



# **NOW EVERYONE PROSPERS (NEP)**

*The Best of Both Worlds*



# Now Everyone Prospers

The Best of Both Worlds



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Now Everyone Prospers: The Best of Both Worlds. – Kuala Lumpur, Malaysia: Global Institute For Tomorrow

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Published October 2022. Published by Global Institute For Tomorrow at D-23A-05, Menara Suezcap 1 KL Gateway, Bangsar South, No 2. Jalan Kerinchi, Gerbang Kerinchi Lestari, 59200 Kuala Lumpur, Malaysia. Tel: + +60 (3) 2715 8160; email: [giftasean@global-inst.com](mailto:giftasean@global-inst.com)

All queries should be addressed to the GIFT South East Asia at the address stated above.

Information on Global Institute For Tomorrow publications and services can be found at <https://global-inst.com/>

Cover artwork based on photos by Ravin Rau, Izuddin Helmi Adnan, Wayne Grazio, and Pat Whelen on Unsplash, and Rifka Hayati on Getty Images.

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## Introduction

**Now Everyone Prospers: The Best of Both Worlds** is a white paper produced by the Global Institute For Tomorrow (GIFT) that cuts to the core of Malaysia's most critical and delicate issues to suggest radical transformations in how the economy is structured, the development doctrines the country pursues, the fundamental values Malaysian citizens share, and what a uniquely multicultural society should look like in a way that reflects a modern Malaysia. These points are framed and enacted across five Pillars:

1. Reshaping Malaysia's Economic Fundamentals: Valuing People and Environment
2. Prioritising Self-Sufficiency: Building True Resilience
3. Creating Shared Prosperity for All: Calling Time on Rent-seeking and Race-based Policies
4. GLC and GLIC Reform: From the Ashes of Business-as-Usual
5. A Unified Education System for All Malaysians

In addressing these Pillars, the vision of Now Everyone Prospers provides an ambitious new narrative to help political parties and their leaders offer a viable and much needed pathway to long overdue reform. It will help them navigate the challenges facing the nation, to chart a future that ensures economic prosperity without sacrificing societal and environmental health – *the best of both worlds*.

Each Pillar concludes with a Reform Agenda that captures core ideas on the transformations Malaysia requires. This document presents these ideas, but this is by no means an exhaustive list. Please refer to the complete white paper for further details.

# Pillar 1: Reshaping Malaysia's Economic Fundamentals: Valuing People and Environment

## 1.1 Development Metrics for Modern Malaysia

While GDP may be a general indicator for economic growth and development, it must no longer be the sole proxy used. Modern Malaysia needs to consider other means of measuring development that consider other philosophies of growth that are not captured by GDP. The core challenges associated with GDP are:

1. It does not take into account non-economic factors that are integral to the state of Malaysia's progress, including socioeconomic inequality, biodiversity complexity, abiotic resource stocks, societal wellbeing, and cultural integrity.
2. Even though it is a solely economic indicator, it has a flawed projection of economic activity, as negative aspects of business activity – for example, pollution or consumption of fast food – will often *add* to GDP, despite being adverse for people and environment.
3. On the other hand, work done that is not paid is absent from the model, meaning productivity is only considered 'real' when there is a financial transaction. This excludes work that results in benefits which cannot be directly measured in dollars and cents such as work done by NGOs and communities to monitor and restore social and environmental health.

Thus, going forward, Malaysia will need to select or create new development metrics that more appropriately represent the complexities of the nation and can be used as the foundation to aim for national goals beyond economic growth. These new metrics can be used to enhance the existing Malaysian Wellness Index (MyWI), which measure economic and social factors, but does not take into account environmental factors. Thus, a new or renewed metric can look to the three pillars of the ESG framework and improve upon them, given that ESG is gaining traction across the world but is currently only superficially understood and utilised, and is implemented solely for financial purposes. This could look like the following:

1. Environment – GHG emissions, forest cover, freshwater management and quality of soil, to list a few.
2. Social – socioeconomic inequalities, social mobility, quality of healthcare, education levels and overall levels of inclusiveness (gender, race etc).

