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Enhancing University Income Generation Alternative Revenue Resources for the University a Case Study in Universiti Sains Islam Malaysia (USIM)

Hammad Farhi Mohd Saudi*

Universiti Sains Islam Malaysia, Nilai, Negeri Sembilan, Malaysia.

ABSTRACT

The University Transformation Programme was announced by the Ministry of Education Malaysia (MOE), through the launching of the Malaysia Education Blueprint (MEB) 2015-2025 (Higher Education). The MEB (HE) outlines 10 Shifts. Out of the ten shifts, Shift#5: Financial Sustainability aims to ensure long term financial sustainability of the higher education system. To achieve this goal, a relevant governance structures is needed. Simultaneously, the income generation activities at the universities is expected to be strengthened, while staying focused on their core education mission. As public universities are given greater autonomy, universities can create any strategies to generate income successfully. Thus, this case study will attempt to address the needs for USIM to seek for potential alternative income generation. Besides, relying on tuition fees imposed to the students which is the main contributor to USIM in generating income, there is another possible income generating channel that could contribute to USIM's strategy for getting revenue. The possibility of offering Premium Student Accommodation targeting International Students as tenants will be the research topic of this case study. This case study is of great significance as it will identify an alternative source of income that can be benefited by the university. This case study will explore the requirement and expectation of its international student in terms of accommodation. It will assist the University's Management to make use of the current asset and turn them into a potential source of income.

Keywords: Financial Sustainability, income generation, Premium Student Accommodation, USIM.

1. INTRODUCTION

The Malaysian higher education system has grown exponentially over the past ten years. Significant gains were received by the system with the increment of student enrolments. Increase in global recognition on key dimensions such as research publications, patents, and institutional quality, as well as becoming among the top destination for international students to further their studies have also contributed to the growth of the higher education system in Malaysia. Despite the increasing growth of Malaysia's education system, income generation activities have been highlighted among Malaysia's government supported universities or the public higher education institutions (HEIs). Various issues and factors leading to insufficient funding caused the public Higher Education Institutions (HEIs) to seek alternative resources as an additional income to support their operational expenses. Through the launching of the Malaysia Education Blueprint 2015-2025 (Higher Education), or the MEB (HE), the University Transformation Programme was announced by the Ministry of Education Malaysia (MOE). To achieve the system's and the student's aspirations, the MEB (HE) outlines 10 Shifts that will spur to continue excellence in the

*E-mail: *hammadfarhi@gmail.com*

higher education system. The fifth out of the 10 shifts, Shift#5: Financial Sustainability aims to ensure long term financial sustainability of the higher education system. Financial sustainability will be one of the key challenges for universities in the next decade. Every university is unique. The role, operating model, and even the composition of an academic community must be tailored to the university's specific context: its history and current situation, and its priorities. Each university today will have its own strengths, weaknesses, challenges and aspirations, as well as different starting points. Consequently, any implementation needs to be structured in a modular manner, so that universities can adopt the elements that are best suited to their situation and pace. As public universities are given greater autonomy, the university can create any strategies for successful income generation.

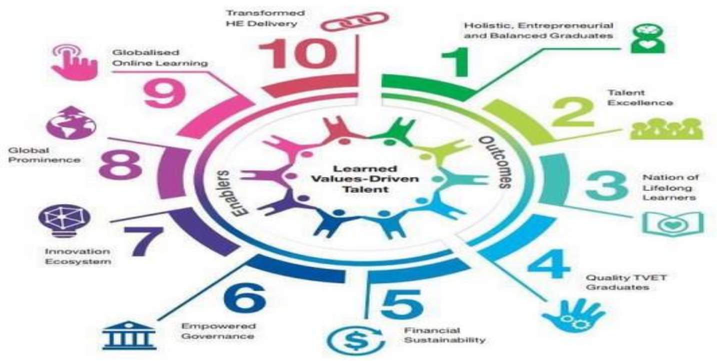

Figure 1. 10 shifts of Malaysian Education Blueprint.

Source: Malaysian Education Blueprint, 2015-2025 (Higher Education).

According to the MEB(HE), Besides the conventional sources of income such as government funding and tuition fees, there are various innovative ways of generating income from a multitude of sources that can be explored by the universities.

2. PROJECT BRIEF

Universiti Sains Islam Malaysia (USIM) is a public university which is fully owned and funded by the Malaysian Government and subjected to the Government's central budget approval and limitations. The full amount of budget allocation was given as a yearly one-off to the University. Over the years, this budget is no longer sufficient to cover the university's yearly operational expenditure. USIM, as a statutory body and with its autonomy status given by the Ministry of Education needs to find its way of generating alternative income to ensure the university would continue to run smoothly.

