



Factors Influencing Unemployment of Fresh Graduates in Malaysia

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ABSTRACT

This study examines the relationship between English proficiency, graduates' attributes, employability skills, job mismatch, and unemployment of fresh graduates in Malaysia. A quantitative questionnaire survey method was used to collect data from 300 respondents who were college or university graduates in Malaysia. The researchers employed the Statistical Package for the Social Sciences (SPSS) to examine the collected data. The findings revealed a substantial negative correlation between English proficiency, employability skills, and unemployment after graduation. In addition, the findings showed a positive correlation between graduates' attributes and unemployment. The study's findings indicate that English proficiency has the most significant impact on unemployment among fresh graduates. Universities or colleges should encourage their students to develop employability skills, including the ability to understand, speak clearly, make decisions, solve problems, and produce creative works. Additionally, they should assess students' English proficiency and prioritize developing their employability skills. Malaysian higher education institutions should assist graduates in developing employability skills to meet industry needs and enhance their marketability in the job market.

Keywords: Unemployment, Employability Skills, Graduates' Attributes, English Proficiency, Job Mismatch

JEL Classifications: I23, J24, O15

1. INTRODUCTION

Graduate employability has remained a persistent issue for several years, with many graduates struggling to secure suitable jobs following graduation. This condition not only imperils the leaders' future but also poses a risk to the country's social and economic advancement. Youth unemployment and a dearth of highly skilled professionals to meet the future workforce's needs and demands are two consequences of Malaysia's poor graduate marketability (Fadzil, 2023). According to the Department of Statistics Malaysia (DOSM, 2023), the proportion of graduates without employment increased from 3.9% in 2019 (165,200 graduates) to 4.4% in 2020 (202,400 graduates) (DOSM, 2023). To survive the high cost of living, graduates were forced to take minimum-wage or non-graduate-level jobs due to high unemployment. This

condition leads to underemployment and underutilization of skills from a future highly skilled workforce. Therefore, it is crucial to investigate the factors that influence the unemployment of fresh graduates in Malaysia. A thorough understanding of these factors can help the Malaysian educational system develop and tailor its students' abilities to meet industry needs and enhance graduate marketability.

Numerous factors, including job mismatch (Tay, 2023; Hwang, 2017; Kadir et al., 2020), overeducation (Hwang, 2017), individual perspective gaps (Hwang, 2017), graduates' attributes (Hwang, 2017; Hossain et al., 2018), employability skills (Hwang, 2017; Hossain et al., 2018; Kadir et al., 2020), the labor market (Olukayode, 2017), employer preferences (Husin et al., 2021), economic instability (Husin et al., 2017), English proficiency (Kadir et al.,

2020), and others, have been linked to the unemployment of fresh graduates around the world. However, not all of these factors apply to Malaysian graduates. After investigating the country's situation, several factors, including English proficiency, graduates' attributes, employability skills, and job mismatch, have been identified to construct a theoretical framework for predicting factors influencing the unemployment of fresh graduates.

2. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

2.1. Unemployment of Fresh Graduates

A person is considered unemployed if they are unable to find full-time jobs after actively seeking employment (Pettinger, 2019). A recent college graduate is often referred to as a "fresh graduate" and is best suited for internships, entry-level jobs, and apprenticeships, as they typically have limited skill sets. In this study, the number or percentage of diploma or degree holders (graduates and postgraduates) in a particular economy who are qualified and eager to work but unable to find employment is referred to as "fresh graduate unemployment."

Although unemployment is common, it can become troublesome when it persists for an extended period, especially for recent graduates. This is because graduating students typically experience unemployment despite their desire for incomes commensurate with investment returns (Hwang, 2017). Fresh graduates who lose their jobs face a financial gap, as they often have student loan debt and other educational expenses incurred during their studies that must be repaid within a set timeframe. The Malaysian government has launched several programs, including the Malaysia Short-Term Employment Program (MySTEP), which offers short-term employment opportunities (contracts) at various Ministries, government agencies, and strategic partners; JaminKerja Insentif Penggajian, which offers one-time mobility of financial assistance; Program Latihan dan Peningkatan Kemahiran (Upskill Malaysia) that improves workforce skills to be marketable; Penjana KPT Entrepreneurship and Career Advancement Program (KPT-CAP) and Penjana HRD Corporation that develop skills and strong knowledge for the Malaysian workforce to lower the number of graduate jobseekers. However, the unemployment rate remains around 3-4%. Therefore, it is crucial to investigate the factors that influence the unemployment of fresh graduates in Malaysia.

