from the government but registered under the Education Act, 1961. These enterprises operate purely on business grounds (profit motive).

Government school: Fully assisted schools whose whole cost of operation and maintenance less any school fees collected, is borne by the government.

Students: Those pupils who undertake private education, unless otherwise stated. (In case of this paper, the respondents are the randomly selected students).

Academic performance: Those achievements attained by students in any formal education, as reflected by the SRP¹, SPM and STPM results.

¹ Now known as the PMR (Penilaian Menengah Rendah). At this level, whether a student fails or passes the PMR examination, he or she will be promoted to the fourth form.

Background characteristics: Those characteristics of students in relation to their background information such as their families, socio-economic status, previous education, etc.

Socio-economic status: The position that a person occupies in relation to others (or peer group); in terms of income, occupation, education, etc., which can be categorised as high, medium or low.

Rank: Scale of preference or priority placed by the students regarding any specific aspect.

Abbreviations Used

PMR	=	<i>Penilaian Menengah Rendah</i> /Lower Secondary Assessment
SPM/MCE	=	<i>Sijil Pelajaran Malaysia</i> /Malaysian Certificate of Education
STPM/HSC	=	<i>Sijil Tinggi Persekolahan Malaysia</i> /Malaysian Higher School Certificate
MAM	=	Maktab Adabi Maharani
MOE	=	Ministry of Education

Justification of the Study

Muar (a town in Northern Johor)² is chosen as the study area (Appendix B), since the writer hails from the same area and is familiar with the schooling system there. Most importantly, such type of specific and localised study on private education has never been undertaken in Muar.

At present, researches on private schools, private students and private education are much lacking. Being conscious of this neglected area of investigation, this study attempts to examine some of the factors associated with the demand for private education. Attention will be focused only on the Form Six private students of the MAM. Thus only the demand for private education at STPM level will be analysed.

To the public, the attainment of a formal educational qualification, would provide better opportunity for obtaining 'prestigious or secure' employment. The perception of the public regarding the low quality of private students and private education (as second best) might be misleading. It might be the case that the staff of these schools may not be aware of all the problems facing them. The finding of this study is expected to realise the problems and formulate policies for the improvement of their services.

² Muar (in Johor) is chosen as the study area since Johor has the most number of secondary private schools in Malaysia. In Johor, there were 79 private schools in 1992. Next was Perak (58 schools). There was a total of 63 primary and 410 secondary private schools in the whole country in 1992. Source: NEW STRAITS TIMES, dated June 10th, 1993.

Limitation of the Study

This is a specific, localised field study. It was conducted on a sample of 50 students from MAM. In Muar³, only two of these private schools offering the STPM level. They are MAM and Institiut Maharani⁴ whereas the other two (Sekolah Menengah Mohd. Yassin and St. Andrew's Continuation School) do not. However, based on the very confined nature of this study, care should be taken in generalizing the results obtained, for the other schools, for Johor or for the whole of Peninsular Malaysia.

It is important to note that there is no official institution or department specifically in charge of keeping and maintaining records of private schools. Thus the data gathered and used in this study are primary in nature and thereby suffer from some obvious limitations.

This study is confined to the sixth formers only (private education at STPM level). A different pattern might be revealed if the SPM level is taken into account. This study is not intended to analyse the economics of private education,

³ At present, there are a total of 5 private schools left in Muar. They are MAM, Institiut Maharani, Sekolah Menengah Mohd. Yassin, St. Andrew's Continuation School and Chung Hwa Chinese School. There were 4 other schools that were closed down (due to various reasons) from the period of 1982 to 1992, i.e., Akademik Daya, Institiut Pendita, Institiut Bakti and Sekolah Menengah Bimbingan Ibubapa. The later was transformed into *Madrasah Maharani Al-Islamiah*, Lorong Serkam.

