

**NEW BUSINESS VENTURE OF PRIVATE
HIGHER EDUCATION INSTITUTION IN
MALAYSIA**

MOHAMAD RIZA ABDAHIR

ASIA e UNIVERSITY

2022

NEW BUSINESS VENTURE OF PRIVATE HIGHER
EDUCATION INSTITUTION IN MALAYSIA

MOHAMAD RIZA ABDAHIR

A Thesis Submitted to Asia e University in
Fulfilment of the Requirements for the
Doctor of Business Administration

2022

ABSTRACT

Higher education institutions (HEIs) were formerly seen as some of society's most robust institutions, but are currently experiencing new difficulties as a result of shifts in both government and society's expectations of what they should provide. There is a global call for new models and practices, which need HEIs to develop what was once business-reserved management competencies. This study addresses the global call for HEIs to be more entrepreneurial in nature, by examining the challenges faced by investors interested in venturing into the industry. The focus of this study is to evaluate both the opportunities and mechanisms for establishing a new venture in setting up an entrepreneurial private HEI, with the goal of diversification, capacity building, providing lifetime education to the people, and contributing to nation-building. A feasibility study was carried out to explore the background and significant facts concerning existing private universities in Malaysia; to investigate the path taken by the founders, and on how the management grew their universities to become successful, sustainable and respectable education providers. This qualitative study employed in-depth interviews method to collect data. The respondent's observations and perceptions of the difficulties and opportunities they encountered in their experience of managing their respective universities, were assessed through grounded theory using textual thematic qualitative analysis of their reflective feedback. The findings reveal, among others, that new ventures into higher education must be spearheaded by entrepreneurial leadership who are able to develop or enhance dynamic capabilities for successfully managing a university. These leaders must also capitalize on opportunities available, and form a team of agile and resilient staff who can weather through any changes in the environment. The study provides a guideline on the effective and efficient methods of managing and driving private universities in a profitable manner.

APPROVAL

I certify that I have supervised / read this study and that in my opinion it conforms to acceptable standards of scholarly presentation and is fully adequate, in quality and scope, as a thesis for the fulfilment of the requirements for the degree of Doctor of Business Administration

Associate Professor Dr. Wan Sabri Bin Wan Hussin
Supervisor

Examination Committee:

Professor Dr. Juhary Ali
Examiner

Professor. Dr. Mohd. Hassan bin Mohd. Osman
Examiner

Professor Dato. Dr. Sayed Mushtaq Hussain
Chairman, Examination Committee

This thesis was submitted to Asia e University and is accepted as fulfilment of the requirements for the degree of Doctor of Philosophy.

Professor Dr. Juhary Ali
Dean, School of Management
Asia e University

DECLARATION

I hereby declare that the thesis submitted in fulfilment of the PhD degree is my own work and that all contributions from any other persons or sources are properly and duly cited. I further declare that the material has not been submitted either in whole or in part, for a degree at this or any other university. In making this declaration, I understand and acknowledge any breaches in this declaration constitute academic misconduct, which may result in my expulsion from the programme and/or exclusion from the award of the degree.

Name: Mohamad Riza Abdahir

Signature of Candidate:

Date: 2022

ACKNOWLEDGEMENT

I would like to express my gratitude to YBhg. Associate Professor Dr. Wan Sabri bin Wan Hussin, my honourable supervisor, for his constant support and prudential guidance. His wise counsel and intellectual support substantially contributed to the proper conduct of this study. I am also thankful to all the respected lecturers and administrators of Asia e University for their unwavering support. Would like to also thank my wife and children who have supported my DBA journey from the beginning until the completion. Special gratitude is also extended to the staff of Jopami Group of Companies, particularly to the Managing Director, YBhg. Tan Sri Dato' Seri (Dr.) Ir. Ts. Abdahir bin Haji Abdul Majid.