3. Governance – transparency, management of public finances, rule of law.

Compiling these key areas into new developmental metrics will help to give an understanding of how the country is performing beyond a purely economic angle. As these indicators do not operate in isolation, any new developmental metric should have a clear rationale for policymakers and business leaders, who will ultimately rely on them to take decisions.

## **1.2 Capital Variant Mapping for True Value Creation**

Malaysia has a reasonable assessment of its economic capital – cash or other assets like real estate, physical infrastructure, commodities and equipment – as with most nations. However, there is a much more obscure understanding of the country’s human, social and environmental capital. The main problems stemming from this are as follows:

1. Labour is under-priced and wages are actively suppressed in order to attract foreign investment, generate higher profits, and sustain consumption, leading to an overreliance on cheap migrant labour despite irrefutable evidence of systemic abuse and distortion on the local labour market.
2. Social cohesion is not prioritised as part of policymaking or business activity, as this is seen as an ‘intangible’ and therefore lacking any real value or associated price. This is further abetted by institutional racism in policy making.
3. Environmental degradation proliferates because the resource base is incorrectly priced leading to severe exploitation, depletion, and pollution, with cascading ramifications on Malaysian society and economy. Here too, it is aided by the norms of rent-seeking economic activity.

In order to address these challenges, the Malaysian government should institute a system of capital variant mapping, which is the process of understanding what constitutes Malaysia’s environmental, social, human, and economic capital variants and in what proportions. Currently, economic capital is the capital variant best understood. For example, good and services are tracked (economic capital), but very little data exists on the importance of community closeness or trust in the government (social capital); the contribution of manual labour to the economy (human capital) or the true value of ecosystem service (environmental capital) . These are illustrative examples, and if capital variant mapping were to occur, it would in turn helps with needed legislation and is enforced without political intervention. This means investing in the creation of data sets that enable a better understanding of the constituent



elements of capital variants through a lens that is not purely economic – i.e., the *value* of certain capital variants, which is not dependent wholly on the *price*. This entails the following:

1. Identifying the key subsets of human, social and environmental capital variants, measuring them, and monitoring their increase or reduction across time and in response to policies. An example for environmental capital is the full range of ecosystem services that are essential for continued human existence – water filtration, cleaning of air, nutrients for crops – yet few of these are understood or priced correctly.
2. Forging partnerships between government, business and civil society to help with create inclusivity and diversity in the process of identifying, measuring, monitoring, and ultimately, managing capital variants.
3. Creating policy interventions and recommendations that focus particularly on timely intervention and enforcement to prevent further exploitation of human, social, and environmental capital.

By creating capital variant maps, policymakers and businesses will gain a new understanding of *value*, which will therefore help with *value creation* and guide the nation to manage its society and resources far more sustainably.

## **Pillar 2: Prioritising Self Sufficiency: Building True Resilience**

### **2.1 100% Food Security for National Resilience**

The pandemic has exposed the weaknesses of being overly reliant on the global food supply chain. There is also a pressing need to leverage on Malaysia's abundant resources to achieve 100% self-sufficiency in the staple foods for Malaysians, including but not limited to: rice, vegetables, fruits, and poultry. The resulting dependency on imports for food staples leads to many complexities for the nation, the most important of which are as follows:

1. Risks to food security, particularly during shocks. As food supply is so fundamental to social stability, it is a prerogative of the government to ensure that the nation is self-sufficient in staple foods.
2. Systemic weaknesses stemming from over integration with regional and global food imports that leave the nation susceptible to fluctuating prices on imported items, particularly those imported in bulk.
3. An agricultural system that is over reliant on cash crops, particularly oil palm in the case of Malaysia. This has a range of cascading impacts, including loss of biodiversity, social degradation associated with intensive monoculture farming techniques and the infusion of poor nutrition food into everyday diets, resulting in rising obesity.