2.2. English Proficiency

According to Ting et al. (2017), practical communication skills encompass the ability to communicate effectively, gather information, understand customers' needs, and address problems efficiently. The ability of graduates to produce and convey meaning in spoken and written English contexts while completing job-related tasks is referred to as English proficiency. English language proficiency and effective communication skills are essential for graduate employability, as they equip one to speak confidently and engage in intelligent conversation (Marzuki et al., 2013). When recruiting recent graduates, the company prioritizes soft skills, such as communication and English proficiency, over academic reputation (Finch et al., 2013).

According to a study by Ting et al. (2017), companies are willing to hire applicants with mediocre English proficiency if they possess strong communication skills, especially for positions that require more English proficiency, such as marketing and customer service. The findings are reinforced by research (Arumugam et al., 2014), which found that nurses must be proficient in English to secure employment in Malaysia and perform effectively in their roles. Additionally, research findings (Kadir et al., 2020; Pandey and Pandey, 2014) indicate that low English proficiency may reduce employment opportunities, as most firms in Malaysia conduct interviews in English to assess candidates' language proficiency. Conversely, high English proficiency enhances cross-cultural interactions, fosters trust between employees and consumers, and improves communication abilities. Researchers also claim that proficiency in English can boost the chances of finding employment. Therefore, it is hypothesized that:

H₁: English Proficiency has a negative relationship with the unemployment of fresh graduates.

2.3. Graduates' Attributes

The attitudes and qualities of graduates after graduating from a higher education institution are known as graduate attributes. Graduating students develop qualities and skills that prepare them for future endeavors (Hanapi and Nordin, 2014). Graduates' attributes are one of the factors contributing to the employment problems in Malaysia. According to a report by the director of student engagement at a renowned university in Malaysia, the top factor making it difficult for employers to hire recent graduates in Malaysia is that new graduates demand unreasonable pay and benefits (The Borneo Post, 2017). This suggests that new graduates are particularly discerning and demanding in their job search, believing that their attitudes and qualities set them apart from other graduates. As a result, they are likely to reject entry-level jobs and may even be willing to remain unemployed. According to Kadir et al. (2020), graduates seek excessive salaries and are not qualified for starting salaries between RM 2,100 and RM 2,500. 32% of fresh graduates demand starting salaries of RM 3,000 or more (Leo, 2019). The Malaysian Ministry of Higher Education conducted another survey of local graduates and found that unemployed graduates from public colleges require a more positive attitude, improved communication skills, and a better understanding of the English language (Balakrishnan, 2017).

Researchers have noted that several elements, particularly graduate attributes, have a significant impact on graduates' unemployment. The results are consistent with (Hossain et al., 2018; Husin et al., 2021; Kadir et al., 2020; Kamarul et al., 2019), which suggests that several factors, including a lack of skills, high expectations among graduates, and an unpredictable economy, contribute to the high unemployment rate among graduates. Therefore, it is hypothesized that:

H₂: Graduates' attributes have a positive relationship with the unemployment of fresh graduates.

2.4. Employability Skills

Employability, according to Asonitou (2015), is ultimately the capacity to find employment and is regarded as the possession

of fundamental core skills or characteristics that a particular employer stipulates. Core skills or characteristics included conceptual and informational skills, data management, interpersonal competencies, adaptability and learning, self-management, oral and written communication, problem-solving, teamwork, and leadership (Gani et al., 2018). According to Scott et al. (2019), employability skills are the capabilities that students need to develop to be job-ready, enabling them to fill a variety of positions after graduation. The capacity, aptitude, or competence of a person to perform the duties of a specific occupation is referred to as their employability skills (Asonitou, 2015).

High employability skills reassure firms that graduates can handle and finish job tasks. According to a study by Scott et al. (2019), graduates who possess both the necessary employability skills and subject-specific knowledge significantly outperform those who lack these skills. This substantially boosts students' confidence, enhances their employability skills for their chosen career paths, and increases their chances of being hired. The results are supported by Kadir et al. (2020), which shows that companies are seeking out additional skills that graduates can offer to facilitate a smooth transition into the workforce. The outcome is also in line with Nazron et al. (2017), who note that there are now few employment opportunities and that the labour market is becoming increasingly competitive for fresh graduates, as employability skills are a key component of employment. Additionally, possessing employable skills is crucial when seeking a job. Therefore, it is hypothesized that:

H₃: Employability skills have a negative relationship with the unemployment of fresh graduates.

2.5. Job Mismatch

A job mismatch occurs when a graduate's abilities or educational background are not entirely consistent with the competencies required to succeed in a particular position. Highly educated employees cannot earn income comparable to those in advanced economies because of a mismatch between the skills acquired in formal education and those required in the workplace (Kupets, 2015). Additionally, the company laments a shortage of skilled staff, despite having many educated individuals.