⁴ Request by the writer to conduct a similar study in Institiut Maharani was regrettedly turned down by the Principal of that institution, on the pretext of 'racially sensitive'. Thus the sample is reduced to the students of MAM only.

or to examine the detailed costs and returns from running private schools. It is neither intended to compare the efficiency or the achievements of these schools, or performances of pupils of different races. The section on willingness to pay reflects expected demand, not effective demand. That is, the amount that the students are willing to pay, not the actual amount they are paying. Students do not keep their detailed expenditure records. But the records obtained here are based on whatever information provided by the students. Moreover, the calculation on expenditures is based on current prices (1993). Thus a direct cost comparison between present and the past, may not be appropriate unless price index is taken into account.

Another limitation is that this study considers only the normal, secular type of education. The Islamic religious education (or 'pondok'⁵ type, though it is also private in nature) is not included.

⁵ In Muar, it is also known as the *Sekolah Ma'ahad*.

PART II

LITERATURE REVIEW

Private education refers to education that is provided by 'non-assisted schools' or 'non-assisted educational institutions'. 'Assisted' means that education is provided with full aid from the government or in receipt of partial grant-in-aid. According to the Education (Amendment) Bill 1972⁶, the private sector is also subjected to rules or regulations made to control, supervise and regulate these institutions, to a certain extent. Private education includes kindergarten and nursery schools. Private enterprises were first observed in the founding of the Chung Hwa School (Penang), Pay Foong School (Melaka), Confucian School (Kuala Lumpur) and Yuk Choy School (Ipoh)⁷. Sekolah Kadir Adabi (Kelantan) is an example of the private enterprise which has recorded the services of public-spirited individuals.

According to Syn⁸, another group or type of private education was the afternoon or continuation education, where over-aged children, or superannuated pupils from the regular government or aided schools, were able to continue their education. These were church-sponsored though the curriculum

⁶ Based on the speech by Minister of Education in moving the Education Bill 1972, at *Dewan Rakyat* on January 10th, 1972.

⁷ KEE, W.H. (et. al.), Education in Malaysia, Heinemann Educational Books (Asia) Ltd., Kuala Lumpur, 1971, p. 40.

⁸ SYN, W.Y., The Progress of Education in Malaya During the Post War Period, 1947 - 1960, Unpublished PhD. Thesis, University of Minnesota, 1964, p. 176.

was almost identical to government schools. The primary reason for the existence of private schools was that they fill a gap by providing education for dropouts, those who were over-aged or slow learners, until adequate provisions could be made by the government. If the pupils achieved satisfactory grades, they could be transferred back to the regular aided schools.

According to Vaizey^a, the demand for education depends on the size of the child population. This implies that those students leaving government schools for private schools because of failure, will create direct demand for private education. When there is compulsory primary education as in the case of our society, there is a tremendous boost in primary education enrolments and thus in the private schools, too.

Any attempt to make the analysis of the demand for education more simply by taking the component parts of education (or levels) rather than the whole system is not very satisfactory because the varying degrees of complementarity between the parts. Education is made up of complex system of tertiary network. Demand theories and analyses concentrate on formulating laws on relationships between the levels of education demanded and expenditures on education. Some quantifiable phenomena such as the prices of other competitive or complementary items associated with education, opportunity costs and the incomes of parents, should be taken into

^a VAIZEY, J., The Economics of Education, in MacMillan Studies in Economics, MacMillan, Great Britain, 1973, p. 27.

account.

According to Sheehan¹⁰, in assessing the demand for education we could not simply formulate the demand schedule, i.e., some functional relationships between the quantity demanded and price, income, or rate of return on investment (if education is considered as an investment good). Since society and education are dynamic, the analysis of demand over time would have to be considered.

The demand for education is also determined by the rate of return on investment in education. Based on internal rate of return to total resource investment in schooling in USA, Hansen¹¹ in his study, estimated that the marginal rate of return rose rapidly from 9 percent to 29 percent upon completion of the seventh to eighth year of schooling, respectively. These rates then declined for high schools and colleges. However, I have not come across with any study focusing on the rate of return of the Malaysian schooling system.