TABLE OF CONTENTS

ABSTRACT	ii
ACKNOWLEDGEMENT	vi
TABLE OF CONTENTS	vii
LIST OF TABLES	xi
LIST OF FIGURES	xiii
LIST OF ABBREVIATIONS	xv
CHAPTER 1.0 INTRODUCTION	1
1.1 Introduction	1
1.2 Problem Statement	3
1.3 Objectives of the Research	12
1.4 Research Questions	14
1.5 Justification for the Research	16
1.6 Significance and Expected Contributions of the Study	17
1.6.1 Theoretical Purpose	19
1.6.2 Practicality Purposes	20
1.7 Scopes and Limitations of the Study	20
1.7.1 Scopes of the Study	20
1.7.2 Limitations	22
1.8 Chapter Summary	22
CHAPTER 2.0 REVIEW OF LITERATURE	23
2.1 Introduction	23
2.1.1 Some Historical and Current Background	24
2.1.2 Private Higher Education in Malaysia	27
2.2 New Venture and Opportunity	29
2.2.1 Creating and Sources of Opportunity	30
2.2.2 Opportunity Recognition	30
2.2.3 Shaping Opportunity	30
2.2.4 Seizing Opportunity	31
2.2.5 Analysis Plan	31
2.3 Opportunities and Some Theories to be Explained	32
2.3.1 Theories on Creativity and Innovation	32
2.3.2 Integrated Elements	35
2.3.3 Opportunity Recognition: Some Approaches	38
2.3.4 Market Opportunity	39
2.3.5 Design Thinking	41
2.3.6 Designing Thinking in Shaping Opportunity and Seizing	42
2.3.7 The Idea and its Competition	44
2.3.8 The Market and Opportunity	45
2.3.9 Entrepreneur, Team Assessment and Next Steps	46

2.4	Economic Cycle and New Ventures Impact on Business	46
2.4.1	Economic Cycle	46
2.4.2	Efficiency and Effectiveness of Managing New Ventures	47
2.4.3	Payback Capital on New Venture	48
2.4.4	Return on Investment for New Venture	49
2.5	Managing a University – Higher Learning Institutions	49
2.5.1	Managing Staffs	50
2.5.2	Managing Students	51
2.6	Needs for Territory Educations	51
2.6.1	Knowledge as A Need	52
2.6.2	Degrees as A Necessity	52
2.6.3	Degrees, Theories and Practicality	53
2.7	A Review of Literature on the Methods Employed in Previous Research	54
2.7.1	The Process of Gathering Secondary Data	54
2.7.2	Systematic Observations	55
2.7.3	In-Depth Interview and Focus Group	55
2.7.4	Survey Methods	56
2.8	Analysis Tools used in Similar Research	56
2.9	Some Remarks of the Literature	57
2.9.1	The Three Pillars of the Research	57
2.10	Chapter Summary	58
CHAPTER 3: METHODOLOGY		59
3.1	Introduction	59
3.1.1	Research Framework: Prop-up the Idea	59
3.1.2	Designing the Research Process	60
3.2	Desk Research, Literature Review and Secondary Data	62
3.2.1	Sitting and Thinking	62
3.2.2	Books and Journals	63
3.2.3	Gathering Secondary Data	63
3.3	Determining Respondents: Population and Sampling	63
3.3.1	Respondents for In-Depth Interviews	65
3.4	Instrument Development	67
3.4.1	Interviewing Questions	68
3.5	Field Work and Primary Data Collections	68
3.5.1	The Process of Interviewing	68
3.5.2	Behavioural Observations	69
3.5.3	Qualitative Data Collection Method	69
3.5.4	Conducting the Interviews	72