For the year 2019, the University had received a total of RM153 million for its yearly operational expenditure budget. The fund received was far less than what the university had spent for its operational cost in the previous year (2018) RM 216,754,260.33. This is a strong indication that government funding will no longer be sufficient to fully finance public universities. To bridge the gap between the budgetary allocations and actual expenditures, USIM should come out with income-generating activities from existing resources. In order to successfully pursue this goal, the researcher has identified an alternative way for the university to generate income. Apart from disseminating knowledge to the students as the main stakeholders of the university, they also require a conducive and comfortable accommodation for them to stay during their studies. For this purpose, the university has provided several residential colleges as their accommodation.
This case study is of great significance as it will identify an alternative source of income that can

be benefited by the university and will explore the requirement and expectation of its international student in terms of accommodation. It will assist the University's Management to make use of the current asset and turn them into a potential source of income. This research initiated to explore the possibility of an alternative source of income for the university by introducing '*Premium Student Accommodation'* to provide an upgraded accommodation, targeting specifically for the international students. The focus group for this case study is the international students due to the available demand and their capabilities on paying the rental house outside the campus. The 'focus group' (Cohen, et al, 2007) is a method used to a selected group of people on a particular topic, where the interactions with the group lead to data and outcomes. Most of the international students in USIM are staying out campus. They are willing to pay extra cost for their accommodation if it meets their requirements. From the data obtained from the Division of Academic Management of USIM, majority of the students are from developing countries. Due to the higher rate of currency exchange between those countries and Malaysia, the international students have no financial difficulties in paying extra as long as they are comfortable, and the accommodation meets their requirements to live in throughout their studies.

As the competition for international students becomes more intense among the institutions of higher learning in Malaysia, it is crucial for USIM to design strategies that effectively attract students to study on its campus. There is no intention by the researcher to set a biased preference in this issue, as the total number of international students is far behind the total number of the local students. Furthermore, the findings of this case study could initiate and become the steppingstone for the university to put extra effort in the future. Moreover, from the verbal conversation with the local students, they are not particularly interested in staying at such upgraded residential colleges due to financial issue. In fact, the data retrieved from the Division of Academic Management of USIM, majority of the local students, approximately 79.7% are categorized under the lower household income of their family background or the terms used is B40 (Below 40% household income) which equivalent to RM 3,860.00 per month on their wages. For this purpose, the University has the opportunity not only to generate income but also show their concerns for the international students and at the same time will portray a good image to the university. The additional source of income would ease the burden of USIM for its multifarious expenditures and enable USIM to carry out its programs or functions with more flexibility.

2.1 Research Purpose & Objectives

Ministry of Education, Malaysia (MOE) has announced that public universities are expected to find alternatives resources and revenues for their income generation due to government budgetary constraints. As a result, universities need to think out of the box creatively in seeking self- financial resources instead of solely relying on the fund given by the government. The 5% to 20% budget allocation cut for public universities as announced by the Ministry of Finance (MOF) in 2019's budget has prompted the MOE to come up with innovative solutions on how public universities can generate their income through other revenue channels. Thus, this case study will attempt to address the needs for USIM to seek for potential alternative income generating channel. Besides, relying on tuition fees imposed to the students which is the main contributor to USIM in generating income, there is another possible income generating channel that could contribute to USIM's strategy for getting revenue. The possibility of offering *Premium Student Accommodation* targeting International Students as tenants will be the research topic of this case study.

The primary objectives of this case study are;

i. To explore international students' requirement and expectation on the university's student accommodation,
ii. To find an alternative resource as an additional income for the university.
iii. To analyse the financial feasibility of carrying out the proposal.

2.2 Issue Identified

At present, USIM has only five (5) residential colleges for its students. USIM can only be able to offer the residential colleges to the Pre-University (*Tamhidi)* and Undergraduate students only. Having a limited number of residential colleges is a constraint as USIM is not able to provide accommodation to the whole undergraduate student intake which comprises of 9,831 *(as of June 2019),* nor can they provide any accommodation for the postgraduate students due to budget constraints to build additional residential colleges. This scenario has prompted the students to rent their accommodation with other third-party landlords. In terms of location, only one residential college is located within the university compound, three residential colleges are located out of the University compound but within Nilai area and one residential college that caters for the Medical and Dentistry programme for undergraduate students is located in Pandan Indah, Kuala Lumpur, In terms of ownership, (three) 3 residential colleges are wholly owned by the university and the other (two) 2 are rented from third-party agents. The five (5) residential colleges in USIM are:

i. Residential College 1 (wholly owned by USIM, located in the university compound),
ii. Residential College *Sutera Indah* (wholly owned by USIM, located outside the university compound),
iii. Residential College Acacia Avenue (wholly owned by USIM, located outside the university compound),
iv. Residential College *Nilam* Court (rented, located outside the university compound),
v. Residential College *Pandan* (rented, located outside the university compound and for medical and dentistry students only).

From the total number of students who stayed in the university's residential colleges was 5,756 out of 11,979, which is equivalent to only 48% out of the total number of students in USIM. In addition, it shows that only 85.5% of the residential colleges are being occupied. The balance 14.5% vacancy may be due to several factors including the university's accommodation placing policy. USIM's accommodation policy requires that all *Tamhidi* students to accommodate the Residential College 1, while the 1st year undergraduate students are required to accommodate Residential College *Nilam* Court for the female students and Residential College *Sutera Indah* for the male students. An unequal number of genders with having more female students than the male students may also contribute to the 14.5% vacancy as both genders are not allowed to occupy the same block in the same residential college. Under proper planning, these vacant units could be put to better use. Despite the availability of several vacant rooms at these residential colleges, most of the students, especially the male students, prefer to rent out third-party accommodation due to a cheaper rent cost and more flexibility for them to move. Students who are not staying at the University's residential colleges would normally rent rooms, houses, flats or apartments which are located nearby to the university. As a result, usually, the local students, mainly in large groups of 20 students would share and rent houses which are deemed desirable to them. Being a student, a proper and comfortable accommodation might not be on their top list. As long as they can save some rental fee, home is just to sleep in. A third-party accommodation would have them pay a rent of RM60.00 per month, that is RM300.00 per-semester individually compared to RM550.00 per-semester on accommodation fees imposed by the university. This scenario might not happen if there are sufficient and decent accommodation provided by the university to cater for all the students.