Given the scope of food production and supply chains, there are many steps needed in order to move towards achieving 100% food self-sufficiency – it will take a concerted effort from government, producers, and sellers across varying scales, from smallholder farms to integration with global food supply chains. Three key areas for change are as follows:

1. Policymaking that monitors and transforms the pricing of food between actors along the entire supply chain (e.g., from farmer to 'middle-men' buyers, vendors, and consumers), in order to enable and incentivise farmers to make a return towards growing a diverse range of food crops, rather than focusing on cash crops
2. Focusing research and development efforts on the creation and introduction of locally produced and appropriate technologies in both the chemical aspects of farming (fertilisers, pesticides etc) and the mechanical aspect (sorting and processing units etc). Importantly, they must be affordable and sensitive to ecosystem health

3. Prioritising the transfer of knowledge and skills to Malaysian farmers with regards to agricultural land use (including soil health and drainage basin dynamic) to encourage the use of modern farming techniques that are more sustainable

If these three areas are worked on in unison by the government, Malaysia will see an improvement in the food security of the nation, with an additional rise in total efficiency along the supply chain, whilst also helping to deliver on aspirations such as an inclusive economy.

## **2.2 Reversing Rural-Urban Drift**

Malaysia's population is majority urban (70%) and is continually rising. While urbanisation has come with a host of benefits to Malaysian citizens, it also has many drawbacks including increasing overcrowding, lower quality jobs, and rising disenfranchisement and crime. This is exacerbated by the increasing trend of rural-urban migration, given that rural settlements are not receiving appropriate levels of investment for redevelopment, and young people no longer see bright economic futures in their rural hometowns. If the country is to aim for a higher level of resilience, it must reverse rural-urban drift. The main reasons for doing so are as follows:

1. The population of farmers in the country is rapidly ageing, and their replacements from younger generations are being sourced from a dwindling pool. This has serious implications for the future of agriculture in the country, and especially for food security.
2. Rural decline is rampant, given that young people are leaving their hometowns in search of better economic opportunities in the urban areas. Fewer economically active people in rural areas means less flow of capital, less investment, and more disconnection from urban quality of life.
3. There is an intergenerational loss of Malaysian culture and traditions as young people leave rural settlements, which is being increasingly subsumed by urban norms (which are themselves influenced by global trends, mainly Western) leading to gentrification of local cultures.

To address these issues, there must be a concerted effort by the government and businesses to revitalise rural areas and fix the increasing inequalities between rural and urban areas. Three focus areas are as follows:

1. Investment should be directed into rural areas in order to make them more attractive places to live and work in. The government and the GLC ecosystem (especially DFIs) have a vital role to play here in providing and improving access to basic needs, such

as affordable high-quality housing, public infrastructure such as roads, electricity lines and internet, clean water and sanitation, and education services that are on-par with urban areas.

2. In addition to investment for basic needs and quality of life, the quality of work and jobs must also be an urgent area for policy focus. This cannot rely on the “smokestack chasing” approach (incentivising a single major employer to set up operations in a rural area) as this does not lead to a diversified and vibrant local economy.
3. More social and economic protections should be provided for farmers, both as stewards of the land and food security and as an incentive mechanism to encourage rural youth to take on careers in agriculture and nature conservation. These protection mechanisms should not be solely subsidy-focused but should also include innovations in crop/husbandry insurance schemes and access to regenerative agriculture knowledge and tools.

Through policymaking that favours investment and protections for rural communities, it is possible that the push factors for youth leaving their rural settlements will be so significantly reduced that they will remain and contribute to the revitalisation of Malaysia’s all-important hinterland.

## **Pillar 3: Creating Shared Prosperity for All: Calling Time on Rent-seeking and Race-based Policies**

### **3.1 Establishing A Royal Commission of Inquiry**

The prevalence of rent-seeking behaviours across all levels of the Malaysian economy – but particularly in the highest circles of business and political – is perhaps the greatest threat to the shared prosperity of the nation. Three of these damages are as follows:

1. The plundering of public coffers via the awarding of infrastructure contracts that are not properly tendered, for the financial gain of a select few.
2. This enables the perpetuation of the ‘who you know, not what you know’ system that operates in Malaysia and leads to inequality in terms of access to opportunity, incompetence in organisational leadership, poor quality projects, and stifled innovation.
3. Worsens the racial divisions plaguing the nation, given that rent-seeking behaviour is often aligned with clannish motivations, including the reservation of wealth within racial groups.

