

PRELIMINARY STUDY ON SEVERAL FACTORS OF UNEMPLOYMENT AMONG GRADUATES IN MALAYSIA

Siti Rafda Adibah Mohamed Nor Azmi ⁱ, Mohd Dasuqkhi Mohd Sirajuddin ⁱⁱ
& Nurulaina Saidin ⁱⁱⁱ

- ⁱ (Corresponding author). Postgraduate, Academy Contemporary Islamic Studies, Universiti Teknologi MARA, 40450 Shah Alam. sitirafdaadibah@gmail.com
- ⁱⁱ Senior Lecturer, Academy Contemporary Islamic Studies, Universiti Teknologi MARA, 40450 Shah Alam. dasuqkhi.uitm.edu.my
- ⁱⁱⁱ Senior Lecturer, Academy Contemporary Islamic Studies, Universiti Teknologi MARA, 40450 Shah Alam. nurulainasaidin@uitm.edu.my

Abstract	<i>Malaysian graduates have been challenged with issues of unemployment, with an increasing trend in unemployment rates in the last few years. The increasing unemployment rate is a grave concern since this may also be linked to the effect of the COVID-19 pandemic and the image of Malaysia's educational system, which might eventually lead to some companies losing confidence in our local graduates. This study was conducted using qualitative methodology, where data was collected through library research to highlight the common factors of unemployability among graduates in Malaysia. The findings revealed that quality of education, salary expectations, and market demand are among the factors causing unemployment among graduates, and employability skills were marked as having the most significance of all. To mitigate this issue, educational institutions and policymakers play a crucial role in developing the employability skills of fresh graduates. Designing and implementing curricular that incorporate practical skills training can help to ensure graduates are well-prepared to meet the demands of the job market, thus enhancing their chances of securing employment.</i> Keywords: <i>Unemployment, COVID-19, Factors, Employability, Skill.</i>
-----------------	--

INTRODUCTION

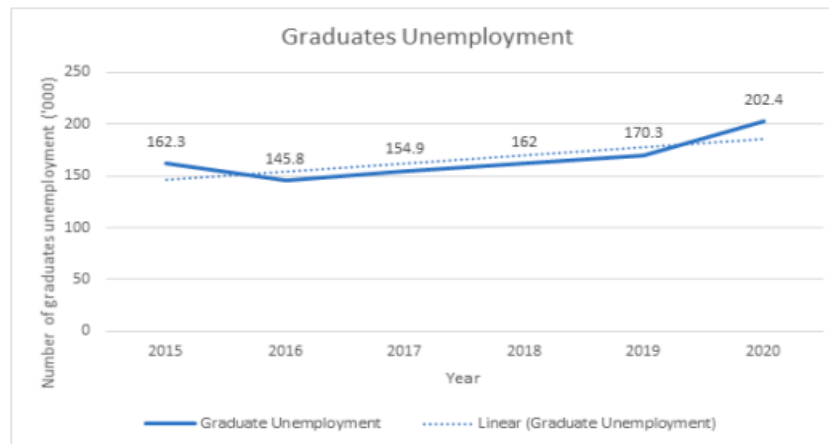
As the education system move into the twenty-first century, it is clear that tertiary enrollment is now widespread throughout the world. This is in parallel with the idea that a student's certificate of completion for tertiary education studies indicates their qualifications and ability to compete for better jobs. Many students decide to pursue higher education due to the job market requirements and achievement. The reality is that the percentage of students graduating from post-secondary education continues to increase worldwide. According to ICEF Academy (Monitor, 2019), there will be 300 million Degree holders worldwide by 2025. By 2030, as graduates become common place, comparisons between them will be frequent, and graduate unemployment will become a common situation.

During the COVID-19 pandemic, graduate unemployment in Malaysia grew by 22.5%, from 37,200 to 202,400 (Bernama, 2021). According to the Department of Statistics Malaysia (2021) in their report, Key Statistics of Labour Force in Malaysia, the unemployed person is defined as the persons who were included in the labour force and available for work but did not work (jobless) during the reference week. The labour force consists of the population who are either employed or unemployed, aged from 15 to 64 years depending on the working age in Malaysia. They could be classified into two categories, the actively unemployed and inactive unemployed.

In Malaysia, the unemployment rate is measured by the number of people actively looking for a job from the labour force for more than four weeks report based on Department of Statistics Malaysia, 2021. . Hence, the Malaysian government is encouraging businesses to create

job possibilities for graduates because doing so will help reduce graduate unemployment, stimulate economic growth, and ensure a skilled workforce that can meet the evolving demands of the industry.

Figure 1: Number of Graduates Unemployed from 2015 to 2020.

