Factors Influencing Unemployment among Graduates in Malaysia  
– An Overview

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Abstract
The purpose of this study was to determine the significance factors that influence unemployment among graduates in Malaysia. The variables consists job mismatch, English proficiency and employability skills are stated as independent variables for this study. The respondents were 150 employers and workers in Malaysia. The finding showed that job mismatch, English proficiency and employability skills have influence on unemployment among graduates in Malaysia. All variables show positive relationship towards the unemployment among graduates. This study refers to primary data and also secondary data for supporting the sampling technique. Meanwhile, the researcher use questionnaire as the method to collect all the data from sample respondents in accomplishing the research objectives. While the data for this study was analyzed using multiple statistical procedures: mean point value, standard deviation, and correlation analysis. The result of the study presented in this research agrees that job mismatch; English proficiency and employability skills influenced unemployment among graduates. This study can be seen as a foreword to a more detailed study to be carrying by future research on the issue of unemployment among graduates in Malaysia.

Keywords: Unemployment, Job Mismatch, Proficiency

1.0 Introduction
Unemployment is an important issue facing in many developing countries. Country with high unemployment indicates that the country’s labour resource is not fully utilized. Theoretically, a country that is not efficiently utilizing its resources does not achieve its maximum output. Hence, full employment need to be considered as macroeconomic goals if a country wants to maximize its output. As compared to other developing country, Malaysia can be said to achieve full employment with unemployment rate of 3.1 % in August 2013 by Department of Statistics. According to Deputy Human Resource Minister, Datuk Ismail Abd Mutalib told the Dewan Negara, Malaysia achieved full employment by having unemployment rate less than 4 % based on International Labour Organization Standards (Mokhtar, 2013). However, unemployment among graduates remains unsolved, where 65,500 graduates were recorded unemployed which is 16.7 % of the total unemployed labour in 2010 based on Department of Statistics, Malaysia. Moreover, the graph of number of unemployed graduates by highest certificate obtained in Malaysia shows slightly increased compared from the year 1998 to the year 2010.

Even though, the rate of unemployment in Malaysia decreased throughout the year, the number of unemployed graduate in Malaysia increased (Department of Statistics, Malaysia, 2011). Unemployment among graduates is not a new hot issue. However, this case should not be taken lightly. According to Associate Professor Dr Noor Azina Ismail from Department of Applied Statistics, Faculty of Economics and Administration, University of Malaya (2011), for the past 20 years, the Malaysia higher education grows rapidly produced a high number graduates in multi disciplines. There was only 7 public universities in 1990’s and currently there are 20 public universities, 24 polytechnics, 37 public community colleges, 33 private universities, 4 foreign university branch campuses and about 500 private colleges by 2007 (Ministry of Higher Education, 2007). The number of students enrolled into the universities significantly increased from 576,439 in 2002 to 748,797 in 2007. Greater attention need to be provided in monitoring the labour market as the expansion of the higher education since there could imbalance of supply of graduates with the demand in labour market (Ismail, 2011; Kartz-Gerro & Yaish, 2003; Teichler, 2000).

According to The Star on 23rd Oct 2013, the Malaysia’s unemployment rate slightly increased up to 3.1 % in August 2013 from 3.0 % in July 2013, while compared to 2.7 % in August last year. The number of Malaysia’s unemployment rate in August increased by 4.9 % equivalent to 20,600 persons from 441,800 persons. However, there also increased in the number of Malaysia’s employment rate by 1.3 % with 173,300 of 13.67 million people compared to July. The significant increase of the Malaysia unemployment and employment rate occurred due to the rise of the number of people in the labor market reported by the Department of Statistics (The Star, 2013, October 23). While, the highest rate of jobless in Malaysia was in May for the year 2013 with
3.3% compared to 3% in April 2013 and 3% a year ago. Even though the domestic economy of Malaysia relatively healthy. According to Anthony Dass, Ambank Group Chief economist, there is some instability in the trends of Malaysia unemployment rate. This pattern is similar to what happen in the early year, January 2013, where the unemployment rate dropped to 3% and bounced back to 3.3%. The data is seen to be shift to more stable phase. As the economic growth shows a little slow in growth in the first half of the year 2013, the market is expected to modestly improve in the second half of the year. Ambank’s estimated the unemployment rate would be floating between 3.1% and 3.3% based on the assumption the Malaysia economy growth up to 5% or 5.3% (My Starjob, 2013, July 23).