However, the true extent of the damage caused by rampant rent-seeking behaviours is not truly known. As such, any effort to reduce rent-seeking will require rigorous inquiries to identify the true scale of the challenge and remediations to arrest the situation. Thus, in order to face these challenges head on, a Royal Commission of Inquiry should be created that will independently examine the deep-rooted culture that permits the political economy to thrive on it and the consequent corrosive impacts on the nation: both financial and social. As part of this process, there is a need to investigate instances of rent-seeking to make the public aware and ultimately conclude with prosecutions. Three key features of this commission are as follows:

1. The commission’s terms of reference will be clearly articulated to make clear the importance of its objectives, investigate the extent of rent-seeking in the nation, and to produce robust analysis on how it impedes socioeconomic equality and its toll on the nation.
2. It will also probe the effectiveness of race-based affirmative action policies to determine their social implications and if they enable rent-seeking activities, including reform recommendations.

3. Members of the commission will not be the same individuals that operate within Malaysia's current political system and beneficiaries of it. Rather, they will be selected meritocratically for their independence competence and care – the effectiveness of the commission hinges on the ability of its members to carry out their responsibilities without fear or favour.

Of course, the establishment of such a commission is not a panacea of itself. The challenge lies in leveraging the findings of the Royal Commission to then consider policy interventions that will ensure equality for all Malaysians.

### **3.2 Strengthening Institutions of State**

One of the underlying factors in the proliferation of rent-seeking is the lax enforcement of laws and the perceived lack of independence of authorities subservient to the Executive. As such, the Malaysian Anti-Corruption Commission and the Royal Malaysian Police are two key institutions that are often in the spotlight for perceived lack of independence, and which even have a role in furthering unfair practices. There are two main factors to consider in strengthening their performance:

1. Both institutions are critically important to the rule of law and must have shortcomings openly addressed to restore their integrity and regain the trust of the public. There is a lack of separation of powers in these organisations, due to excessive concentration of power towards the Executive. The reach of the Executive in the running of the state has far reaching implications and hence erodes the ability of the many heads of these institutions to carry out their duties without fear or favour. Instead, they are beholden to the vagaries of the Executive's needs (and demands) and the lack of security of tenure further exacerbates the problem.
2. This has occurred across six decades of one-party rule, wherein the institutions of state have become subservient to the political elites (who are major beneficiaries of the entrenched rent-seeking model).

These are deep structural challenges that will require significant transformations. Three of these are as follows:

1. Restoring independence of these agencies by placing their important functions under the purview of parliament and ensuring that they remain protected against any and all

possible intervention by the Executive. This will help improve accountability and restore public confidence – this is essential for any institution of state.

2. The heads of these institutions must have the professional competence and pre-requisite values of integrity and resilience to lead organisations that play a critical role of check and balance. It must become a norm to ‘practice what is preached’ to regain the trust of the public.
3. Heads of these institutions must also be accorded with security of tenure. They can only be removed in the event of misconduct or serious breaches of the law, which can only be determined by an independent panel of experts.

In so doing, these institutions will be able to meet their mandate more effectively and better manage rent-seeking behaviour present across the public and private sector.

## **Pillar 4: GLC and GLIC Reform: From the Ashes of Business as Usual**

### **4.1 Re-instating the Social Mandates of GLCs**

Given the immense financial resources and influential clout at the disposal of GLCs, they are vital tools in helping the government achieve its aspirations and the vision of Now Everyone Prospers: they act as the main conduits of the government's socioeconomic agenda. While the genesis of GLCs was aligned to state needs, many of these entities have transformed into organisations that focus on profits, maintaining shareholder value, promoting Bumiputera privileges and increasing investments into diversified areas of business activity. As a result of these changes over the last few decades, there have been adverse impacts, including:

1. The exclusion of social objectives as part of the constitution and vision of many GLCs, meaning there is no legally binding obligation for GLCs to operate for the benefit of Malaysian society. Social mandates have thus been reduced to corporate social responsibility (CSR) activities, rather than existing as a core part of the business model, meaning GLCs are not effectively acting as guiding forces and catalysers of meaningful sustainable development in Malaysia.
2. Many GLCs possess mandates at both at the federal and state levels, which results in the overlap of mandates, direct competition with the private sector, inefficient use of resources and in some instances a failure to deliver the assigned mandate (with no accountability or repercussions).
3. Many GLCs are dominated by Bumiputera employees, and their organisational activities may be geared towards the advancement of Bumiputeras at the expense of other ethnicities. This is largely because their original mandates were set to help provide employment and improvements to quality of life for Bumiputeras. While this was appropriate at their inception, it is now time to modernise these mandates to be more inclusive for all Malaysians – and to no longer be racially discriminatory.

