A value has a value only when its value is valued

UNDER the New Economic Model (NEM), the government aims to transform the country into a high income nation. What does it mean to be a high income nation? In simple terms, it means the government wants its citizens to have a better quality of life. It envisions that by the year 2020, Malaysia will be a country that is market driven, well-governed, regionally integrated, entrepreneurial and highly innovative.

That all sounds well and good but in a practical sense, how do we go about making this goal a reality? Looking at it from a higher education perspective, to achieve high income we have to provide quality human capital that is required by the market. That means we need to produce good graduates.

This is what we mean by being market driven. The market wants people of good quality who are well educated and highly competent. When you have candidates of such calibre, you have to pay them what they are worth. What is the consequence of that? High-income.

However, in order to produce outstanding graduates, we need teaching professionals of high standards who are very knowledgeable and experienced. Their compensation must also commensurate with their qualifications and experience. To pay these professors what they are worth, the price of tuition may have to be increased. Is the market willing to pay a higher price for quality education?

Let me share with you a success story of how an investment in higher education can pay off handsomely. In 1997, a call was put out to Indians working abroad to come back and serve their country.

The Indian School of Business (ISB) in Hyderabad was being established and they wanted the nation’s best brains to come on board as teaching staff. The Indians overseas agreed to come back but on condition, that they would be paid what they were already earning. They had developed their skills and knowledge at the best schools like Harvard and MIT and were earning in the region of US$100,000 to 200,000 per year.

ISB professors earn about US$1,500 an hour and are paid to teach 120 hours per year. The rest of their time is spent on research, publication, consultancy and training. A small percentage of the income they earn from these activities goes to the university. Aside from generating extra revenue for ISB, this working structure also enables the professors to create added value in their classrooms as they can talk about actual issues and real cases in the industry. That’s value creation because they are able to impart students with knowledge beyond the textbooks.

As far as I’m concerned, for a professor to command a salary of RM30,000 to RM40,000 per month, he must create value. His teaching must be of outstanding quality. I’m not expecting him to come to class, and just read from the powerpoint and textbooks. I expect him to be creative in his teaching. He must be able to cite examples of his experiences, his knowledge of the industry, his vision of the issues and problems, as well as how to address them. All the big business schools incorporate cases, simulation, games, and role-playing in their curriculum. This is what we call effective pedagogy and it is why their students are exceptional, because they learn differently.

Once we are capable of producing such students, the next question we need to ask is: are employers out there willing to pay them what they are worth? Today ISB is ranked number 12 in the world in the Financial Times Global MBA rankings. The average starting salary for the school’s graduates is $10,000 a month. In fact, graduates from top schools all over the world such as Harvard, MIT, and Stanford are earning $10,000 to 15,000 a month. They are employed globally and not just in the US.

Organisations that employ these graduates must also know how to get the best out them. They should leverage on their skills and expertise to help increase the company’s revenue. Only then will they be able to appreciate the value these graduates bring to the company.

Institutions must create value and the industry must be responsive towards the creation of such values. Thereby, a value is of any value when it is valued.

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