3.6	Tabulation	73
3.7	Data Analysis	74
3.7.1	Secondary Data Analysis	74
3.7.2	Analysing Interviewed Discussions	75
3.8	Documentation Process	78
3.8.1	Corrections and Amendment	79
3.8.2	Moving Forward	79
3.9	Chapter Summary	81
	CHAPTER 4: DATA ANALYSIS AND DISCUSSIONS	82
4.1	Introduction	82
4.2	Validity and Reliability	85
4.2.1	Data Analysis	86
4.3	Key Findings and Discussions	87
4.3.1	Profile and Background of University	89
4.4	Interpretations	94
4.4.1	Initial Ideation ‘Think Tank’ and Location	97
4.5	Chapter Summary	145
	CHAPTER 5: CONCLUSION AND RECOMMENDATIONS	147
5.1	Introduction	147
5.2	Research Design and Conclusions	149
5.3	Challenges in Setting up a University	155
5.3.1	Leadership or Entrepreneurial Intelligence	156
5.3.2	Developing Dynamic Capabilities	157
5.3.3	Finance	158
5.3.4	Technology	158
5.3.5	Staff	159
5.3.6	Marketing	159
5.3.7	Business Development	160
5.4	Research Conclusions and Recommendations	161
5.5	Research Ethics	166
5.6	Chapter Summary	168
	REFERENCES	171
	APPENDIX - 1 INTERVIEW QUESTIONNAIRE	181

APPENDIX – 2	BEHAVIOUR FACTORS OBSERVATIONS	185
APPENDIX – 3	SUPPORTING LETTER	186

LIST OF TABLES

Table	Page
1.1 Establishment Year of Private Universities and University Colleges	9
1.2 Research Questions	15
2.1 Private Universities in Malaysia and Year of Establishment	28
4.1 Number of Questions and Subsections	96
4.2 Motivation to set up this higher education institution	105
4.3 Year of Establishment of these higher education institutions is as follows	105
4.4 Think tank team and location	106
4.5 Initial Intake – Staff and Student	107
4.6 Start-up Capital	108
4.7 Programmes Offered	109
4.8 People & Process Management	111
4.9 Marketing & Promotions	115
4.10 Financial Management	116
4.11 Milestones and Achievements	118
4.12 Increase in Student Numbers	120
4.13 Types of Programmes Offered after 1 to 2 decades	120
4.14 Increase in Staff Numbers	127
4.15 Profits	128
4.16 Founder’s Management Methods	131
4.17 Trending Marketing & Promotions	134
4.18 New Operation Procedures	136
4.19 Future Plan for the University	139
4.20 Technology Adoption	141

4.21	Competitive Benchmarking	144
4.22	Future Student Captive Market (collaboration – local & foreign)	145
4.23	Modes of Teaching and Learning	146
4.24	Diversification in the Higher Education Sector	149
4.25	Handling Authorities	151
4.26	Quality versus Quantity	152
5.1	Summary of the Questions and Subsections	160
5.2	Summary of the Questions, Subsections and Factors	162

LIST OF FIGURES

Figure		Page
1.1	Possible Model for the Investor in the Higher Education Industry	18
2.1	Problem and Need for Solution	35
3.1	Research Framework and Planning	61
3.2	Schedule of the Research	89

LIST OF ABBREVIATIONS

AeU	Asia e University
BOD	Board of Directors
CEO	Chief Executive Officers
CSR	Corporate Social Responsibility
DBA	Doctor of Business Administration
EMGS	Education Malaysia Global Services
GDP	Gross Domestic Production
HEI	Higher Education Industry
HEP	Higher Education Provider
HRM	Human Resource Management
MOE	Ministry of Education
MOHE	Ministry of Higher Education
MQA	Malaysia Quality Assurance
NGO	Non-Government Organization
PHEIA	Private Higher Education Institutions Act
ROI	Return on Investment
SOP	Standard Operating Procedure
UUCA	Universities and University Colleges Act
YBhg	The honourable - Yang Berbahagia

CHAPTER 1.0 INTRODUCTION

1.1 Introduction

An entrepreneur is someone who, regardless of his or her current resources, makes concerted efforts to pursue opportunities to create value and expand his or her business by fulfilling wants and needs through innovation and uniqueness (Timmons, 1989; Robbins & Coulter, 2007). This is what many Chief Executive Officers (CEO) of business organisations look for while searching for fresh business opportunities with their acute eyes.

This research is particularly beneficial for organizations considering venturing into a new business as part of an expansion strategy that requires approval from their Board of Directors. One possibility is to enter the tertiary education sector by establishing a university. This might be an experience based on a genuine dream and plan for the organisation's practical world, carried out through academic research to accomplish certain academic objectives. The research is carried out in an academic manner by reorganising and rearranging academic materials of references through an extensive literature review, searching for secondary data, and gathering primary data through scientific research methods.

