THE FAMILY IN ECONOMIC DEVELOPMENT

Policy Brief

ANALYZING POLICY OPTIONS FOR RAISING EDUCATIONAL LEVELS IN MALAYSIA

Recent research has shown that increased schooling and increased returns to schooling have been essential ingredients in Malaysia’s recipe for economic growth. These findings confirm what Malaysian policymakers have apparently known since their country emerged from the devastations of the Great Depression and World War II: Influencing educational growth and its distribution is tantamount to influencing personal income growth and its distribution. This knowledge has placed educational policy at the forefront of efforts to improve the level and distribution of welfare in Malaysia.

In 1961, the Malaysian government began investing heavily in efforts to raise educational achievement, to unify its educational system, and to promote educational parity among all Malaysians. Today, Malaysia has a school system and rising educational levels that rank among the best in Third World countries. However, in spite of past efforts, certain historical disparities persist: Educational achievement is still higher for urban than for rural people, and boys continue to get more education than girls. Among the nation’s major ethnic groups, the Chinese still have higher levels of completed schooling than the Malays or Indians.

In light of this situation, a recent Rand Corporation study attempted to establish what factors influence educational levels, to understand how important these factors are for different groups, and to project the effects that different policy options would have on them. To provide up-to-date information, the Rand study analyzed a leading indicator of future educational trends: school attendance during 1976 and 1977. Attendance levels should respond to recent policy actions and foreshadow future changes in completed schooling.

Recent attendance levels suggest that the policy shifts of the 1960s and 1970s, designed in large measure to bring educational parity to Malays, have influenced educational trends. In the past, primary school attendance differed significantly among the ethnic groups. Now, primary schooling is practically universal for Malays and Chinese, and only slightly less so for Indians. This means that future schooling levels will be determined by changes in secondary school attendance. Consequently, the Rand study focused on secondary attendance, rather than attendance for all grades.

The success of government policies is also apparent in changing secondary school attendance rates for Malays. Generally, Malay families have lower incomes and less-educated parents than Chinese, characteristics that, considered by themselves, reduce the likelihood of school attendance. Yet Malay attendance rates in secondary school have surged above those for Chinese adolescents. This change suggests that, in the span of a single generation, government policy has offset the lower economic and educational circumstances of Malay families. If trends continue, Malays’ levels of completed schooling will soon equal or surpass Chinese levels.

Although past policies will continue to affect educational attainment, budgetary concerns and remaining disparities will require new policy decisions by Malaysian policymakers. These decisions should be informed by knowledge of the factors that affect secondary attendance most. Empirical analysis of the study data showed that family income, school location, and availability of transportation rank high among these factors. Consequently, the Rand study projected and compared the effects that income growth, building new schools, and improving transportation would have on secondary attendance levels for the major subpopulations: urban and rural families, and Chinese, Malays, and Indians.

Simulations were made of the effect each option would have on each group, in the absence of the
other policy changes. The study treated income growth as a base-line policy option in which the government would simply rely on economic growth to raise income, and thus attendance, over the next 10 years. For the sake of illustration, these simulations assumed that Malaysia’s economy would continue to grow at its early 1970s annual rate of 4 percent per capita.

![Image showing percentage of 12-18 year olds in school by gender and policy alternative]  
Effects of policy alternatives on girls’ and boys’ school attendance

### Effects on Boys’ and Girls’ Attendance

As the figure shows, Malaysian girls’ school attendance is about 4 percentage points lower than boys’. While this gap, by itself, is not large, it is noteworthy that the three policy options would affect it quite differently. Income growth would cause girls’ attendance to surpass boys’. Building schools would almost close the gap between the two. But improving transportation would effectively maintain the gap. These and related findings suggest that Malaysian families consider schooling more necessary for boys than for girls. Consequently, demand for boys’ schooling is less responsive than demand for girls’ to policy changes that reduce the cost of school attendance. Girls thus benefit more than boys from rising income and the decreased cost of schooling when there is a school nearby. Increasing transportation may have less effect because Malaysian parents evidently do not like sending girls to distant schools, no matter how good the transportation is.

### Effects on Urban and Rural Population

Income growth would actually widen the gap between urban and rural populations. Although attendance for both groups would rise, it would rise more for urban families. In contrast, building more schools and improving transportation narrow the gap considerably. They raise rural attendance almost 10 percentage points but have hardly any effect on urban attendance. These results reflect the distribution of existing public resources in Malaysia. All urban residents live no more than two miles from a secondary school, whereas fewer than 50 percent of rural residents live within two miles. Consequently, urban residents who want to send their children to school are not prevented by the absence of schools or transportation, whereas rural families must often overcome both obstacles.

### Effects on Major Ethnic Groups

The study found that educational parity among these groups will depend critically on the policy options government chooses. Income growth would raise attendance for all groups, but Indian families would benefit more than Malays or Chinese. Nevertheless, Indian attendance would still fall below attendance for the other two groups. Building new schools would raise Malay attendance much more than Chinese; improving transportation would raise Malay attendance by considerably more than either Chinese or Indian attendance.

### Policy Implications

Because most Third World nations have similar, though often more pronounced, regional, male-female, and ethnic disparities in education, this study has policy implications that extend beyond Malaysia. The projections discussed above establish how differently alternative policies can affect major subpopulations and how important it is that policymakers consider these effects, along with a given policy’s potential for raising educational levels generally. The study illustrates how these policy interventions might be assessed and suggests how the assessment of other options might be approached. Along with information on costs of different policies and how they would affect other national goals, such projections can provide a much improved basis for policy decisionmaking.

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For a detailed report of the research reported here, see R-3147-AID, Schooling Policy in Malaysia, Dennis DeTray, The Rand Corporation, January 1985. The study’s empirical analysis of attendance levels and the factors affecting them is described in N-2011-AID, Schooling in Malaysia: Historical Trends and Recent Enrollments, Dennis DeTray, The Rand Corporation, October 1984. This research was sponsored by the U.S. Agency for International Development.