The operational expenditure of the residential colleges is covered by the university and the student accommodation fee is one of USIM's main source of revenue. The revenue obtained for the residential colleges in the year 2016, was RM 6,260,185.62. Meanwhile, the expenditure spent for the operational expenditure for the residential colleges including the rental cost, maintenance, utility bills and other operational cost during year 2016 was RM 6,981,212.25. The amount has exceeded the revenues obtained from the accommodation fees collected from the students. The difference or insufficient of RM 721,026.63. In year 2017, the revenue obtained for the residential colleges was RM 6,925729.62 and the expenditure for the operational expenditure for the residential colleges was RM 8,021060.34. The difference or insufficient of RM 1,095,330.72. In year 2018, the revenue obtained for the residential colleges was RM 6,331600.00 and the expenditure for the operational expenditure was RM 7,412823.62. The amount has exceeded the revenues obtained from the accommodation fees collected from the students. The difference or insufficient of RM 1,081,223.62. The observation made by the researcher, the expenditure or the operating cost for the residential colleges in USIM for three consecutive years exceeded the revenue obtained from the fees collected from the students. As a result, the university must use the operational expenditure *(OE)* budget received from the government and other internal resources fund to cover the cost incurred.

From the data and information obtained from the Housing Centre of USIM and the interview session conducted by the researcher with the international students, they have indicated that they are reluctant and prefer not to stay in the residential colleges provided by the university due to certain circumstances like too many occupants in a small room, not comfortable and requirement for some privacy. They rather stay out of the campus not only due to the factors as mentioned above but also as it is more convenient for them to buy food and other necessities when staying out campus. They prefer some freedom and not wanting to be bound to the university rules and regulation of the residential colleges. Due to the factors mentioned earlier, majority of the international undergraduate level students (97.4%) prefer not to stay at the residential colleges provided by USIM. There is also no accommodation dedicated to the postgraduate students. Hence, some rented houses, rooms, flat or apartments at the nearby housing area in Nilai and some of them rented further away from the campus.

3. METHODOLOGY AND DATA COLLECTION

A mixed method of both qualitative-quantitative and was applied to this case study.

For the quantitative approach, the primary data has been obtained from the Bursar Office of USIM, Division of Academic Management of USIM, Centre for Graduate Studies and the Housing Centre of USIM. The target population for this case study is the international students of USIM due to the reasons that they are the potential stakeholders for this project and can contribute to the income generation for the university. There are no arising issues among the local students as from the feedbacks obtained, they have no issues on staying in the current dedicated residential colleges provided by the university and due to their financial limitations.

The researcher had discussed with the Vice Chancellor, Deputy Vice Chancellor for Students Affairs and Alumni, Director of the Housing Centre of USIM, Senior Deputy Finance Officer at Bursar Department and has proposed to the University's Management on the proposal of upgrading the vacant residential colleges which are of apartment type and are not been utilized to be converted to commercial type accommodation and be offered to the international students. The best part of this proposal is because the two residential colleges (*Sutera Indah* & Acacia Avenue) are fully owned by the university and the university has full authorization on any decisions pertaining to the building. The proposal to upgrade the existing residential colleges with better facilities would require a huge investment by the University. Hence, the researcher needs to gather feedbacks from the international students on their willingness to rent these

premium accommodations to justify the investment. For this purpose, the researcher has conducted a survey among the international students in USIM. This survey used questionnaires related to their current accommodation condition and getting their feedback on the university plan to provide dedicated accommodation for them with improved conditions and facilities and most importantly on their willingness to paying the rent to the university. The method of gathering the information from the survey was carried out via the electronic survey form (Google Form) and has been disseminated through using various channels; via the International Students' Society in USIM, Out Campus Student Secretariat *(OCSS)* and the Housing Centre of USIM. From here, the researcher will come out with a proper costing on budget and expenditure to upgrade those apartments. The return on investment (ROI) on upgrading the property need to be projected to determine whether this project is viable or not.
In the qualitative approach, an in-depth interview was conducted with the Senior Officer at Bursar Department of USIM and the Housing Centre of USIM in getting the operating expenditures of the University and the expenditures of the residential colleges. Their precise feedback will improve the accuracy of the research process. Feedbacks from them is vital as it will unleash the reasons and factors that ultimately resulted in how the university could generate new income.

3.1 Results and Discussion

The researcher has conducted a survey consisted of 10 questions among the international students (Undergraduate & Postgraduate Level) to gain some insights on their preferences and interest in renting premium quality accommodation that is to be provided by the University. The findings of the survey are as follows;

Question 1: Gender

respondents from the undergraduate level consisted of 33 males and 44 females. For the postgraduate students, the distribution of respondents consisted of 72 males and 8 females (Masters) and respondents from the (Ph.D.) students consisted of 115 males and 35 females.

Question 2: Level of studies

307 feedbacks were received from the total of 600 International students of USIM. For the Undergraduate level, all 77 international students had given their feedback on the survey, a 100% representation. On the other hand, for the Postgraduate students, 230 out of 523 students comprising of 80 Master students out of 90, representation of 89% and 150 Ph.D. students out of 433 representations of 35% had given their feedbacks.