Knowledge, skills, dedicated personality, and high commitment level to customers are some of the explained traits of successful entrepreneurs (Dyer et al., 2008; Anuyahong, Pengnate, Punoiam, Phatratkul, & Sangthongluan, 2021). In business, expanding and seizing opportunities is a common practice for most successful organizations led by entrepreneurs of the highest caliber.

Entrepreneurial competency is a critical aspect in determining an organisation's success or failure. Competencies have often been characterised as combined and integrated components of knowledge, skills, and attitudes." (Kyndt & Baert, 2015, p. 14).

In reality, based on the current economic situation, now is not the time to embark on a new business venture. Malaysia saw tremendous economic expansion in the 1980s, but after a housing market collapse in 1985-86, the country finally returned to growth in the mid-1990s (Abu Hassan et al., 2008). Given the current economic climate, not all businesses will be able to expand. However, a skilled entrepreneur can successfully manoeuvre the storm, turning a potentially difficult situation into an opportunity. A new business venture requires a captain cum entrepreneur who can manage the company to be a successful conglomerate, the success being due to his own traits as an entrepreneur, having all the qualities of working hard, honesty, never cheating people, providing the best to the client and stakeholders, never compromising the company's name, prudent, valuing the staff, exploring new ventures, always being open to new ideas, never giving up, and aiming for the sky (Dyer et al., 2008). These are the in-born traits that have been instilled in him, as running a successful business comes naturally to him. Entrepreneurs' mind sets are perpetually opportunity-driven and opportunity-seekers.

Entrepreneurs are constantly reflecting on the next new venture he or she wants to start up. While organizations are considering expanding into new sectors of business such as hotels, education, film production, and the international real estate market, there is no reason to believe that these organizations will not expand into other areas if possibilities emerge. Due to the fact that numerous businesses are in the pipeline, and tertiary education is one of the tentative new ventures, this research has an opportunity

to further explore the industry through more rigorous, reliable methodology, even though academics have their own expectations of how entrepreneurs can transform a dream into a reality. Therefore, this research is in the right direction, as it provides an excellent opportunity to illustrate that academic work is very valuable in the real world, as it provides an important mechanism that transforms ideas into real businesses, rather than merely in a dream realm.

1.2 Problem Statement

Higher education institutions (HEIs), once considered among society's most resilient institutions, are facing challenges due to changes in governments' and society's expectations of them. For many decades, the majority of Malaysians believed education was a charitable service whose output was intangible, not a means of generating revenue, and could only be operated by organizations designated as non-profit. The activity was designated as a "non-business" and operated under the auspices of a "non-profit organization", defined as an organization that was dedicated to a certain social cause and used its resources to accomplish that goal, rather than dispersing profits to shareholders. These organizations were tax-exempt nonprofit organizations that operated in religious, scientific, research, or educational settings (Ciconte & Jacob, 2009; Sacristan et al., 2016).

Though there were numerous private schools in the early years, the majority were established for charitable, missionary, and educational purposes, not for the purpose of making a profit (Rahimah, 1998). Private schools were given a variety of brand names based on the ownership and purpose of the curriculum. For many years following independence, it was impossible to establish a private university in Malaysia.

The famous incident of the government's rejection of the opposition political party's request to establish the "Merdeka University" in the late 1970s demonstrated that education was a "control product" at the time. According to Wan (2007), private higher education institutions were only officially recognized in Malaysia in 1996. It occurred with the enactment of the Private Higher Education Institutions Act (PHEIA) 1996, as well as the amendments made in the Universities and University Colleges Act (UUCA) 1971 and the Education Act 1961.

