

## **Imagine an Education Hub: Leveraging Penang's International School Ecosystem**

*By Dr Beh May Ting (Senior Analyst & Coordinator, History & Regional Studies Programme)*

### **Executive Summary**

- The growing number of international schools in Penang presents a unique opportunity for the state to capitalise on these educational assets. Initially providing education for the children of expatriate families, international schools are now also an option for Malaysians who are able to send their children there and who prefer them to graduate under British, American, Australian, or Canadian syllabuses, or the International Baccalaureate Diploma Programme.
- By strategically enhancing and leveraging this ecosystem, Penang has good possibilities to elevate its regional standing in education, while stimulating economic growth and cultural exchanges.
- A strong international school ecosystem in Penang adds to the liveability of the state, and attract high-skilled expatriates and Malaysians with deep pockets who may be considering relocation for the sake of their school-going children.
- Apart from value-adding to the state economic status, a strong international school ecosystem will help retain local talents. In the long run, having diverse educational institutions is an investment in the state's human capital.
- Diversity in international schools also encourages cultural exchanges. The interaction of students from different backgrounds revives Penang's cosmopolitan environment, enriching the local community and creating a globally-aware citizenry.

# Imagine an Education Hub: Leveraging Penang's International School Ecosystem

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## Introduction

The international school ecosystem in Penang has come a long way since its first international school, The International School of Penang (Uplands) was established in 1955 at its first location on Penang Hill. Two decades later, Dalat International School opened in 1971 at Sandycroft, previously a British military base at Tanjung Bungah. While some of the earlier international schools in Penang started as boarding schools for children of expatriates or missionaries, the enrolment for these schools, and more recently established ones now also accept Malaysian students.

Today, Penang boasts a rich tapestry of international schools, each offering unique curricula and each fostering a multicultural environment of its own; the nationalities in each of them vary quite substantially. This diversity not only enriches the educational experience but also provides students with a global perspective, thus equipping them for an increasingly interconnected world.

The Ministry of Education defines international schools as schools that utilise renowned foreign curricula. These schools may enroll local and international students.

International schools in Malaysia differ from government schools in that the former are managed by private entities under the purview of the Department of Private Education in the Ministry of Education, while the latter are fully funded by the government through the ministry. A strict accreditation process is also in place to ensure that the quality of education in these schools is up to the standards set by MOE.

Given that international schools charge school fees while national schools are free of charge, there are expectations that the quality of education in international schools are at higher standards and that the premises are equipped with better facilities. More teacher attention being paid to individual students is also expected since these schools usually have a lower student-to-teacher ratio. International schools in Penang predominantly follow the British curriculum, with several offering American syllabuses.

## Attracting Property and Capital Investments

International schools in Penang acts as a magnet for expatriates and globally mobile families, and the long history is often a deciding factor in these families' relocation. The economic ecosystem that emerges around these schools bring much economic activities and monetary inflows. The fees are far from being the only economic benefits for the economy of Penang, Apart from attracting parents with much-needed expertise into the state, the investments and expenditures of these added population are

often substantial—in property, vehicle purchase, general consumption, tourism generation, and so on and so forth.

**Table 1: Guideline by the Ministry of Education for matters on Ownership/ Company, Capital/ Equity, and Location, Land, Premise and Facilities**

<b>Ownership/Company</b>	<p>A company that is locally incorporated in Malaysia.</p> <p>Registered with the Companies Commission of Malaysia (CCM)</p>
<b>Capital/ Equity</b>	<p>Minimum paid-up capital of RM1 million.</p> <p>(Under autonomous trade liberalisation for the education services sector, foreign equity is allowed up to 100 percent as of 31 March 2012)</p> <p>In terms of membership, at least one (1) member of the Board of Directors of the Company should be a Malaysian.</p>
<b>Location, Land, Premise and Facilities</b>	<p>Self-owned or leased.</p> <p>A minimum land area of five (5) acres.</p> <p>Utilisation of location/land/premise is subject to approval by the Local Authority concerned.</p> <p>Not allowed to operate at a temporary premise such as at a shop lot, housing residence, or bungalows.</p> <p>The surrounding area should be conducive to educational activities.</p> <p>Special rooms such as science labs, music room, art room, Muslim prayer room or <i>surau</i>, etc. should be in place.</p> <p>There should be courts and fields for recreational activities and games.</p> <p>The building or school's capacity should be suitable to house at least 1,000 students.</p> <p>Note: A strategic yet convincing location would be one where there are many expatriates or one which is located in a new economic development corridor.</p>