Hence, there is a pressing need to revisit the mandates of the various GLCs and consider options to ensure that resources are being used efficiently to reduce inefficiencies and ensure that GLCs deliver on their mandates. To re-instate the mandates of GLCs, there are three key aspects to consider:

1. The constitutions of GLCs need to be revisited and changed through due process to clearly state the social responsibility of GLCs, including objectives, KPIs, and the need



for transparency as a means to protect against rent-seeking behaviours. This is similar to the government's Perkukuh Initiative that was launched in August 2021 aimed at reforming the role of GLCs in Malaysian society and economy, but must go upstream from outcomes to renew the articles of association and articles of memorandum of key GLCs.

2. The mandates of GLCs need to be fit for purpose and aligned with the nation's development priorities. Thus, the government will need to commission independent studies that outline the development needs of the country, the existing roles and value creation of the full list of GLCs (itself a monumental task, given the lack of visibility and transparency on this number) to suggest key areas for improvement that GLCs can focus on.
3. A resulting implication of this will inevitably be to merge GLCs with overlapping mandates, the closure of those which are redundant or ineffective, in order to ensure that synergies are achieved and wastegate minimised. Consolidation will ensure that resources are used more effectively. One good example was the recent merger between Bank Pembangunan Malaysia Berhad and Danajamin Nasional.

By re-instating the social mandate of GLCs, they can better contribute to nation building by supporting national development plans, investing in new technologies, delivering large-scale infrastructure projects, promoting growth coupled with inclusivity by enhancing the diversity of their workforces in terms of gender, ethnicity, and age, as well as improving work-life practices.

#### **4.2 Establishing a GLC Ombudsman**

Given the proximity between public funds, politicians, and GLCs, it is vital that governance mechanisms in GLCs are stringent, robust and transparent. While some GLCs may be under the purview of regulatory bodies such as the Securities Commission and Bank Negara Malaysia, there is no central organising body for GLCs, and many are therefore governed with minimal oversight. Needless to say, this leads to many adverse outcomes, including:

1. Political interference and leveraging GLC appointments as tools for patronage, which results in a lack of meritocracy in the selection of qualified individuals to take leadership positions, including at board levels. This impacts a given GLC's capability to meet its mandates and maintain trust with the public, hence why the performance of the GLC ecosystem in Malaysia is frequently a state of flux.

2. The loss of public funds is rampant, either through channelling of funds into non-essential projects, contracts for those not best qualified for the project through non-transparent procurement processes, bailouts when GLCs are not able to maintain performance levels due to flawed business models, or leadership that siphons funds for personal gain.
3. Due to access to public funds, GLCs lack the competitive edge present in the private sector, and are therefore constantly critiqued for being monolithic, with no additional body beyond their holding GLICs to enforce accountability or spur innovation and transformation.

Based on these challenges, there is a pressing need to establish a regulatory body that supervises GLCs, and this could take the form of a GLC Ombudsman. There are three key features of this Ombudsman:

1. Given the interconnectedness of state, politics and GLCs, the GLC Ombudsman needs to ensure complete independence in its formation to guarantee that the regulation and supervision of GLCs meet their intended objectives, and that the appointment of board members are duly scrutinised given the public perception of cronyism, favouritism, lack of meritocracy, and racial bias.
2. The Ombudsman, which would report to the Prime Minister – but held accountable by parliament – should be given independent powers to investigate potential misconduct and act upon received complaints (including through whistle blower channels).
3. As part of this supervision role, it should also suggest areas of research and development to increase investment – which remains one of the key criticisms of GLCs, given their lower levels of innovation when compared with the private sector.

While this might seem like a monumental undertaking, one can take a look at China to observe the effectiveness of the State-owned Assets Supervision and Administration Commission of the State Council (SASAC), which was incepted in 2003 for this precise purpose (and to cover a significantly larger economy and number of GLCs). The SASAC has worked with China's civil service to successfully address corruption and malpractice and is now the largest economic entity in the world.