In addition, Director General of Department of Civil Aviation (DCA), Datuk Azharuddin Abd Rahim claimed that the unemployment rate of pilots in Malaysia remain the same as recorded since last year. Presently, the number of unemployed licensed pilots remains 1,174 as recorded in August 2012. As compared to other profession, the unemployment rates of pilots is similar as it depends on the demand and supply in the labor market. The excess of supply of licensed pilots in the market was noticed since 2011 and it get worse last year. In contrast, when there was sudden high demand for pilots in the early year of 2000, which the only Malaysia Flying Academy (MFA) are not able to cope. However, the global aviation industry faced a spiral downturn due to the hike of fuel prices in 2011, which resulted many airlines company to review their operations. This does not differ to Malaysia, where there is not many local airlines company and the effect of economic uncertainty led to less demand for pilots. As the cost of qualify to be licensed pilots is very costly, DCA request to reduce the intake number of pilots candidates to cope with less demands for pilots in the labor market (The Sun Daily, 2013, September 19).

There are many theories on the reason why graduates are unemployed in Malaysia for a period of time. According to a research conducted by the National Higher Education Research Institute (IPPTN) on February 2003, the research reveals that Malaysia graduates are weak in command of English language and communication skill in this language, graduates having difficulty to communicate and low interpersonal relationship, graduates are passive and have no initiative and less independent finish their job, and some graduates have attitudes problem, too choosy in jobs, aren’t able to work as a team, not willing to learn, selfish and demand for high salary (Wei, 2011).

In addition, according to survey of human resource personnel and bosses conducted by Jobstreet, a Malaysian employment agency in 2005, the survey shows the main problems faced by employers in hiring fresh graduates were poor command of English with 56%, poor character, attitude or personality with 37%, demanding of salary with 33%, irrelevant Degree or job mismatch with 30%, fresh graduates too choosy selecting jobs and company with 27% and no suitable job opportunities with 16% (Ministry of Higher Education Malaysia, 2012). Thus, this show that most of Malaysian graduates unlikely to have employability skills wanted by future employers. Furthermore, to university graduates need to struggle to earn their places for a decent job. Tim Smedley explains that there is transition in the labour market. There are still job opportunities out there, but employers tend to be choosier in selecting their candidates for vacancies. Thus, fresh graduates forced to search for work further afield and tend to approached smaller organisations. This will increased the difficulty of fresh graduates to seek for jobs in the future hence increased the unemployment among graduates. Moreover, there are some consequences or problems arise due to high unemployment. According to study conducted by Chor Foon Tang (2009) on the relationship among inflation, unemployment and crime rates in Malaysia reveals that there is significant relationship on the empirical study. This shows that inflation and unemployment play important roles as criminal motion factors in Malaysia. This research result supports the presence of criminal motivation theory (Chor, 2009; Becker, 1968) which suggests that unemployment has significant relationship to crime. When an individual is unemployed, they lost their source of income or earnings and hence increased the tendency to engage in criminal activities. Moreover, the empirical evidence suggests that Malaysia’s crime rate is Ganger caused by inflation and unemployment. Therefore, this study is proposed to find the significance factors that contribute to the unemployment among fresh graduates in Malaysia.