*Source: Private Education Division, Ministry of Education*

These requirements for capital and property ownership or lease, as well as the construction of facilities for extra-curricular activities create inflow of revenue to the state and simultaneously develop surrounding areas. As stated in the guideline, international schools are encouraged to be located at new economic development corridors, meaning a spillover effect is anticipated. The presence of an international school with good infrastructure can spur local authorities and developers to match public infrastructure and new development projects in surrounding areas to the standards of the school. Housing and business districts can with great likelihood thrive in the vicinity of the school,

raising the services on offer, and the liveability of the neighbourhood as well. Needless to say, cultural exchanges will flourish, and perhaps most importantly, employment opportunities will increase exponentially.

## Generating Human Capital

Penang's economic wellbeing has for several decades relied on the E&E manufacturing sector and on tourism, and to a much lesser extent, on the agriculture industry. However, competition abounds in the region. It is therefore vital for Penang to diversify its sources of income, even while it does its best to stay one step ahead in the traditional sectors.

The size of the E&E sector may be incomparably huge, but it is susceptible to aggressive fluctuations in market demand and to geopolitical shifts. For more holistic development, and in order to avoid having most of its eggs in one basket, Penang's economic evolution will be more promising if it capitalises on other potentially profitable industries. Education across the board, including TVET, is such a one.

MNCs based in Penang continue to grow in number, and it is natural that there should be a growing demand for international schools from their schooling-age children. In addition, more Malaysian parents are choosing to send their children to international schools, for reasons we do not need to discuss here. Added to that are the children of Malaysian returnees who have already started their education overseas, who, despite the benefit of joining the national school system, would find it difficult to fit in. Enrolling in international schools is an appealing—if not sole—option for them.

**Table 2: Guidelines from the Ministry of Education on the appointment of international school principals and teaching personnel**

<b>Head Teacher / Principal</b>	<p>Must hold professional qualification and have experience in education administration.</p> <p>Both Malaysian or non-citizen teachers with the relevant experience in the field of education are allowed to be appointed head teacher/principal.</p> <p>Must have obtained "Permit to Teach".</p>
<b>Foreign Teaching Personnel</b>	<p>Required to obtain MOE support letter for the purpose of obtaining the employment pass issued by the Malaysian Immigration Department (MID).</p> <p>Must hold academic as well as professional qualifications, and secure a service contract with the school concerned.</p> <p>Must have obtained "Permit to Teach".</p>
<b>Teachers</b>	<p>Encouraged to comprise local teachers with relevant academic and professional qualification in education.</p> <p>Must have "Permit to Teach".</p>

*Source: Private Education Division, Ministry of Education*

Strategic investments in faculty development will naturally attract top-tier educators, create a positive feedback loop and encourage knowledge exchange with local educators. This, in turn, ensures that local educators remain competitive.

Penang's growing international school ecosystem can create opportunities for collaboration with local industries by aligning their curricula with the needs of the state's key industries such as manufacturing, technology, healthcare, and other service sectors. The schools can play a pivotal role in producing a skilled workforce that meets the needs of the local job market through collaborations for internship placements, mentorship programmes, and research initiatives, thus fostering a symbiotic relationship between education and industry.

These schools can also be a significant draw for educational tourism if strategic policies to attract families seeking high-quality international education for their children are undertaken. This presents opportunities for ancillary services, such as accommodation, transportation, and recreational facilities, to develop.

## The International School Ecosystem in Malaysia

According to ISC Research, there are 13,614 international schools globally, as of July 2023. 14.3% of the world's international schools—i.e. 1,940 of them—are located in Southeast Asia. In fact, Malaysia alone accounts for 1.6% of the total international schools found in the world.