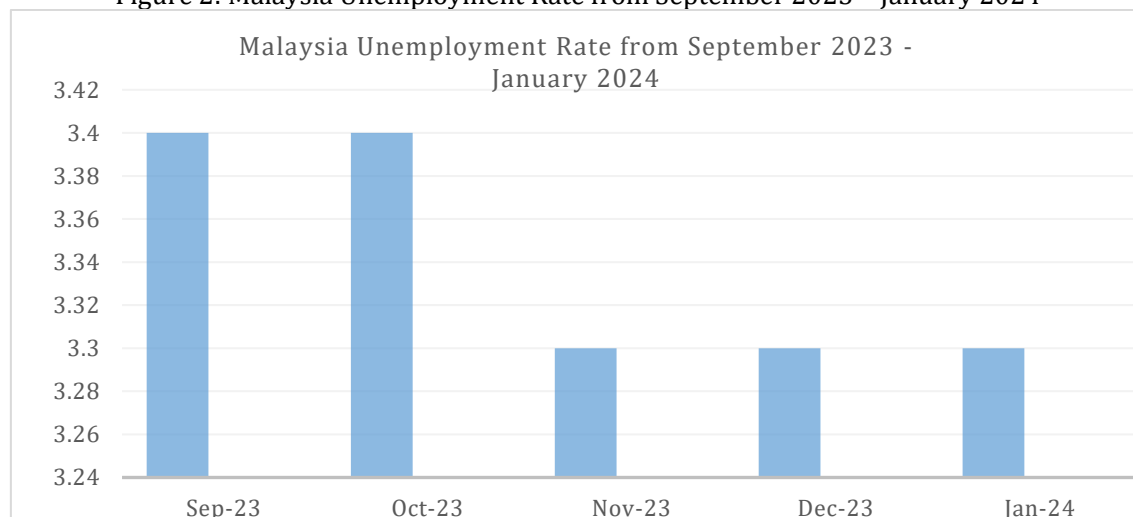


Source: Department of Statistics Malaysia (2021)

Figure 1 shows the number of graduates unemployed from 2015 to 2020. In 2015, the number of unemployed graduates was 162.3 thousand people, then decreased to 145.8 thousand people in 2016. After that, the number increased continuously until 2020, to 202.4 thousand people. Besides, it also shows that the trending pattern of graduate unemployment is upward trending, indicating that the number of graduates unemployed is increasing year by year.

Graduate employability and graduate workforce readiness have long been a problem in Malaysia, and the current economic climate is exacerbating the situation. Referring to Quacquarelli Symonds, Employer Insights Report in 2022, employability skills are the most important among fresh graduates, for them to secure their position in the workplace. Notably, depth of technical skills and knowledge, which are traditionally the main focus of university education, were lower on the list, even though many colleges increasingly recognise the critical role they play in improving students holistically, not only academically (Lam, 2021).

Figure 2: Malaysia Unemployment Rate from September 2023 – January 2024



Source: Department of Statistics Malaysia (2024)

However, the latest Report of Malaysia's Unemployment Rate from September 2023 until January 2024 in Figure 2 illustrated a different pattern compared to the previously mentioned report of 2015 to 2020 (Figure 1). As we can see on the graph bar, September and October 2023 showed a 3.4% unemployment rate is still in higher rate while from November 2023 until

January 2024 it shows a decreased rate to 3.3% of unemployment among graduates in Malaysia. The unemployment rate in November 2023 has returned to pre-pandemic levels at 3.3 per cent, with 569,000 unemployed individuals slightly compared with 3.4 per cent recorded in October, according to the latest Labour Force statistics from the Department of Statistics Malaysia (DOSM).

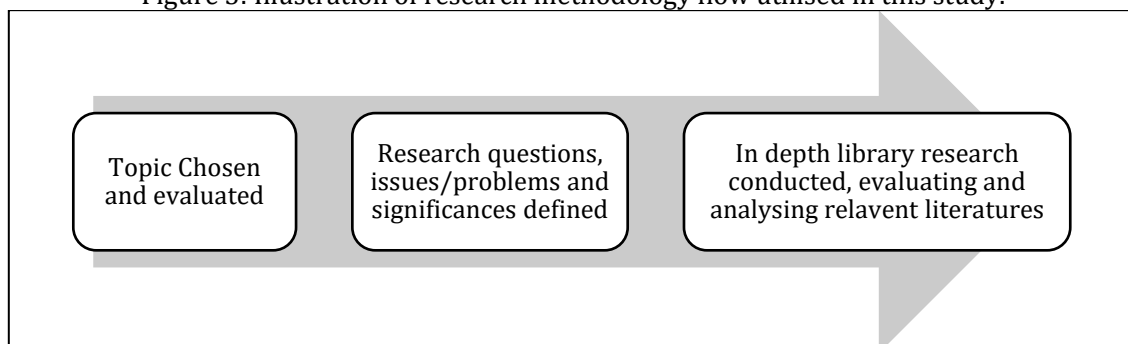
Bernama from The Star stated that the number of employed persons in November rose by 0.2 per cent, totalling to 16.43 million people compared to October's 16.40 million. Concurrently, the number of unemployed individuals decreased by 0.3 per cent to 569,200. He further emphasised that those who were actively looking for work made up 79.9% of all unemployed people, which decreased by 0.6% to 454,500 people. Of those who were actively looking for work, 61.8% had been unemployed for less than three months, while 6.3% had been unemployed for more than a year.