2.0 Literature Review
According to Department of Statistics, Malaysia (2013) the unemployment rate in September 2013 shows a decrease rate compared to August 2013 with 3.1% to 3.2% respectively. Furthermore, there is also a decrease rate of unemployment compared to last year on September 2011 with 3.3% to 3.1% on September 2013. Moreover, the labour force participation rate show positive growth with 69.6% in September 2013 compare to the previous month with 69.1%. However, there is slightly increased on the number of unemployed labours in the last three month with 421,200 unemployed labour on July 2013, 441,800 unemployed labours in August 2013 and 443,200 unemployed labours on September 2013. Furthermore, according to the Labour Force Survey Report Malaysia (2012), the labour force participation in 2012 show an increasing rate from 64.4% with 12.7 million labour forces in 2011 to 65.5% with 13.1 million labour forces in 2012. While, the unemployment rate on 2012 shows a decreasing rate from 3.1% with 391,400
unemployed labours in 2011 to 3.0% with 396,300 unemployed labours in 2012. However, there is an increasing number of unemployment recorded in 2012. The rise of the number of employed and unemployed labour force is resulted by the increase number of population in the labour market.

In addition, the largest unemployment age group recorded is the age group of 20 to 24 years. The youth age of 20 to 24 years old has an increase rate of unemployment 0.6%, with 40.0% in 2011 to 40.6% in 2012. However, more than half of unemployed labours are secondary educated or high school leaver with 60% which show an increase rate compared to the last year with 56.3%. While, the second large group unemployed labours is tertiary educated or university graduates with 27.3% in 2012 which show a decrease to 29.8 in 2011. According to the statistic of graduates in the labour force Malaysia (2011), the highest unemployment rate among graduates was recorded in 1987 with 5% due to the economic recession which also reflected on 1998. However, the unemployment rate of graduates decline from 3.8% in 2005 to 3.1% in 2010. In contrast, the number of unemployed graduated increased since 2007 from 53,500 unemployed graduates to 65,500 unemployed graduates in 2010. Surprisingly, most of unemployed graduates are from Social Science, Business and Law field study with 39.4%, followed by Engineering, manufacturing and construction field study with 21.7% and Science, Mathematics and Computing with 17.9%. Thus, this show that there is an unemployment problem among graduates in Malaysia that needs to be concern of.

On the other hand, job mismatch is common topic relating to unemployment among graduates. Job mismatch can also be defined as Qualification mismatch where it occurs if the level of formal education a worker possesses deviates from the one required for the job, skill mismatch occurs if the worker possesses a higher or lower level of skills than required to perform the job (Berlingieri & Erdsiek, 2012). According the research conducted by Shujaat Farooq (2011), the phenomenon of job mismatch can be divided into 3 categories. Firstly, there is job mismatch compare to graduate’s education level. Secondly, job mismatch compare in the graduate’s qualification. Lastly, job mismatch as compare to the graduate’s field of study. Job mismatch in education is based on how distinguish the education of the workers posses with the required education by his or her current job. While, the mismatch in qualification is determine based on the different level of qualification possess by the worker in compare to the required level of qualification for their jobs description. Finally, the field of study and job mismatch can be determines by the individual’s field of study in related or not with their job contents. Recently, local media have been given attention on employability skills among fresh graduates. One of the major contributions towards unemployment among graduates is the lack of English language proficiency (Md Yassin et al., 2010; Sharif, 2005). Various surveys conducted on employers in underlying the unemployment problem among graduates. It was found that most of fresh graduates and workers is lack of English language skills (Md Yasin, et al, 2010; MoHE, 2008; Tneh, 2008; The World Bank, 2005; Ambigaphaty & Aniswal, 2005; Sibat, 2005). English language proficiency and communication skills are crucial for graduates’ employment ability. According to the Association for Academic Language and Learning (AALL) (2009), English language proficiency can be define as the ability of students to use English language to communicate either in vocal and written context in concern for using the correct grammar and sentences structure (Arkoudis, S., et al, 2009).