The landscape then shifted dramatically as the government began liberalising the education industry, particularly tertiary education. Numerous colleges were formed and developed into "university colleges" before evolving into full-fledged universities. Numerous additional private schools, tuition centers, and other education-related businesses began their journeys to become higher education providers. Numerous additional private schools, tuition centers and other education-related businesses began the journeys to be the higher education providers. Today we can observe several established private universities expanding in size and being recognised as good universities by the authorities and general public. Among them are Management Science University (MSU), Asia e University (AeU), Lim Kok Wing University, Taylor's University, Sunway University, City University, Open University, Wawasan University, and others are only a few examples of institutions of higher learning. Essentially, it is about what Olssen and Peters (2005) aptly stated in their paper on the knowledge economy: "Is knowledge a commodity?"

While the foregoing arguments may have swayed the senior management of some successful corporations toward a new venture in the education industry, it is the directors who are ultimately responsible for bringing it to fruition. It is necessary to acknowledge that various people have diverse points of view. Directors of all types of

businesses may have differing perspectives on new venture opportunities. Even directors who see a similar degree of opportunity have different perspectives on whether or not to pursue new ventures. Directors' values and cognitive biases influence their perceptions and interpretations of issues and, ultimately, their strategic choices, according to the upper echelons perspective of organizations (Hambrick and Mason, 1984).

These cognitive biases and values are influenced by directors' psychological and personality characteristics, as well as their career experiences (Hambrick and Mason, 1984). Many researchers have used the upper echelons framework to explore the relationships between managers' characteristics and their strategic orientation, issue interpretation, and strategic choice. In the context of organizations and their relationships with the business environment, several researchers have noted the importance of directors' attributes in influencing actions oriented toward the business environment (Fineman and Clarke, 1996; Jennings and Zandbergen, 1995; Menon and Menon, 1997; Swanson, 1995; Wood, 1991). The labels that firms' decision-makers attach to strategic issues determine the meanings ascribed to those issues and subsequent strategic decisions (Dutton and Jackson, 1987). Dutton and Jackson (1987) indicate that organizational decision-makers assess strategic challenges in terms of "opportunities" and "threats". Several authors have examined ways in which executives interpret issues in the business environment as either opportunities or threats (Andersson and Bateman, 2000; Dutton and Jackson, 1987; Jackson and Dutton, 1988; Sharma, 1997; Sharma and Nguan, 1999; Sharma et al., 1999; Thomas and McDaniel, 1990). This assessment of opportunities versus threats in the corporate environment has also been proven to be a useful tool for explaining the environmental responsiveness strategies of firms (Sharma, 1997; Sharma and Nguan, 1999; Sharma et al., 1999). Such

research has only been suggestive as to how executives' perceptions of opportunities of business initiatives relate to the characteristics of the directors. There has been a global push for new models and practices in recent years, requiring higher education institutions to develop managerial capabilities previously reserved for corporations. This global push is seen as a higher calling that will subsequently provide higher education institutions with the entrepreneurial pathways to contribute to regional economic, technological, and societal developments by not only contributing to the traditional roles of education and research but also a new mission of engaging socio-economic needs and market demands that can transform these institutions of higher education into institutions that are more entrepreneurial by nature. The universities of today can no longer do business as usual in their traditional roles of providing education and carrying out academic research if they want to sustain. There is an imperative need for the leaders of existing and future universities to embrace entrepreneurial traits and strategies that will develop and enhance their universities' dynamic capabilities to enable transformation by seizing opportunities and risks and exploring global and regional dynamics that are aimed at changing and altering the universities' resource base through forging alliances or making acquisitions, that only seasoned entrepreneurs can envision and handle. Institutions of higher education have been urged to acquire such dynamic capabilities in order to alter themselves and better respond to global problems, particularly in the face of pandemics or unpredictable economic conditions. It must be noted that the concept or understanding of how dynamic capabilities might advance universities' new mission of engaging socio-economic needs and market demands that can transform these institutions of higher education into institutions that are more entrepreneurial by nature is still an underexplored concept, and in this study, we propose some mechanisms that established universities and future universities need

to focus on to develop their dynamic capabilities that will transform themselves into more entrepreneurial institutions. These suggestions are aligned with the findings in a study by Stolze & Sailer (2021), who found that dynamic capabilities do indeed influence how universities can be transformed into more entrepreneurial institutions. But this influence is mediated by the leadership roles and organisational agreement on vision and goals.