A study by the Department of Statistics Malaysia, the Ministry of Human Resource Malaysia, and Bank Negara Malaysia found a skills mismatch in the Malaysian labour market; the mismatch index rose steadily from 0.108 in 2007 to 0.273 in 2017 (DOSM, 2023). Malaysian employers are complaining about a job-skill mismatch, as supported by Hossain et al. (2018), which indicates a mismatch in the market between demand for skills and supply of skills. The respondents in their study also show that graduates are experiencing job-mismatch problems. Furthermore, the study by Kupets (2016) indicates that job mismatch arises from both demand (a less skilled workforce) and supply (an oversupply of people with tertiary education). Job mismatches may lead to unemployment. Therefore, it is hypothesized that:

H₄: Job mismatch has a positive relationship with the unemployment of fresh graduates.

3. RESEARCH METHODOLOGY

3.1. Population and Samples

For this survey, graduates from Malaysian colleges or universities were the target respondents. According to the G-Power software, the minimum sample size for this study is 85 individuals. The researcher successfully gathered 300 responses from the population. The convenient sampling technique was employed in this study because it is a suitable and effective method (Stratton, 2021).

3.2. Measures

Measurements for the study factors were modified from those used in earlier research. Measures of unemployment (4 items) were adapted from Kong (2017); English proficiency measures (5 items) were adapted from Arumugam et al. (2014); measures of graduates' attributes, employability skills, and job mismatch were adapted from Hossain et al. (2018). A 5-point Likert scale was employed to evaluate each response. In this study, the Statistical Package for the Social Sciences (SPSS) was used to analyze the data.

3.3. Data Collection Procedure

We employed a quantitative methodology and developed the survey questionnaires in English using Google Docs. The researcher engaged a local administrator to assist with data collection. The online survey questions were sent to those undergraduates by the on-site administrator. We gave the respondents two weeks to complete the survey.

4. RESULTS AND DISCUSSION

4.1. Profile of the Respondents

The number of male respondents is 140 (46.7%), while the remaining 160 respondents (53.3%) are female. Most respondents are aged 23-26 years old, comprising 110 (36.7%) of the total respondents, followed by those aged 27-29 years old, with 104 (34.7%) of the total respondents, and those aged 19-22 years old, with 86 (28.7%) of the total respondents. As for qualifications, the majority are diplomas (99, or 33.0%), followed by bachelor's degrees (89, or 29.7%). Most survey respondents were unemployed for approximately 3-6 months, accounting for 107, or 35.7%. From the survey results, most of the unemployment is from Private universities (125 or 41.7%), and the study course with the highest unemployment is Art and Social Science, at 98 (32.7%).

4.2. Normality Test and Descriptive Analysis

Table 1 shows that all data sets in the cases fell within the range -1+1 for skewness and kurtosis; none exceeded this range, indicating that the data were normally distributed (Tan et al., 2018). In addition, the findings show that unemployment and graduates' attributes have mean scores of 3.6925 and 3.9720, respectively. The remaining factors, such as English proficiency (2.4533), employability skills (2.6313), and job mismatch (3.5508), fall within a moderate range of mean scores. All the standard deviations are homogeneous.

4.3. Reliability Test

The reliability of the data collected is assessed using Cronbach's alpha. According to the reliability test findings in Table 2, the

Table 1: Mean, skewness and kurtosis

Variables	n	Mean	Standard error	Skewness	Standard error	Kurtosis	Standard error
Unemployment (UN)	300	3.6925	0.877	-0.628	0.141	0.328	0.281
English Proficiency (EP)	300	2.4533	0.781	0.576	0.141	0.577	0.281
Graduates' Attributes (GA)	300	3.9720	0.829	-0.516	0.141	-0.480	0.281
Employability Skills (ES)	300	2.6313	0.787	0.106	0.141	-0.210	0.281
Job Mismatch (JM)	300	3.5508	0.870	-0.304	0.141	-0.031	0.281

Table 2: Reliability test

Variables	No. of items	Cronbach's alpha (α)
Unemployment (UN)	4	0.825
English Proficiency (EP)	2	0.809
Graduates' Attributes (GA)	5	0.874
Employability Skills (ES)	5	0.868
Job Mismatch (JM)	4	0.884

Table 3: Correlation between the independent variables and unemployment

Variables	UN	EP	GA	ES	JM
Unemployment (UN)	1				
English proficiency (EP)	-0.594**	1			
Graduates' attributes (GA)	0.436**	-0.357**	1		
Employability skills (ES)	-0.349**	0.301**	0.000	1	
Job mismatch (JM)	0.176**	-0.245**	0.002	0.392**	1