Currently, Institution of higher learning grows concern on the issue of employability among graduates where graduates aren’t able to secure jobs once they graduated. One of the reasons behind this issue is the lack of employability skills among graduates which below average from the employer’s expectation. Employability can be defined as the capability of an individual to secure an employment according to their individual education background (Wickramasinghe & Perea, 2010; Dearing, 1997). Besides, skill is defined as a set of characteristics which include knowledge, know how, attitudes and behaviour that contribute to individuals to be employed (Zarina, et al, 2011; Norshima Zainal Shah, 2008).

While, employability from the employers perspective denotes as “work-readiness” which is the skills, knowledge, attitude and profit-making understanding possess by graduate that enable them to contribute in achieving the organizational goal (Zarina, et al, 2011; Mason, G., Williams, G. & Cranmer, S., 2006). Genuinely, graduate expects that they acquired necessary skills and knowledge to meet their employer’s expectation in performing their jobs and advance their careers once they finish their study in university (Rosenberg, Heimler & Morote, 2011; Bok, 2006). However, not all graduates employability meets the employer’s expectation and this result to unemployment among graduates.

3.0 Methodology

For this research, multiple-choice questions and likert scale is using in the structure questions. The researcher provides a choice of answers and respondents are asked to select one or more of the alternative given. Then, the likert scale is a measurement scale with five response categories ranging from “strongly disagree” to “strongly agree”, which requires the respondents to indicate a degree of agreement or disagreement with each of a series of statements related to the stimulus objects. In this study, there are several statistical technique that can be use to analyze collected data such as frequency analysis, reliability test, descriptive statistics, correlation test and regression. For data analysis, all data collected from respondent were analyzed using Statistical Package for
Social Science (SPSS) version 2.0. As a conclusion for this chapter, it is focus on the research methodology which is the exploratory, descriptive and causal research design. It is also included the information of the sampling technique and data collection method as well as the data analysis that has been use in this study. Finally, the data collected through these methods which is the method of data analysis will be presented in the next chapter.

4.0 Findings

Table 4.1: Correlation

<table>
<thead>
<tr>
<th>Section E: Unemployment among Graduates</th>
<th>Section B: Job Mismatch</th>
<th>Pearson Correlation</th>
<th>Sig. (2-tailed)</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Job Mismatch</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Section C: English Proficiency</td>
<td>Pearson Correlation</td>
<td>Sig. (2-tailed)</td>
<td>N</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0.775**</td>
<td>0.000</td>
<td>126</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Section D: Employability Skills</td>
<td>Pearson Correlation</td>
<td>Sig. (2-tailed)</td>
<td>N</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0.787**</td>
<td>0.000</td>
<td>126</td>
</tr>
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<td></td>
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</tbody>
</table>

**Correlation is significant at the 0.01 level (2-tailed)

Based from the table above, it shows that all variables are significant at the interval of 0.01 (2-tailed) that is 0.000. Employability skill has the highest correlation as to the dependent variable compare to other variables with Pearson Correlation value of 0.787. While, English proficiency have the second highest Pearson Correlation value only at 0.775 and job mismatch has the lowest value that is 0.540. It was hypothesized that a positive relationship would exist between all variables. Results of the correlation indicate that higher unemployment among graduates is associated with employability skills, English proficiency and job mismatch.

Table 4.2: Model Summary

<table>
<thead>
<tr>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.873²</td>
<td>0.761</td>
<td>0.756</td>
<td>0.32534</td>
</tr>
</tbody>
</table>

Based on the table above, the adjusted $R^2$ significantly good as this study only explain 75.6% dependent variable are explain by independent variable. The $R^2$ equal to 76.1% of unemployment among graduates is explained by employability skills, English proficiency and job mismatch. Thus, 23.9% of unemployment among graduates is explained by other factors.