Although the education business is a rather challenging business to venture into, one must be clear that it is nevertheless a business that still has a lot of potential prospects and opportunities (Arokiasamy et al., 2009), especially in the context of the Malaysian environment. The goal of this research is to put greater emphasis on convincing business directors that the education business is another profitable new venture that should be pursued. The involvement must be based on the condition of successfully adapting to the environment and using the appropriate approach – which will primarily focus on enhancing the dynamic capabilities and quality of the universities based on the lessons and strategies of successful entrepreneurs or leaders of private universities. The following are some of the areas that will be explored:

It is rather interesting that despite numerous adverse economic conditions that Malaysia has undergone, the education industry appeared to be resilient enough to weather the storm. It is such a recession-proof business that it can still face challenges and absorb the burden of upheaval suffered, while other businesses such as developers, construction companies, and others have been severely impacted by the economic situation. It is rather impressive to witness how some entrepreneurs such as YBhg. Tan Sri Shukri, YBhg Professor Dato' Dr. Ansary, YBhg Emeritus Professor Tan Sri Dr. Lim Kok Wing and several others had started their enterprises as higher education providers and successfully grew their universities to become major players in Malaysia.

This research would like to examine what each of these entrepreneurs focused on in establishing and successfully managing Management Science University (MSU), Asia e University (AeU), Lim Kok Wing University, Similarly, other successful private universities such as Taylor's University, Sunway University, City University and countless others demonstrate how their owners successfully diversified their enterprises into private education providers.

The question that needs to be asked is whether it is possible, given present trends and future projections, for the higher education business to remain robust, recession-proof, and affordable to newcomers. This research will examine what opportunities there are, if any, to venture into the higher education industry, especially for entrepreneurs who are already established and successful developers, builders, and contractors. Is the higher education industry conducive to entry, and if yes, what adjustments must be made for the new player to maintain relevance as it grows stronger and larger?

Economic conditions are cyclical and can occur as a result of a variety of factors, both locally and globally (Anna & Katarina, 2011). The education industry appears to be robust enough to deal with any situation (Vinod, 2009; Bisaria, 2010), as it is recession-proof and is more resilient in the face of adversity than other industries such as construction and other sectors that have been severely impacted by an economic downturn. The more established private universities and university colleges such as Taylor's College (Taylor's), Tunku Abdul Raman University College (TAR UC), Infrastructure University Kuala Lumpur (IUKL), and have remained resilient in the face of various challenges throughout the years. Some may be skeptical about TAR UC and IUKL since they are government-backed and supported, but their survival rates remain astounding. This will be discussed in-depth in the analysis section.

Since the democratization of private education, various private universities and university colleges have grown in size and strength, as shown in Table 1.1. The detailed analysis from the table will be explored later in Chapters 3 and 4 as part of the literature review and findings, but at a glance, Table 1.1 reveals how private universities in Malaysia have remained stable till today, even after many years of existence. Furthermore, newly established higher education institutions continue to grow in terms of physical buildings, enrolment, and programmes provided. Some are developing into legitimate business enterprises, while others have the support of the government or other powerful political entities.

Table 1.1: Establishment Year of Private Universities and University Colleges

UNIVERSITIES AND UNIVERSITY COLLEGES		Acronym	Estab.
1	Taylor's University	Taylor's	1969
2	Tunku Abdul Rahman University College	TAR UC	1969
3	Infrastructure University Kuala Lumpur	IUKL	1973
4	National Energy University	UNITEN	1976
5	Segi University	SEGI	1977
6	UOW Malaysia KDU (KDU UC)	KDU	1983
7	Binary University	Binary	1984
8	City University	CityU	1984
9	INTI International University	INTI	1986
10	UCSI University	UCSI	1986
11	Sunway University	Sun-U	1987
12	Saito University College	SAITO UC	1988
13	First City University College	First City UC	1990
14	Southern University College	Southern UC	1990
15	Kuala Lumpur Metropolitan University College	KLMUC	1991
16	International Medical University	IMU	1992