**Significant at the 0.01 level

Table 4: Multiple regression analysis

Independent variables	Unemployment		Hypothesis	Result
	Beta β	Significant		
English Proficiency (EP)	-0.429**	0.000	H ₁	Supported
Graduates' Attributes (GA)	0.283**	0.000	H ₂	Supported
Employability Skills (ES)	-0.227**	0.000	H ₃	Supported
Job Mismatch (JM)	-0.019	0.689	H ₄	Not Supported
F-value			61.327**	
R-square			0.454	

**Significant at the 0.01 level

Cronbach's alpha values for each variable range from 0.809 to 0.884, which exceed 0.70 (Hermosilla and Alvarado, 2016). This means that internal data consistency is acknowledged, and therefore, additional evaluation is possible.

4.4. Correlation Analysis

The Pearson correlation coefficient is used to measure the strength of the relationship between English proficiency, graduate attributes, employability skills, job mismatch, and unemployment of recent graduates. The closer the coefficients are to an absolute value of 1, the stronger the relationship is (Habes et al., 2021). Table 3 demonstrates a substantial inverse relationship between unemployment and two independent variables (English proficiency and employability abilities) and a significant positive relationship between unemployment and two independent variables (graduates' attributes and job mismatch).

4.5. Multiple Regression Analysis

We used multiple regression analysis to verify the significance of the relationship and test the hypothesis. Table 4 presents the results of a multiple regression analysis examining the relationships between English proficiency, graduates' attributes, employability skills, job mismatch, and unemployment. The multiple regression model was significant at the 0.001 level, with an F-value of 61.327. The analysis results show that English proficiency ($\beta = -0.429$, $P < 0.05$) and employability skills ($\beta = -0.227$, $P < 0.05$) had a significant negative relationship with unemployment at the $P < 0.001$ level. Graduates' attributes ($\beta = 0.283$, $P < 0.05$) had a significant positive relationship with unemployment at the 0.001 level. Therefore, the hypotheses H₁, H₂, and H₃ were supported. Conversely, the job mismatch was not significantly related to unemployment. Therefore, H₄ was rejected. The model explains 45.4% of the variance in unemployment among fresh graduates in Malaysia ($R^2 = 0.454$).

The regression analysis results indicate a significant negative relationship between English proficiency, employability skills and unemployment. This outcome aligns with research by Kadir et al. (2020); Arumugam et al. (2014); Pandey and Pandey (2014); and Asonitou (2015), which shows that English proficiency and employability skills play a crucial role in securing employment. High English proficiency enhances

communication skills and fosters confidence during oral interviews, thereby increasing the chances of employment (Ting et al., 2017). Additionally, strong employability skills equip graduates with the knowledge and skills needed to enter the workforce, thereby reducing the likelihood of unemployment. Additionally, it will produce graduates who demonstrate strong work ethics and the ability to resolve problems relevant to their desired occupations (Hossain et al., 2018).

Conversely, the regression analysis results indicate a significant positive relationship between graduates' attributes and unemployment. This outcome aligns with research by Hossain et al. (2018), Husin et al. (2021), and Balakrishnan (2017), indicating that recent graduates are demanding and have high expectations regarding salary, benefits, welfare, and job positions. On the other hand, not all graduates seeking employment crave dollars and cents. Unlike in the past, when many parents did not support their children, they have less motivation to secure employment when there is no financial commitment.

However, the regression analysis results indicate an insignificant association between job mismatch and unemployment. The issue is that only some Malaysian education skills are mismatched with industry demand. According to a study by Gani et al. (2018), out of 20 skills, only six are found to be a significant mismatch with industry: business, self-management, computer

literacy, information retrieval, planning, and resolving conflict. This means only a subset of skills is mismatched; therefore, this study found no significant relationship between job mismatch and unemployment.

5. CONCLUSION AND IMPLICATIONS

The study's findings indicated that the unemployment of fresh graduates is positively influenced by their attributes and negatively affected by their English proficiency and employability skills. The study implies that colleges and universities should encourage their students to seek employment opportunities by developing employability skills, such as comprehension, clear speech, decision-making, problem-solving, and creative output. Additionally, universities should evaluate students' English language proficiency and support them in developing employability skills to function independently and productively once employed. Malaysia's educational departments may re-examine their academic structures, systems, and delivery methods related to teaching and learning approaches, assessment, and work-based education (Asonitou, 2015). Moreover, emphasizing English proficiency can help fresh graduates develop communication and employability skills in response to job and market demands.

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