Question 3: Where is your country of origin?

The respondents, both undergraduates and postgraduates originate from more than 30 different countries from all around the world.

Question 4: Which of the following best describes your accommodation during your studies?

For the undergraduate students, a total number of 75 out of the 77 students stayed in a room in a privately rented house (97%) and 2 out of 77 (3%) stayed in the residential colleges provided by the University. On the other hand, for the postgraduate students, the total number of 106 out of 230 (46%) stayed in a room in a privately rented house. A total number of 103 out of 230 students (44.7%) stayed in the room in a private rented flat/ apartment and 21 out of 230 students (9.13%) rented houses.

Question 5: How much in Ringgit Malaysia (RM) is the monthly rental for your current accommodation?

The findings shown that 40% of the undergraduate students paid a rental of RM 300.00 per month. 45.3% paid RM 330.00 per month and 14.6% paid the amount of RM 350.00 per month. On the other hand, 46% of the postgraduate students, paid RM 350.00 per month, 25.2% paid RM400.00 per month, 19.5% paid RM 900.00 per month and the balance 9.13% paid for the highest rental of RM 1,200.00 per month.

Question 6: What is the distance between your current accommodation and USIM?

Majority of the international undergraduate students consists of 75 students (97%) stayed in rented houses and apartments which are located nearby the campus, meanwhile 2 out of 77 students (3%) stayed about 10 km from the University. On the other hand, for the postgraduate students, majority of them, 65%, stays 10 km away from the university, 20% is staying 15 km from the University and the remaining 20% stays more than 15 km away from the university.

Question 7: The University's Management is planning to provide dedicated accommodation for International students. What type of accommodation would you prefer to stay during your studies?

For the whole population of 77 undergraduate students, 90% of them preferred to stay in a single room while the remaining 10% prefers twin sharing. On the other hand, for the postgraduate students, all 230 of them, that is 100% of the students preferred to stay in a single room rather than twin sharing or in the dormitory.

Question 8: Which facility would you like to have in this accommodation provided by the University?

Out of the 77 undergraduate students, 87% of them gave feedbacks that they wanted the accommodation equipped with air-conditioner, refrigerator, sofa and single bed. Meanwhile, 10% preferred their accommodation to be equipped with air-conditioner, refrigerator and single bed and balance, 3 % chose a single bed and air conditioner. Meanwhile, for the postgraduate students, 95% preferred the accommodation equipped with air-conditioner, refrigerator, sofa and single bed and 5% preferred the accommodation equipped with a single bed and air conditioner.

Question 9: How much would you be willing to pay in Ringgit Malaysia (RM) for the accommodation provided by the University per month?

90% of undergraduate students gave feedbacks that they are willing to pay an amount of RM350.00 per month for their accommodation. 10% is willing to pay up to RM 400.00 per month. Meanwhile, for the postgraduate students, 95% are willing to pay RM 350.00 per month and 5% willing to pay RM400.00 per month for their accommodation.

Question: 10: Which location would you prefer to stay if you have a choice to choose from?

55% of the respondents from undergraduate students chose to live at Acacia Avenue, with the proximity of 2 minutes to USIM and 45% preferred to stay at *Sutera Indah* which is approximately 6 minutes to USIM. For the postgraduate, 87% preferred to stay at *Sutera Indah* and 13% preferred to stay at Acacia Avenue.

3.2 Analysis of the Issues: Discussion on the Findings

The qualitative approach has led the researcher to conduct interview sessions with Senior Officers from the Student Housing Centre of USIM, Principals of residential colleges of USIM and officer from Division of Academic Management of USIM to gather related information regarding the current student accommodation scenario for both local and international students. The information as in Table 1 below:

Table 1 Total number of students stayed at USIM residential colleges 5,756/6,732= 85.5%

Residential Colleges	**Student Population**	**Capacity**
Residential College Sutera Indah	822	1039 (79.2%)
Residential College 1	1417	1904 (74.4%)
Residential College Acacia Avenue	1107	1121 (98.7%)
Residential College Nilam Court	1761	2001 (88%)
Residential College Pandan	649	667 (97.30%)
Total students stayed in residential colleges	**5,756**	

Total number of students in USIM
= 11,979 - 5,756 = 6,223
Out campus student: 6,223
4972 *(Undergraduate students)* + 1,251*(Postgraduate students)*

Source: Housing Centre of USIM.

USIM to date has 5 (five) residential colleges, to offer to the students and it has specific accommodation regulations which require all *Tamhidi* and 1st year undergraduate students to stay at these residential colleges. Most senior students would rent their own accommodation with third-party landlords; however, they are allowed to occupy the residential colleges if there are rooms available after the compulsory placing of the *Tamhidi* and 1st year undergraduate students took place. By looking at the numbers, with the current 10,728 students (*Tamhidi* and undergraduate students) and expected to increase in the coming years, these (five) 5 residential colleges will not be able to cater for the whole student enrolments. However, it is surprising to learn that in the actual scenario, these colleges are not fully occupied and there is a 14.5% vacancy, believed to be caused by factors such as gender-related placing regulation, student's reluctance as they claimed that the residential colleges are not convenient and has no attractive features for them, privacy issues, financial issues and some other related issues. The interview session with the Out-Campus Student Secretariat (OCSS) and the international students of USIM has shed some light on the higher number of out campus students as compared to the students staying at the residential colleges. The main attributes are:

i. For local students; renting out is cheaper (from RM 100.00 per person on monthly basis) as compared to the RM550.00 per semester accommodation fee charged by the University, while for international students; they did not feel any burden or problems concerning the rental cost outside as long they are comfortable.
ii. Residential Colleges offers limited flexibility and freedom due to high occupancy per room/per apartment.
iii. Residential Colleges offers very basic amenities despite paying for a high fee as compared to a similar rental fee from a third-party landlord.
iv. Convenience and freedom of staying out of campus.