Regarding demand schedule and education, Sheehan¹² pointed out that:

'The demand for education by an individual who is presumed to act according to a "rational" economic calculus, comparing the costs of, and prospective returns to, various possible amount of education open to him. The appropriate rate of return measures the "value" of education

¹⁰ SHEEHAN, J., The Economics of Education, George Allen & Unwin Ltd., Great Britain, 1973, p. 20.

¹¹ HANSEN, W.L., Total and Private Rates of Return in Schooling, in 'Journal of Political Economy', Vol. XXI, 1973.

¹² Op. cit. p. 21 - 23.

to individual and this is compared to the "cost" of education which is the opportunity cost of funds invested in education. This relationship will determine the amount of education demanded by the individual.'

From this, it follows that the individual demand relationship can be aggregated in order to derive the aggregate or market demand curve, for education. In this respect, Blaug¹³ formulated that the 'price' of education to individuals was given by the relation between the rate of return and the opportunity cost. Therefore if opportunity cost rises, the 'price' of education would rise and the amount demanded would fall. However, there are difficulties with this type of analysis. It is subjected to many criticisms.

Therefore in dealing with demand for education, we may not expect accurate results from our analysis since the relationship is one of interaction rather than a formulated function. Regarding dropouts, most dropout pupils with high expectation seek alternative schooling in private sector. Thus the dropouts give direct demand on private education. The relationship is positive. With satisfactory results, they can be accepted to continue in the government schools.

According to the Mid Term Review of the Second Malaysia Plan¹⁴, the highest dropout occurred among the Indian pupils at urban, rural, primary and secondary levels. In rural areas, a lower proportion of Malays aged 15 was at schools

¹³ BLAUG, M., An Introduction to the Economics of Education, Allen Lane the Penguin Press, London, 1970. p. 23.

¹⁴ MALAYSIA, Mid Term Review of the Second Malaysia Plan, Government Printers, Kuala Lumpur, p. 184.

compared to the Chinese. The main factors associated to the high dropout rates were the psychological and economic positions of the families concerned. At age 15, 90 percent of the prosperous students was in schools, but only 10 percent of the poor managed to remain in schools.

The government in the Sixth Malaysia Plan 1991 - 1995, will continue to encourage the setting up of education and training institutions by the private sector. The private sector participation in the overall economic development of the country is encouraged as seen in the privatisation strategy. As mentioned in the Plan:

'The demand for education has resulted in the proliferation of private institutions offering pre-school to tertiary level of education. The expansion of private sector will be encouraged as this will supplement public sector efforts'¹⁵.

The government realises that the private sector is playing a vital role in uplifting the educational standard of the society. Admittedly, the expansion of tertiary education level also reduces the foreign exchange outflow thereby improving the balance of payments to a certain extent. However, to ensure the acceptable standards and quality, a more effective monitoring of these private educational institutions will be undertaken. The private sector is expected to be more responsive in the provision of education and training facilities to meet the growing demand for

¹⁵ The National Development Planning Committee, 'Sixth Malaysia Plan 1991 - 1995', National Printing Department, Kuala Lumpur, 1991, item No. 5.83, p. 181.

qualified and skilled manpower.

Under the present Malaysian education system, every child has the opportunity to receive at least 9 years of basic, formal education. Thus the literacy rate is high. However, those who dropped out from the system have to be given appropriate attention. It is in this sense that continuing education (life long education through non-formal means) is becoming more important in mobilizing and upgrading human resources.

The transition rate between the primary and lower secondary levels in government-aided schools¹⁶ had remained stable at about 84 percent during the period of 1985 to 1990¹⁷. However, not all students who did not enter government schools left the schooling system. Some enrolled in private schools while some joined the Islamic religious secondary schools, managed either by the state governments, private individuals or organisations. The examination results showed that the overall performance in rural schools was lower than that of the urban schools. This is an indication that there are gaps in the quality of education between urban and rural schools.