Building on this positive outcome, this article seeks to investigate and elucidate the factors contributing to unemployment among graduates in the labour market. Some of the previously identified factors contributing to the graduate's unemployment include employability skills, demand for high salary, not willing to learn and others (Wei, 2011). The issue of graduate unemployment will impact Malaysia's development over time, simultaneously increasing pressure on graduates and diminishing their self-esteem. This issue is very significant to be explored, hence only a handful of research was previously conducted on graduates' unemployment in Malaysia and many were primarily done in other nations. In this study, the common factors of unemployability among graduates in Malaysia were investigated due to unemployability cases that are increasing year by year. It is therefore important to highlight that graduates, as mentioned in this study are individuals between the ages of 22 and above who have obtained a bachelor's degree or higher qualifications.

METHODOLOGY

The current study employs qualitative research methodology, utilizing library research as the primary method of data collection. Library research involves gathering data from various sources such as online journal databases, government reports, and the latest newspaper articles related to relevant statistics on unemployability and factors influencing unemployment among graduates in Malaysia. The previous studies and literature serve as a vital reference for gathering information in this research, as its findings are utilized to bolster the author's study because they employed snowball sampling to collect data via questionnaires from respondents who met the specified criteria (Heng Ehh et al., 2022). The research flow for this study is outlined in Figure 3.

Figure 3: Illustration of research methodology flow utilised in this study.



RESULTS AND DISCUSSION

Based on the critical reviews of related literature, several factors have emerged as the main contributors to the unemployability of graduates in the country. Findings show that employability skills, quality of education, salary expectation and market demand are several factors connected with graduate unemployment. Besides, it has been proven that most graduates nowadays are taught how to establish their employability skills during their studies, unlike in the past when theoretical subjects were prioritized over practical skills. Hence, it is suggested that, in order to ensure a lower the graduate unemployment rate, graduates need to

improve their employability abilities. This is supported by previous studies that reported inadequate necessary employability skills among graduates, which makes it difficult for them to secure job opportunities (Bennet, 2018). Besides, one of the most useful ways for recent graduates to obtain real-world experience and develop the employability skills necessary for their desired sector of work is through an internship. The significance of internships in shaping a student's future career path and full-time job prospects following graduation is indeed, growing (Hassan, 2018). Additionally, another significant way to raise graduates' skill levels is through participation in curriculum and extracurricular activities (Ma'dan et al., 2020). Universities should also inspire and encourage students to take part in and organise more extracurricular activities to strengthen their employment abilities and therefore can enhance their leadership, problem-solving, and communication abilities by serving as chairpersons or heads of departments in events.

Reducing the graduate unemployment rate requires universities to raise the calibre of their quality of education. In this case, industry and academic cooperation is essential, particularly when it comes to the foundations of teaching and learning, such as the development of instructional materials. For this reason, universities need to regularly work hand in hand with industry players to enhance the curriculum. According to the report by TalentCorp (2020), universities are not engaging with businesses regularly enough to understand their requirements and ensure that their curricula align with the demands of the job market. As a consequence, graduates struggle to find fulfilling jobs since they lack the abilities that employers value (TalentCorp, 2020). More significantly, the teaching and learning strategies instructors employ have an impact on students' quality and excellence (Lee et al., 2018).

There is enough evidence to conclude that there is a relationship between market demand and graduate unemployment. Therefore, intervention by the government is necessary to lower the graduate unemployment rate (Hwang, 2017). The report shows that if the demand for workers exceeds the supply, the wage level rises; when the supply exceeds the demand, the wage level falls. This is supported by a statement from the Statistics Department's chief statistician, Mohd Uzir Mahidin that affirmed that in 2020, the majority of (new) degree graduates only earned between RM1,001 and RM1,500 per month, as opposed to RM2,001-RM2,500 in 2019 (Dzulkifly, 2021). Hence, to treat the graduates fairly, the government ought to impose a minimum wage of at least RM2000 on recent graduates. In addition, fresh graduates find it extremely difficult to obtain a job during and after the Covid-19 pandemic and it takes a long time to locate a suitable position. This issue prompts the government to take action to help recent graduates reduce the time they spend searching for employment. In facilitating graduates to find jobs, the government shall encourage employers to publicise job opportunities widely and recommend graduates to look for job positions according to their background and education.