Additional information was also obtained regarding the accommodation preferences difference between the local students and international students. The local students, especially the male students had a preference to rent out a house with almost 15-20 students per house so that they can save more on the monthly rental payment. Comfort is not on their main list. Sharing from the Division of Academic Management and Bursar Office has confirmed that 79.7% of the local students are from the Bottom 40 *(B40)* household income group (family earning less than RM3,860.00 per month). Hence, as long they can save some extra bucks, they don't mind the crowded house. On the contrary, the international students are reluctant to occupy the residential colleges as they claimed that they can get a much better-equipped accommodation with the equivalent accommodation fee of RM 600.00 per semester. In fact, financial is not an issue for the international students and they are willing to pay extra for accommodations that meet their expectation, their convenience and also freedom. The findings deduced from the survey were based on 307 feedbacks received from the total of 600 international students in USIM; all 77 undergraduates had responded, 80 out of a total of 90 master's degree students responded and only 150 out of 433 Ph.D. students has shared their opinions and answered the survey. The smaller number of Ph.D. students responded is mainly because majority of the Ph.D. students are not living in Malaysia and they only come to USIM once a while to meet their Supervisors for consultation.

From the survey, the researcher can conclude that majority of the international students; both undergraduate and postgraduate students, are more than willing to stay at USIM's residential colleges provided that several conditions are met:

i. Single occupancy is preferred for privacy.
ii. Competitive rental fee is at par with the amenities provided.
iii. Accommodation is at a convenient location in terms of fulfilling daily requirements and commute distance to USIM.

The survey has indicated that majority of students preferred a single occupancy room than a twin sharing room. On top of that, extra comfort from facilities such as air conditioner, refrigerator and sofa are preferred. This indicates the available of demand from the international students for a premium type of accommodation (residential colleges). On several occasions, the researcher had the chance to personally ask some of the international students regarding their current accommodation rental payment. The lowest rent is RM 300.00 per month, and the maximum rent is RM 1200.00 per month. Majority of the students mentioned that an accommodation fee of between RM350.00 to RM 400.00 per month would be a reasonable rate for them to commit. This information confirmed the financial stability and rental payment capability of USIM's international students.

To find out regarding which location would attract more interest from the students, two USIM's residential colleges were named for selection. An open option for other location nomination was also included in *Question 10*, however, no nominations were obtained. The two residential colleges, *Sutera Indah* and Acacia Avenue differ in terms of distance to USIM and the surrounding area environment. *Sutera Indah* is an apartment located about 6 minutes' drive from USIM. Despite its further location, the apartment is in a strategic location with the new shopping mall, *AEON* Mall, located just across the road. Acacia Avenue, on the other hand, are located nearest to USIM, about 2 minutes' drive and is within walking distance. Feedbacks received has shown that 55% of the undergraduate prefers a closer location, Residential College Acacia Avenue whereas 87% of the postgraduate students prefer the further location, Residential College *Sutera Indah*. It is assumed that this preference was made based on the students' mobility convenience and social life requirement. In terms of mobility convenience, an undergraduate student may have limited mobility, perhaps not own transportation to commute hence being closer to the university is a better option. As for the postgraduates, it is assumed that they have better excess to own transportation hence distance maybe a secondary limiting factor. On the other hand, in terms of social life requirement, a postgraduate may have an accompanying family with them. An accommodation located in an area with a variety of commercial options and essential facilities such as the Residential College *Sutera Indah* would be more attractive to them. An undergraduate student on the contrary, would normally be happy if nearby facilities are able to fulfil their basic social requirements as long as it meets their budget. Hence, Residential College Acacia Avenue would be a better choice for them. It is clearly stated that the expenditures cost is more than the revenue received. From the statement of income in the past three consecutive years, the deficit amount of money was reported. As a result, the university needs to use the budget from the main source of the operational expenditure budget received by the university from the government and others internal resources. The deficit indicates that with the current student placing scenario, the amount of accommodation fees collected as the residential colleges' revenue are not able to self-sustained its expenditures. Moreover, with no allocation by the government to build new residential colleges and yearly declining amount of budget received from the government, it is high time for the university to seek for an additional source of income to compensate for the financial loss.

4. RECOMMENDATIONS

Due to the government deduction of budget to the public universities and the needs for universities to find its own resources to support its expenditure cost, this case study is intended to find a possible solution pertaining to the budget constraints. This proposal may ease apart of the university burden for finding an income. One of the alternatives that can be explored by USIM is by offering an upgraded accommodation to the international students, which can be called as *Premium Residential Colleges*. The income generated from the rental charged to the international students can be used to cover up the insufficient funds.