**Table 3: Number of primary and secondary international schools in Malaysia by region**

State	2017	2018	2019	2020	2021	2022	As of March 2023
Northern Region							
Perlis	0	0	0	0	0	0	0
Kedah	3	3	3	4	4	4	4
<b>Penang</b>	<b>9</b>	<b>11</b>	<b>11</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>
Perak	6	6	8	9	9	9	9
Central Region							
Selangor	44	54	63	69	83	86	92
Kuala Lumpur F.T.	21	21	25	29	33	35	37
Putrajaya F.T.	2	2	2	2	2	2	2

State	2017	2018	2019	2020	2021	2022	As of March 2023
Southern Region							
Negeri Sembilan	8	6	7	6	6	6	7
Melaka	4	4	4	4	4	4	5
Johor	15	16	18	21	20	25	28
East Coast							
Kelantan	2	2	2	2	2	2	2
Pahang	5	4	4	4	4	4	4
Terengganu	2	2	2	2	2	2	2
East Malaysia							
Sabah	4	4	4	4	4	4	4
Sarawak	6	6	6	6	6	8	8
Labuan F.T.	1	1	1	1	1	1	1
<b>Total (Malaysia)</b>	<b>132</b>	<b>142</b>	<b>160</b>	<b>175</b>	<b>192</b>	<b>204</b>	<b>217</b>

Source: Private Education Division, Ministry of Education

**Table 4: Enrolment in primary and secondary international schools in Malaysia by region**

State	2017	2018	2019	2020	2021	2022 <sup>1</sup>
Northern Region						
Perlis	0	0	0	0	0	0
Kedah	385	443	413	434	388	503
<b>Penang</b>	<b>3,991</b>	<b>4,519</b>	<b>4,967</b>	<b>5,426</b>	<b>5,210</b>	<b>4,880</b>
Perak	1,024	1,838	1,892	1,988	2,061	2,016
Central Region						
Selangor	21,846	25,777	27,635	31,747	28,937	31,046
Kuala Lumpur F.T.	14,346	15,765	17,693	18,408	17,845	17,152
Putrajaya F.T.	1,546	2,129	2,212	2,218	2,129	2,059

<sup>1</sup> Up to 30 June 2022

State	2017	2018	2019	2020	2021	2022 <sup>1</sup>
Southern Region						
Negeri Sembilan	2,371	2,563	2,520	2,380	2,006	1,998
Melaka	591	603	555	504	494	525
Johor	5,342	7,369	8,053	8,097	7,590	8,142
East Coast						
Kelantan	151	263	259	240	222	246
Pahang	573	535	564	427	380	359
Terengganu	149	179	203	194	171	158
East Malaysia						
Sabah	829	850	704	712	590	445
Sarawak	1,357	1,896	2,014	1,473	1,605	2,058
Labuan F.T.	153	90	111	108	117	126
<b>Total (Malaysia)</b>	<b>54,654</b>	<b>64,819</b>	<b>69,795</b>	<b>74,356</b>	<b>69,745</b>	<b>71,713</b>

Source: Private Education Division, Ministry of Education

Selangor and Kuala Lumpur—in the central region—have the highest number of international schools in the country. In the southern region, Johor has the third highest number of international schools in Malaysia. In the northern region, Penang has by far the most international schools. Notwithstanding the larger numbers in the central region, the many benefits that come from being based in Penang—for the young and the old—and the good selection of international schools with British and American curricula found there make any ambition to turn Penang into an educational hub allied to its cultural and manufacturing assets a very promising one.

**Table 5: Enrolment in international schools by citizenship**

	Citizens	Non-citizens	Total
<b>2017</b>	37,218	17,436	54,654
<b>2018</b>	42,327	22,492	64,819
<b>2019</b>	44,575	25,220	69,795
<b>2020</b>	47,389	26,967	74,356
<b>2021</b>	47,039	22,706	69,745
<b>2022</b>	50,783	20,930	71,713
<b>2023<sup>1</sup></b>	55,999	23,872	79,871

Source: Private Education Division, Ministry of Education

<sup>2</sup> Up to 31 March 2023

In fact, the total enrolment in international schools has been increasing steadily over the years, excepting 2021 and 2022 where non-citizens are concerned. This is likely due to the disruptions in people's lives and the family re-strategising needed during the pandemic. Many expatriates returned home or relocated during this period. As expected, enrolment jumped in the months before March 2023, indicating a return to normalcy in the education sector and evidently-increased interest in international schools.