## **Pillar 5: Education as a Right, not a Privilege: The Malaysians of Tomorrow**

### **5.1 Transforming Race-based Quotas into Needs-based Affirmative Action**

One of the most defining features of Malaysia's education system is how prominently race-based it is. Vernacular schools and their curriculums are a well-established norm for primary and secondary schools. However, the most significant race-based policy in place is the quota system for access to the Matrikulasi pre-university course, which has a 90% quota for Bumiputeras and 10% for non-Bumiputeras. The quota was instituted in 2005 for the aim of improving the education level and social mobility of poorer Bumiputeras. However, this policy now no longer reflects the socioeconomic composition of the country with regards to racial segmentation, and it therefore is now actively discriminating against the children of Malaysia, who are the future of the nation. The problems this poses are as follows:

1. Non-bumiputeras are put in a position of academic stress that Bumiputeras are not – they must attain grades that are on average two or three times better than a Malay student, and even then, positions aren't guaranteed. Being minorities in a country that already practices affirmative action for the racial majority means that many of these children may find themselves handicapped with regards to social mobility in the future.
2. Bumiputeras, on the other hand, are faced with the opposite set of impacts. Not needing to compete to the same degree with their non-Bumiputera peers means that they may develop a sense of entitlement or complacency from a young age. Conversely, they may also develop feelings of inferiority given the 90:10 quota puts them in a position of privilege compared with their non-Bumiputera classmates.
3. There are wider impacts on the nation, including young non-Bumiputera talent who are not nurtured effectively to contribute to the nation's human capital, or youth with poor qualifications entering the job market due to an overall lowering of standards in order to facilitate Bumiputera access to universities and scholarships. Here, not only does the quota deepen divisions between races but also damages the long-term quality of human capital in the country.

To improve on these problems, the race-based quota system must be realigned with the modern needs of the country. This does not mean it needs to be abolished; rather, it means a

shift from race-based to needs-based, i.e., allocating places based on income levels, rather than one that practices widespread racial discrimination. There are two considerations for this reform:

1. The shift to a needs-based quota will not dramatically transform the quota system as it stands, given that 60% of students on the Matrikulasi course come from the B40. However, this number should reach 100% - even though they are a minority, there are poor Chinese and Indians too, whose children are deserving of access to education. By shifting the quota to a 70:30 ratio, where all students in the 70% bracket are from the B40, then poorer communities, regardless of race, will be provided with tertiary educational opportunities, without compromising on access for others – regardless of race.
2. Efforts should be made to guarantee that rural populations are accounted for by this quota, given that rural populations are the most likely to be distanced from urban universities or receive the highest quality secondary education.

With these simple adjustments, Malaysia's infamously discriminatory race-based quota can be transformed into one that benefits those young Malaysians that need it most and to the benefit of the nation.

## **5.2 Revising Financing for Higher Education**

The government initiated Perbadanan Tabung Pendidikan Tinggi Nasional (PTPTN, or the National Higher Education Fund Corporation) in 1997 to provide a subsidised pathway to university for students from financially difficult backgrounds. The loan system is generous, allowing students to graduate in a wide range of fields from a variety of higher education institutions. However, it has reached a point where private academic institutions have been criticised for abusing the system, as they are incentivised to attract as many students as possible, rather than focusing on quality of education. The two main criticism are as follows:

1. Although tertiary education should be invested in, private universities have seized the student-borne, government-guaranteed financing system of PTPTN as a means to do 'big business'. In 1997, there were just four private universities whose students qualified for PTPTN loans, but by 2019, this number had risen dramatically to 66 private universities, 31 private university colleges, and 329 private colleges. This has driven

the cost of tertiary education up, saddling aspiring Malaysian youth with considerable debt.

2. Universities are incentivised to attract as many students as possible, and this has led to the creation of many new courses, which – while diverse and potentially beneficial for students – may be untested, poorly transferrable to the needs of the nation, and sub-par when compared to more traditional courses. There is also a strong focus on 'profitable' courses such as engineering, business and law which - while beneficial to the nation - has led to an oversupply of graduates, negatively impacting wages especially for first-time job seekers.
3. Overall, educational quality has suffered given that poorly qualified students and poor teaching standards have become the norm. Many other countries do not have such low passing boundaries and subsequent substandard qualifications that Malaysian students graduate with.