Table 4.3: ANOVA

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>41.204</td>
<td>3</td>
<td>13.735</td>
<td>129.760</td>
<td>0.000²</td>
</tr>
<tr>
<td>Residual</td>
<td>12.913</td>
<td>122</td>
<td>.106</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>54.117</td>
<td>125</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

ANOVA table above indicates that the F-statistics is equal to 129.760 and is significant at 0.00. It shows that the model is statistically significant.
Table 4.4: Coefficients

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Beta</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>$H_1$ There is a significant relationship between job mismatch and unemployment among graduates.</td>
<td>0.293</td>
<td>6.153</td>
<td>.000</td>
</tr>
<tr>
<td>$H_2$ There is a significant relationship between English proficiency and unemployment among graduates.</td>
<td>0.423</td>
<td>6.025</td>
<td>.000</td>
</tr>
<tr>
<td>$H_3$ There is a relationship between employability skills and unemployment among graduates.</td>
<td>0.349</td>
<td>4.795</td>
<td>.000</td>
</tr>
</tbody>
</table>

From the table above, it show that all hypotheses is accepted as the significant value is below 0.05 which $H_1$, $H_2$ and $H_3$ are the hypotheses accepted. This shows that job mismatch, English proficiency and employability skills have significant relationship with unemployment among graduates. The most influential factor that influences unemployment among graduates is English proficiency (Md Yassin, et al, 2010; MoHE, 2008; Tneh, 2008; The World Bank, 2005; Ambigaphaty & Aniswal, 2005; Sibat, 2005). as the value of Beta is 0.423 which is the highest figure. Thus, this shows English proficiency is prudent for graduates to be employed.

5.0 Conclusion
In this study, there are four research questions and objective that has been analyse. For the first objective and hypothesis is to determine job mismatch as a factor that influence unemployment among graduates in Malaysia, it’s showed that there is moderate correlation. Besides that, there is a significant relationship in job mismatch which the significant (2-tailed) is at 0.00. Chung and Yet (2009), proved that job mismatch does influence unemployment among graduates in Malaysia. Thus, accept $H_1$.

It can be concluded that job mismatch has significant relationship to unemployment among graduates. On the other hand, the second objective and hypothesis is proven as there is a significant relationship between English proficiency and unemployment among graduates. In addition, the fourth objective is achieved as English proficiency is the most significant factor that influenced unemployment among graduates in Malaysia based on the highest value of Beta in regression analysis which is 0.423. It’s showed that correlation of work environment is significant (2-tailed) at the 0.00 level. Md Yassin, et al (2010) proved that English proficiency has significant influence unemployment among graduates in Malaysia. So, the $H_2$ can be accepted. It can be concluded that English Proficiency has significant relationship to unemployment.

In addition, for the third objectives and hypothesis, to determine the relationship of employability that influenced unemployment among graduates in Malaysia. It’s showed that there is a good correlation in employability skills. Besides that, there has a significant relationship between employability skill and unemployment among graduates which the significant (2-tailed) is 0.00 level. In addition, employability skill has second highest value of Beta of 0.329. Rosenberg, Heimler & Morote, (2011) proved that employability skills has influence on unemployment among graduates in Malaysia. Thus, $H_3$ can be accepted. It can be concluded that employability skill has significant relationship to unemployment.

Even though unemployment is not as serious as its looks as reported by The Star (2013, 23 October) as Malaysia is said to achieve full employment as the unemployment rate is below 4 %. Future graduates should not take this lightly as the number of unemployed graduates is moderately increased through the year. Future graduates should take the opportunity of internship program as a training ground to improve their employability skills and try to make the best out of it (Yusof, Mohd Fauzi, Abidin, Awang, 2013). Even better, if future graduates able to secure a job after internship program from the same employers. As deducted by Roseline Shakir (2009), graduates need to improve their English proficiency either in oral or writing as it plays crucial part for graduates to be employed. Graduates need to practise their English more despite what is their preference lingua franca at home.

References


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