**Table 6: List of international schools in Penang**

School	Location
Dalat International School	Tanjung Bungah
Fairview International School Penang	Bayan Lepas
Pelita International School	Tanjung Bungah
Prince of Wales Island International School & POWIIS Primary	Balik Pulau, Tanjung Bungah
Stonyhurst International School Penang	Tanjung Tokong
Straits International School Penang	Bayan Lepas
St. Christopher's International School	George Town
Tenby Schools Penang	Tanjung Bungah
The International School of Penang(Uplands)	Batu Ferringhi
Wesley Methodist School Penang	Jelutong
XCL International School Penang	Simpang Ampat
The Ark International School	Butterworth

*Source: International School Database*

There are twelve international schools in Penang, all based on the island except for two on the mainland. The higher concentration of international schools is in the Northeast district of Penang, particularly in Tanjung Bungah, Tanjung Tokong, and Batu Ferringhi. These are also the areas that expatriates have traditionally preferred to live in, and also where the middle class local population have chosen to settle over recent decades. In the Southwest district, more and more international schools have set up shop, particularly in the Bayan Lepas area where the Free Industrial Zone is located.

Without these international schools in Penang, there would be little reason for married members of the high-skilled foreign workforce working here to bring their family along. If plans to move Penang's service sector up the value chain, from blue-collared to white-collared professions, such as the proposal to create a special financial zone (SFZ) in the state in the near future, more international schools are bound to mushroom. As international schools climb offer better and better quality in education, they become more and more a deciding factor in attracting foreign talents and retaining local high-skilled talents.



In summary, Penang's international school ecosystem is a valuable asset that, if strategically capitalised upon, can yield immense benefits for the region. Building and branding Penang as an international school hub can be economically beneficial to neighbouring states, and to the whole of the Northern Corridor Economic Region. By fostering collaboration between educational institutions and local industries, attracting global talents, and elevating its academic ecosystem, Penang can indeed become a regional education hub. The economic and cultural dividends of this will help propel Malaysia's economic growth more steeply upwards.

## **Policy Recommendations**

### **1. Finances**

Expectations that Malaysian parents who send their children to international schools are wealthy and that they do not need assistance in financing their children's school fees is a skewed perception. Many middle-income earners struggle financially in order to provide the best education they can afford for their children. While free education in national schools has its advantages, choosing to send one's children for an international education is a personal one.

Some form of incentives such as putting a ceiling on school fees increment as the children go up the grades every year would ease the burden on parents sending their children to international schools. According to the guidelines from the Ministry of Education, any increase in fee should obtain prior approval from the Registrar General with the condition that it can only be sought only three years after the previous approval. Additionally, only an increase not exceeding 30 percent is allowed. The jurisdiction regarding school fees and many other matters regarding international schools fall on the federal government. Therefore, at the state level, other creative ways to ease the finances of parents sending children to international schools will have to be identified. For instance, the state can provide discounts on public transport especially for buses plying areas where there are many international schools. The state can also encourage businesses to give discounts for students' electronic devices. Additionally, students attending international schools from abroad or out of state should be given a discount on accommodation rentals if they are not staying at school dormitories.

### **2. Ease of information**

A quick search on the internet for international schools in Penang yields official websites of several international schools and other websites provided by international databases attempting to advise potential interested parents on what to choose. However, many of the latter do not have up-to-date and complete data. A reliable and central website for information on Penang's various international schools would help interested parents compare options.

### **3. Collaboration with Local Universities and Companies**

Collaboration between international schools and local universities can facilitate smoother transitions for students seeking higher education in Penang. Partnerships with local universities can offer scholarships, joint programmes, and research opportunities.

Local companies or multinational companies located in Penang should be encouraged to work with international schools. Initiatives such as summer programmes, internship opportunities or

mentorship programmes can encourage students to consider staying in Penang or Malaysia to work after completion of their studies. Another possibility is for these companies to offer bonded scholarships for higher education to the students.

#### **4. Support for Local Educators**

Investing in professional development programmes for local educators ensures that they remain competitive within the international school ecosystem. This can help retain and attract local talent. While matters of employment, salary, and employee benefits in international schools are beyond the jurisdiction of the state government, other ways to support local educators can be taken, such as offering incentives and scholarships for local students interested in pursuing their higher education in education-related diplomas and degrees which lead to employment in international schools.

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