It was noticeable that there are 14.5% vacancy in USIM's residential colleges. Since many apartment units are still available (vacant) and under-utilize. Hence, the researcher proposed that those units of apartments to be upgraded to a better apartment with facilities that will attract the international students. Facilities like having own private room equipped with air-conditioning, single bed, sofa set at the main hall, refrigerator, and individual study table for three students in a three-room apartment. This proposal serves as an alternative for the university to enhance and utilize the existing resources and property for income generation. In addition, it was also supported by the result finding that there are high demands from the international students who study in USIM. As for the beginning, at the initial stage, the planning for upgrading the residential colleges will involve two residential colleges;

i) Residential College *Sutera Indah*, Nilai, Negeri Sembilan
ii) Residential College Acacia Avenue, Nilai, Negeri Sembilan

From the data and discussion with the Senior Officer, Housing Centre of USIM, Principals of the Residential College of *Sutera Indah*, there are 40 units apartments that are vacant and still available. Each apartment has three rooms. This means that the residential college can accommodate around 120 students on a single room basis and can be filled with three (3) students per apartment.

On the other hand, for Residential College at Acacia Avenue, there are currently 20 units available which can accommodate around 60 students on a single room basis and can be filled with three (3) students per apartment as well. Therefore, the total number of apartments that can be upgraded are 60 units apartments which can accommodate around 180 students for 180 single rooms.

The researcher has come out with the expenditure costing to upgrade the apartments, which includes the investment required by the university at the initial stage. This investment includes purchasing of those facilities or called as fixtures and fittings like a basic furniture, white goods and other equipment needed to upgrade the apartments such as single bed, mattress, individual study table and chair, sharing sofa, air-conditioner, curtains and a refrigerator for each apartment. The details on the costing for upgrading the residential colleges for international students is shown in Table 2.

For the rental fee, the suggested rental charges that will be imposed to the students by the university will be at RM350.00 per student /per month. The details calculation on the revenue received will be as the calculation below and also describes in Table 3 in the Cash Flow Yearly Forecast (2019-2023).

Rental charges for Residential College Sutera Indah, Nilai

- *Rental per/room: RM 350.00 (per month) x 3 students in an apartment = Income RM 1,050.00 per month/per apartment.*
- *40 apartments = RM 1,050.00 x 40 apartments = RM42,000.00*
- *Yearly: In a year RM42,000.00 x 12 months* = RM 504,000.00 in a year.

Rental Charges Residential College Acacia Avenue, Nilai

- *Rental per/room: RM 350.00 (per month) x 3 students in an apartment = Income RM 1050.00 per month/per apartment.*
- *20 apartments = RM 1050.00 x 20 apartments = RM 21,000.00*
- *Yearly: In a year = RM 21,000.00 x 12 months* = RM 252,000.00 in a year.
- ❖ RM504,000.00 + RM 252,000.00 = RM 756,000.00

Table 2 Costing for upgrading the Residential Colleges (Apartments) for international students

INDIVIDUAL FACILITIES *(Fixtures & fittings)* (A)	**SHARING FACILITIES *(Fixtures & Fittings)* (B)**	**UPGRADING COST PER APARTMENT (C)**	**UTILITY PER YEAR (D)**	**MAINTENANCE PER YEAR (E)**	**CAPITAL EXPENDITURE**
Single bed + mattress RM355.00 *Wardrobe* RM220.00 *Study table & chair* RM105.00+ RM35. RM715.00 per/student x 3 students *(Per apartment)* =**RM2,145.00 (A)** **RM2145.00 X 60 units of Apartment =RM128,700.00**	*Air conditioner* RM1,500.00 per unit x 3 units (1-unit per room) = RM4,500.00 *Refrigerator* RM800.00 per unit *Sofa set* RM800.00 per unit *Curtains* RM800.00 (1-unit per apartment) = **RM6900.00 (B)** **RM6900.00 X 60 units of Apartment = RM414,000.00**	(A)+ (B) RM2,1450.00 + RM6900.00 = RM9045.00 = RM9045.00 x 60 units apartments **RM542,700.00 (C)**	RM300.00 per apartment x 60 apartments = RM18000.00 per month x 12 months **= RM216,000.00 (D)** yearly	Maintenance Cost (Building and air conditioner) RM15.00 per month x 180 students = RM2,700.00 x 12 months **=RM32,400.00 (E)**	**(C) + (D) + (E)** RM542,700.00 + RM216,000.00 + RM32,400.00 = **RM791,100.00**

Table 3 Cash flow yearly forecast (2019-2023)