To overcome these challenges, there must be a decoupling between higher education institutions and the access to capital they receive through sheer number of students. As such, there will need to be transformations on the behalf of PTPN and the Ministry of Education:

1. First, the allocation of loans, or the range in the size of loans, should be made stricter. In particular, this means prioritising those students in most need of financial aid. This means fewer students should be given the option to take on substantial debt, which may help lower the overall price of tertiary education.
2. Second, the Ministry of Education should set up a rigorous academic evaluation programme that determines the tertiary education courses most aligned with Malaysia's vision, or its developmental needs. This should also include vocational and technical options. From here, a higher number of loans can be offered to students by PTPTN, therefore encouraging targeted applications. Additionally, the evaluation programme should vet every major new course on offer by a higher education institution, to determine if it meets national levels – and basic international standards – of academic rigour.

By revising this system, students will be better protected against accruing large amounts of education-based debt. It also reduces incentives for private universities to create potentially sub-par courses as a means to attract students, and therefore funding from PTPTN.

### 5.3 Investing in the Modern Malaysian

Malaysia's education system is a topic of much debate, and this is because many feel that it is underdelivering for Malaysian youth. As with other socioeconomic issues in Malaysia, there is a broadening education gap between poorer and richer Malaysians, and between different racial groups. As a result, education is exacerbating socioeconomic divisions, rather than helping to mend them. This manifests in three main ways:

1. There is still a reliance on foreign skilled workers to fill gaps in Malaysia's professional capabilities, and while it will always be necessary and advantageous to import skilled workers, there is clearly a need for vision and innovation among the higher level of Malaysian organisations, which the education system should help inculcate from a young age.
2. Related to the above, Malaysia is facing a brain drain epidemic, for which the education system is partly responsible. Many Malaysian parents (and Malaysian children) feel that they are unable to secure a globally competitive level of education from Malaysian secondary and tertiary education institutions, and therefore send their children abroad or to local private institutions that follow a foreign education syllabus. Once educated internationally, many opt to find jobs abroad and those that return do not intend to stay for long.
3. Graduates with poor qualifications and skill levels are entering the workforce and consequently frustrating employers, reducing productivity, and lowering performance standards in both the public and private sectors.
4. Lastly, Malaysia's education system does not appear to be addressing the corrosion of values, which has led in part to the prevalent rent-seeking behaviour at the highest levels of business and politics. After all, if Malaysian youth see their leaders profiting substantially by bending the rules and not getting penalised when caught, then this behaviour has the potential to trickle down through many layers of society.

While there are numerous strategies to address these issues, fundamentally the Malaysian education system should be geared towards creating 'modern Malaysians', who are responsible citizens that feel united with their peers, are not divided by race nor religion, are skilled and ethical, and can contribute to the human capital needs of the nation. There are two key elements to this:

1. Curriculums should be refocused to meet the nation's developmental needs. While the national focus on STEM – particularly subjects focused on digital technology – is laudable, there must also be excellence provided in key foundational areas, such as civic education (including anti-racism); agriculture and food systems; nutrition and physical wellness; environmental engineering including water and sanitation; healthcare; renewable energy; urban planning; rural revitalisation; and more. There is no reason why STEM and digital technology cannot be applied to these areas.
2. Malaysia would also benefit from promoting a change in mindsets and behaviours in the nation's youth, in order to combat pervasive rent-seeking in government and companies. Integrity and values for a better Malaysia cannot be understated: the inculcation of good ethics and moral values will transform minds and in the long run will help shape behaviours that prioritises collective good instead of short-term personal gain.

In this way, Malaysia will gear its education system towards creating the modern Malaysian, which will provide a higher calibre workforce, choose to remain and work in the country, and also embody ethics to create a fairer economy for all.



D-23A-05, Menara Suezcap  
1 KL Gateway, Bangsar South  
No 2. Jalan Kerinchi  
Gerbang Kerinchi Lestari  
59200 Kuala Lumpur  
MALAYSIA

Tel: +60 (3) 2715 8160  
Email: [giftasean@global-inst.com](mailto:giftasean@global-inst.com)

[www.global-inst.com](http://www.global-inst.com)