CONCLUSION

In conclusion, this study found that the main factor for the unemployability of Malaysian graduates lack of soft skills. Employers are pressed for profitability and sustainability and hence perceive high expectations towards the graduates on soft skills. By looking for certain values that have a connection with high job performance, they can save money in the long run whereas substantial retraining graduates are considered as wastage. The most important soft skill identified in this study is the communication skill. This contributes to the next reason for their preference of graduate to be employed which is the type of their university, whether it is a local or overseas university that indirectly influences their communication skills.

Despite the significant implications and contributions of this study, some limitations paved the direction for future research. Firstly, the data for this study was collected from previous studies only which is secondary data. Educational institutions and policymakers play a prominent role in the development of employability skills of fresh graduates. Several programmes have been introduced to enhance graduates' employability to solve these issues such as the Employer Engagement and Career Services (EECS) programme by TalentCorp, which attempts to assist recent graduates in finding fulfilling careers by putting them in touch with industry players. The programme provides many services, such as job placement, career counselling, and skill development. Hence, creating effective worker-management strategies in

the public and private sectors shall be a judicious effort to create hiring plans for hiring of potential workers after graduation. Conclusively, a collaboration between the public and private sectors is necessary to handle the unemployment problem as a whole.

REFERENCES

Dissertation

Heng Ehh, N. Y., Ngeow, S. Y., Siau, B. E. (2022). Determinants of Graduate Unemployment: Case Study in Malaysia. FYP, Bachelor of Economics, Faculty of Business and Finance, 24-26.

Journal

Azmi, H. (2018). Internship Framework Guidelines for Malaysian Public Higher Education Institutes. *Journal of Science, Technology and Innovation Policy*, 4, 11-15.

Lai, W. S. (2011). Unemployment among Graduates: Study of Employers Perception on Graduates. *Research Gate*, 9-10

Report

Bennet, P. D. (2020). *Embedding Employability thinking across higher education*. Curtin University: Department of Education, Skills and Employment.

Corp, T. (2020/2021). *Critical Occupation List*. Malaysia: Critical Skills Monitoring Committee.

DOSM. (2020). Number of Graduates Unemployed from 2015 to 2020. Putrajaya: Department of Statistic Malaysia.

DOSM. (2021). *Key Statistics of Labour Force in Malaysia*. Department of Statistic Malaysia.

Symonds. (2022). *Insights from the 2022 QS Global Employer Survey*. Quacquarelli Symonds QS.

Website

Bernama (2021). The Star. Unemployed graduates increased by 22.5% to 202,400 in 2020. <https://www.thestar.com.my/business/business-news/2021/07/27/unemployed-graduates-increased-by-225-to-202400-in-2020> (accessed on 22nd March 2024).

Bernama. (2024). Malaysia Unemployment Rate 2024. The Star: <https://www.thestar.com.my/news/nation/2024/03/08/unemployment-rate-stays-at-33-for-january-2024-says-stats-dept#:~:text=PUTRAJAYA%3A%20Malaysia's%20unemployment%20rate%20remained,the%20Statistics%20Department%20of%20Malaysia> (accessed on 22nd March 2024)

Dzulki-fly, D. (2021). Report: Fresh grad salaries fell to minimum wage level in 2020, says Stats Dept. The Star: <https://www.malaymail.com/news/malaysia/2021/04/01/report-fresh-grad-salaries-fell-to-minimum-wage-level-in-2020-says-stats-de/1962896> (accessed on 23rd March 2024)

Lam, W. (2021). Improving employability. The Star: <https://www.thestar.com.my/news/education/2021/01/03/improving-employability> (accessed on 22nd March 2024).

Monitor, I. (2019). OECD: Number of degree-holders worldwide will reach 300 million by 2030. ICEF Academy: <https://monitor.icef.com/2019/07/oecd-number-of-degree-holders-worldwide-will-reach-300-million-by-2030/> (accessed on 25th March 2024).

Nurnaddia Nordin, D. N. (2023). Embracing the future : Supporting Graduate Employability in Malaysia. *Caknawan*, 2(2). <https://caknawan.umk.edu.my/embracing-the-future-supporting-graduate-employability-in-malaysia> (accessed on 24th March 2024).

Disclaimer

Opinions expressed in this article are the opinions of the author(s). Al-Qanatir: International Journal of Islamic Studies shall not be responsible or answerable for any loss, damage or liability etc. caused in relation to/arising out of the use of the content.