Yearly **INITIAL INVESTMENT RM791,100.00**	**2019**	**2020**	**2021**	**2022**	**2023**
Cash Flow from Operation (Inflow)					
Opening Balance	791,100.00	300,375.00	412,425.00	854,100.00	1,361,700.00
Revenue (RM350.00 per student x 180 students x 12 months). First year revenue only counted for 10 months.	630,000.00	756,000.00	756,000.00	756,000.00	756,000.00
Addition to cash					
Depreciations					
Total Inflow	**1,421,100.00**	**1,056,375.00**	**1,168,425.00**	**1,610,100.00**	**2,117,700.00**
Cash Flow from Investing Activities (Outflow)	**128,700.00**				
Fixtures and fittings					
Single bed + mattress RM355.00 x 180 units	63,900.00				
Wardrobe RM220.00 x 180 units	39,600.00				
Study table & chair RM140.00 x 180 units	25,200.00				
Facilities	**414,000.00**				
Air conditioner RM1500.00 x 180 units	270,000.00				
Refrigerator RM800.00 x 60 units	48,000.00				
Sofa set RM800.00 x 60 units	48,000.00				
Curtains RM800.00 x 60 units	48,000.00				
Cash Flow from operation cost (Outflow)	**248,400.00**	**248,400.00**	**248,400.00**	**248,400.00**	**248,400.00**
Utilities	216,000.00	216,000.00	216,000.00	216,000.00	216,000.00
Maintenance Cost	32,400.00	32,400.00	32,400.00	32,400.00	32,400.00
Loan Repayment	**329,625.00**	**395,550.00**	**65,925.00**		
Total Outflow	**1,120,725.00**	**643,950.00**	**314,325.00**	**248,400.00**	**248,400.00**
Closing Balance	**300,375.00**	**412,425.00**	**854,100.00**	**1,361,700.00**	**1,869,300.00**

***Notes: All calculation excludes buildings, emoluments and depreciation as buildings owned by the University and staff emoluments paid and taken from the university Operational Expenditure management budget)*

From the cash flow yearly forecast in Table 3, the forecast will be made for 5 years projection. The cash flow from operation which also called as Inflow for the 1st year (2019) will be the initial investment at the opening balance of RM 791,100.00 which involve the cost to start the project (*RM 542,700.00: purchasing fixtures and fittings) + (RM 180,000: utility cost + RM 27,000.00: maintenance cost).*

The seed money will be needed from the university to kick start the project. The investment involves are mainly to purchase the fixtures and fittings such as air-conditioners, single bed and mattress, sofas, curtains and refrigerators. Those items will be prepared as per room basis except for sofas, curtains and refrigerator on sharing basis for a unit of the apartment. The capital of RM 791,100.00 also involves the cost of maintenance and utilities as the apartments will start to be fully operated during the 3rd month of the current year.

In terms of revenues, for the 1st year, the revenue will only be counted for the duration of 10 months only, considering 2 months will be the grace period to set up and equip the apartments with all the fixture and fitting, the total amount of RM 630,000.00 is expected to be collected from the students' rental. The calculation as shown above (RM 350.00 x 180 students x 10 months). During the 3rd month, the rental period will commence, and the revenue will also start to be collected. As a result, the total amount for the cash flow from operation (Inflow) will be at RM 1,421,100.00. *(RM 791,100.00 cost of expenditure + RM 630,000.00: revenue).*

Meanwhile, the cash flow from investing activities(outflow), total the amount of RM542,700.00*(RM 128,700.00 + RM 414,000.00).* Those cost includes the purchasing of fixtures and fittings to be equipped in the apartments, items such as air-conditioner, singe bed, mattress, wardrobe, study tables and chairs, refrigerators, sofa sets and curtains. Next, is the cash flow from operation cost which involve the utilities and maintenance cost which will be RM 248,400.00. After deduction, the loan repayment amount, will be at 329,625.00. for the 1st year (2019). The assumption amount of RM 32,962.50.00 will be paid on monthly basis to the university. The assumption amount is made because there is no interest fee impose by the university for the initial investment invested by the university and to ensure that the closing balance is positive at the end of the year. This is to avoid unnecessary risk that might happen or also called as risk mitigation.

The balance will be brought forward to the following year. As a result, the total outflow amount for the 1st year (2019) will be at RM 1,120,725.00 and the closing balance will be at RM 300,375.00.

For the 2nd year (2020), the closing balance will be carried forward to the following year. The opening balance of (RM 300,375.00) and the revenue will be gained by the university is RM 756,000.00. which comes from the rental charged to the students for a duration of 12 months *(RM 350.00 x 180 students x 12 months).* The total amount for the total inflow will be at RM 1,056,375.00. After deduction of the outflow expenses (cash flow from operation cost) which are the payments for the utilities and maintenance cost at RM 248,400.00 and the loan repayment of RM 395,550.00 will be made during the 2nd year. The total outflow will be at RM 643,550.00 and the closing balance is at RM 412,425.00.

For the 3rd year (2021), the closing balance will be carried forward to the following year. The opening balance of (RM 412,425.00) and the revenue will be gained by the university is RM 756,000.00 which comes from the rental charged to the students for a duration of 12 months *(RM 350.00 x 180 students x 12 months).* The total amount for the total inflow will be at RM 1,168,425.00. After deduction of the outflow expenses *(cash flow from operation cost)* which are the payments for the utilities and maintenance cost at RM 248,400.00 and the loan repayment of RM 62,925.00 will be made during the 3rd year. The total outflow will be at RM 314,325.00 while the closing balance will be at RM 854,100.00. The duration taken for the repayment period for the investment made to the university will be paid in less than 3 years' time. *(Kindly refer to the Payback Period calculation* in Table 5. The balance from the repayment period + revenue received from the rental – the cost of maintenance and utility, the university will gain profit after the 3rd year (to be exact: 10 months during (1st year) +12 months during (2nd year) + 2 months during (3rd year) only. After the duration of the repayment period has been completed, the university will totally 100% gain revenues and only need to pay for the maintenance and utility as shown in the table above. During the 3rd year, the closing balance will be at RM 1,361700.00. In 5th year at RM 1,869,300.00 and continuously gain revenue from this project.

