

Return on Investment in Education: More for Less*

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Studies on successful economies have provided evidence of the economic importance of education in the development of human capital. This view, suggesting a correlation between education on one hand and human capital development and economy on the other, raises strong opposition in those who say that, at best, the evidence is circumstantial and therefore weak. This analysis they say neglects to include drop-outs, women, and minorities who have become successful despite limited education opportunities. According to this view, there is no causal significance in the inequality of education to the income earned due to better education.

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Equating education to higher income is opposed to the ideals of education, where education is about acquisition of knowledge for knowledge first, and where the educated person, as a member of the human race, contributes positively to the world with the acquired knowledge. Only then should education be viewed as a means to a better income and better life. The latter view, which some say is a materialistic approach to education and learning, however, has been the cornerstone of many successful migrant

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Students working on a project

communities, and economies. Studies in migrant social mobility have reported an upward movement in the social strata and economic status among communities have been achieved within one generation through investment for the best education of the children of the first generation of migrants.

While the debate on what education is for continues, ISIS Malaysia in a report in July 2002, pointed out that due to a situation brought about, then, by high economic growth averaging seven per cent annually, there was a need for Malaysia to prepare a high quality workforce with much greater value-added in order to move Malaysia towards a higher status.

The report recommended that Malaysia's industry-based economy be reviewed to remain competitive with First World economies that were transforming into service-dominated economies. In order to make this quantum leap from Third World economy to First World economy, Malaysia requires a quality workforce that will keep the nation on the competitive edge.

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It is therefore not unexpected that government expenditure of 3.8 per cent in education is reportedly higher than the OECD's (Organisation for Economic Cooperation and Development) reported average of 3.4 per cent, reinforcing the view of the strong link between education and economic development. In 2011, the Ministry of Education was given RM37 billion or 16 per cent of the total federal budget which is 3.8 per cent higher than that of the ASEAN countries and an average of 1.8 per cent and 1.6 per cent higher than South Korea and Japan respectively. The numbers crunching can continue and it will show that Malaysia spends more on nearly everything related to education compared to other countries that have been more successful economically, and on human capital development, improving the quality of education for less.



A primary school classroom in session

So why have these investments not brought about the expected dividends? Job prospects for students who underachieve are bleak. The unskilled jobs which were available for employment 20 years ago are becoming fewer in the knowledge-based economy. The agriculture and fishing industry, for example, requires a workforce with knowledge far beyond the tilling of fields and the netting of fish. Yet basic education, education at higher institutions, and training have somehow yet to show strong dividends in human capital development to sufficiently meet or exceed the demand for suitable talent.

Employers continue to lament that new graduates seeking jobs are unequipped with the basic skills needed for employment in this millennium, such as the ability to articulate thoughts clearly, to engage in discussion, and to demonstrate cognitive agility as to the task at hand. The consequences of unmet needs are translated into unemployment. Young Malaysians joining the workforce are unable to compete with the best and the brightest young talents being engaged from abroad to fulfill the demand for them.

Education at the tertiary level has become primarily focused on the acquiring of knowledge and skills so that the student can gain employment upon graduation. This focus needs to be reviewed in order to prepare talents for employment in businesses and services yet to be discovered. Undergraduate courses and training tailored for specific vocations and employment

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Graduation joy

are in danger of reducing the capacity of talent for new jobs in new industries or other employment possibilities in the event the jobs they are trained for are no longer available or necessary.

University courses therefore need to address the long-term needs of human resource development in preparing a pool of talent that is flexible, and capable of adjusting to the new demands, skills and knowledge that may be required in unknown territory.

The ability to think coherently, reason, and articulate, is more enduring and leads to flexibility in the long-term than going for specialised courses that train talents for only one particular function.

It is, however, tough to sell the idea that liberal arts courses such as sociology, psychology and history that emphasise thinking and reasoning, are good for future employment, not only to parents who are a strong party in making decisions for the future of their children, but to the students themselves. This situation is not helped by, for instance, employers in an engineering firm, who demand that their employees be capable of thinking and reasoning, but think twice about employing, for instance, a history graduate in a management capacity in their firm. The

perception however remains that the engineer is also capable of management functions and therefore will be more valuable to the company.

As the debate swirls around education and economic advancement, there is a real danger of the ideals of education being traded in for the hollow excellence of an employable work force. The art of thinking beyond vocational specialism is lost in the race for immediate employment. It is not a zero sum game but a reminder that education must also instil values that remind us of who we are and why we are being educated.