Starting from 1989, there was curriculum reform implemented at both the primary and secondary levels. Under

¹⁶ The government-aided schools are the partially assisted schools.

¹⁷ Ibid., item 5.12, p. 161.

the KBSM¹⁸ programme stresses on business knowledge with the objective of exposing pupils to commerce, technology and entrepreneurship aspects. The number of students enrolled at the post-secondary level alone was 75,140 in 1990 and this accounted for about 1.8 percent¹⁹ of the total enrolment in the whole Malaysian educational network. Even in private schools, the rates are still high in any of the two examination nettings. These will give direct demand onto private education. However, the latest statistics on dropouts at SPM and STPM are not available²⁰. Aspiration could be associated with expectation. Bresee²¹ who made a study at higher level of education found a positive relationship between aspiration and academic achievement. Christensen²², Cooper²³ and Worell²⁴ used a measure of level of aspiration as an index of achievement motivation.

¹⁸ The KBSM (*Kurikulum Baru Sekolah Menengah*) literally means 'New Secondary Schools Curriculum' which places greater emphasis on business and vocational related subjects. At the lower secondary level, '*Kemahiran Hidup*' (Living Skills) was introduced.

¹⁹ *Op. cit.*, Table 5-1, p. 160.

²⁰ The last publication by MOE was the Dropout Study, Dewan Bahasa & Pustaka, Kuala Lumpur, 1973, p. 47.

²¹ BRESEE, C.W., Affective Factors Associated with Academic Underachievement on High School Students, *Dissertation Abstracts*, 1977, Vol. 17, p. 90 - 92.

²² CHRISTENSEN, C.M., A Note on College Inventory of Academic Adjustment, *Journal of Educational Research*, Vol. 50, 1956, p. 55.

²³ COOPER, M.N., Dissertation Abstracts, Vol. 16, 1956 p. 497.

²⁴ WORELL, L., Level of Aspiration and Academic Success, *Journal of Educational Psychology*, Vol. 50, 1959, p. 476 - 54.

Their methods might not be comparable to that made by Habibah²⁵ who performed the Thematic Apperception Test and the Children Achievement Scale Methods²⁶. She studied the correlation between achievement motivation and pupils' performance in the Standard Five Assessment Examination from selected schools in Selangor.

²⁵ HABIBAH, E., A Correlational Study of Achievement Motivation and Pupils' Performance in the Standard Five Assessment Examination from Selected Schools in Selangor, Unpublished MSc. Thesis, UPM, 1978.

²⁶ Briefly, Thematic Apperception Test is an enquiry of child's thought based on specific pictures and Children Achievement Scale Method is a questionnaire with equal number of positive and negative items on achievement motivation.

PART III

METHODOLOGY

A total of fifty students²⁷ from the population of 274 sixth form students of Maktab Adabi Maharani were selected at random as follows:

- i) 28 pupils (22 females and 6 males) from 178 pupils of the three classes of Lower Six
- ii) 22 pupils (13 females and 9 males) from 96 pupils of the two classes of Upper Six.

Data Collection

The main steps in carrying out the research include consultations with the principal of MAM. Discussions were undertaken. Other institutions related to this study such as the District Education Department in Muar and the State Education Department in Johor Bahru, were also consulted.

Pre-survey (pilot study) together with pre-testing of questionnaire were conducted to know the general reaction of respondents. After incorporating the knowledge gained during pre-survey and questionnaire testing, the actual survey was conducted 2 weeks later. The respondents were selected by 'stratified random sampling' from the five post secondary classes. Revisitings were also done to clarify some related

²⁷ Throughout this section onwards, the words 'students', 'pupils' and 'respondents' are used interchangeably. They refer to the same, i.e., the sample, unless otherwise stated. Pupils from the two classes of the 'Express Sixth Forms' were excluded since their duration lasts for only 3.5 months.