4.1 Models Used

4.1.1 Activity-Based Costing (ABC)

Activity-based costing (ABC) is a costing method that identifies activities in an organization and assigns the cost of each activity to all products and services according to the actual consumption by each. This model assigns more indirect costs (overhead) into direct costs compared to conventional costing. *https://en.wikipedia.org/wiki/Activity-based_costing.*
By applying the Activity Based Costing (ABC), an organization can estimate the cost elements of entire products, activities and services, that may help inform the organization decision to either identify and eliminate those products and services that are unprofitable and lower the prices of those that are overpriced (product and service portfolio aim) or identify and eliminate production or service processes that are ineffective and allocate processing concepts that lead to the very same product at a better yield.

4.1.2 Return on Investment (ROI)

Return on Investment (ROI) is a performance measure used to evaluate the efficiency of an investment or compare the efficiency of a number of different investments. ROI tries to directly measure the amount of return on a particular investment, relative to the investment's cost. To calculate ROI, the benefit (or return) of an investment is divided by the cost of the investment. (https://www.investopedia.com/terms/r/returnoninvestment.asp)

ROI Formula = (Gain from Investment - Cost of Investment) / Cost of Investment.
The University will get the net income of RM 42,300.00 per month after the repayment and the breakeven period for 20 months (indicates in the cash flow statement), which covers the cost of investment made for upgrading the apartments.

4.1.3 Calculation for Return on Investment (ROI)

Table 4 Calculation for return on investment (ROI)

2019	2020	2021	2022
-62%	-48%	8%	72%

ROI= Gain from Investment - Cost of Investment/ Cost of Investment:

Negative (-) ROI indicates that the investment is in loss and without negative (-), means making profit. Calculated based on Cash Flow account. The calculation will be made for the duration of 5 years (2019-2023). Closing balance (for every year-end);

1st year=RM 300,375.00(closing balance in 2019) - RM 791,100.00(cost of investment)/ RM 791,100.00(cost of investment), = 0.62 x 100% = -62%
2nd year= RM412,425.00(closing balance in 2020)- RM 791,100.00 (cost of investment)/ RM

791,100.00 (cost of investment) = 0.478 x 100%= -47.89(-48%)
3rd year= RM 854,100.00(closing balance in 2021) - RM 791,100.00 (cost of investment)/ RM 791,100.00 (cost of investment) =0.079 x 100%= 7.9(8%)
4th year =RM 1,361700.00(closing balance in 2022)- RM 791,100.00(cost of investment)/ / RM 791,100.00(cost of investment) = 0.72 x 100%= 72%
5th year= RM 1,869,300.00(closing balance in 2023) - RM 791,100.00(cost of investment)/ RM 791,100.00(cost of investment) = 1.36 x 100%= 136%

4.1.4 Payback Period

Table 5 Payback period on capital investment pay to the university

Year	**Initial Investment made (RM)**	**Net Annual Cash Flow (RM)**	**Payback Period *(in years)***
0	791,100.00	300,375.00	**3**
1	-	412,425.00	
2	-	854,100.00	
3	-	1,361,700.00	
4	-	1,869,300.00	

The calculation for the payback period will be as follows;

Investment made by the university = RM 791,100.00

1st year, loan repayment will be *RM 329,625(RM 32,962.50 x 10 months) = RM 329,625.00*
2nd year= loan repayment will be *RM 329,625(RM 32,962.50 x 12 months) = RM 395,550.00*
3rd year = loan repayment will be *(RM32,962.50 x 2 months) = RM 65,925.00(2 months only)*

Total= *RM 791,100.00. Completed Payback period will be 24 months.* 1st year, the payback period will be in 10 months. 2nd year, the payback period will be in 12 months. 3rd year, the payback period is only for 2 months.

5. CONCLUSION

It is about time that the public universities in Malaysia, USIM included, needs to take a proactive approach in securing alternative source of income and reduce their dependency on the yearly budget allocation given by the government. The education business in Malaysia, especially the tertiary education sector is projected to continuously grow in the coming years and it is crucial for the university to be in a positive financial state in order to continue to support its main teaching activities and to fund other related activities that contributes to achieving the University's mission and vision. Malaysia inspires to be the educational hub of the region. It is already known that Malaysia universities offers an affordable tuition fees, and another great reason to study in Malaysia is the relatively low cost of living as compared to other countries. These two criteria attract increasing interest among the International students to study in Malaysia. From an international student point of view, to live as a foreign student in Malaysia will depend on your accommodation budget like everywhere else, the higher the budget, the better the lodging. Hence, student accommodation is being seen as a potential lucrative business to the university. The increasing number of student enrolment would bring an increase in revenue to the university with every year. Steer forward by the increasing demand for a prime quality accommodation, this case study project is being regarded as a very potential long- term project and with proper planning and implementation, this project could help to further boost the university's image as the ideal choice of place to study among the students, especially the international students. Despite conservative attitudes and negative perceptions that efforts to pursue income- generating activities in an academic setting like in USIM would compromise the quality of education, a paradigm shift towards entrepreneurship should be cultivated among the university's management and workforce. A positive attitude on the needs to generate own income needs to be developed. The teaching and learning themes should be translated into ideas that generates income and services in order to increase the relevance of the university's study programs. Potential projects such as this case study would help to showcase USIM to the world to be the leader in the integration of *Naqli* and *Aqli* knowledge.

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