

**EMPLOYABILITY SKILLS -A STUDY ON THE PERCEPTION OF BUSINESS STUDENTS GRADUATE
AND EMPLOYERS IN MALAYSIA**

ERNI TANIUS

Faculty of Business and Accounting, University Selangor
Selangor, Malaysia

ABSTRACT

Challenge in graduate employability is to match talent to the job. As for now, employers claimed they are having difficulty in getting the right employee fits their needs. Meanwhile, the new graduates face similar problems as they are struggling to enter the workplace market. As a result is uneven employment opportunity across different industry and sectors. The purpose of this paper is to identify the perception of employers and new business graduates on employability skills that urgently needed by industry, besides to identify if there are any gaps in their perception. Two sets of questionnaires were developed to assess of employability skills; they are applied, interpersonal and 21st-century skills. 299 organizations, 607 managers, and 700 new graduates participate in this study. Meanwhile, SPSS is used to analyze the data and descriptive statistics and ANOVA is usage to answer the objectives of the study. The result shows that the perception of employers and new graduates on the main employability skills urgently required by industry has different. The finding also revealed that there is a slight gap in score mean regard to the urgency of employability skills that required by industry. The study recommended that stakeholder in this area, higher learning institution, employer, and government need to collaborate to make sure employability skill that supply by higher learning institutions through their graduates match with industry needs and job requirements.

KEYWORDS: Employability, business graduates, employers, perception, Malaysia.

1. INTRODUCTION

The Malaysia government has set a target to achieve high-income status by 2020 means the gross national income per capita must achieve US\$12,236 or more as defined by World Bank. As in 2016, Malaysia's per capita GNI was estimated at US\$9,850. Therefore Malaysia needs to boost the output and increases the skills of the labor force to meet labor market demand (ICEF Monitor, 2017).

The problem increases with other additional issues such as economic uncertainties has result many employers now are cutting back or freezing on hiring. The matter becomes worse when the government introduces minimum retirement Age Act 2014 for private sector employees, which increase the retirement age now at 60. The consequence is new graduate struggle to find a job and their opportunity becomes more shrink. This has resulted employability crisis where employment prospects across different business sectors and the very competitive job market for new or recent graduates.

This issue is becoming more critical especially for the young graduate, where the job market for new graduates very competitive. A good degree result is not guaranty for employment. As Google Malaysia, Vietnam and the Philippines' managing director Sajith Sivanandan said: "Back then, all you needed was hardware. It was very linear. Graduates just needed good results and to know about the subject of their field. It's different now. Employees are expected to know everything" (Ooi May Sim, 2016).

2. SCOPE AND BACKGROUND OF THE STUDY

Malaysia is full employment country as the national unemployment rate is less than 4%. This situation is contradicted with new graduate employment rate, tracer study on Malaysian graduate in 2016 shows that the unemployment among the new graduate is more than seven times compared with the national rate which is 3.1% (M. Shanmugam, 2017). Meanwhile, MOE (2017) indicated that the rate is consistent since 2010 (24.6%). It is slightly higher in 2011 and 2012 (25.6% and 25%), and 2015 is 24.9% and finally 22.7 in 2016 (MOE 2017). To make the matter worse, the report revealed that more than half (54%) new graduates claimed that they paid for less than RM2, 000 a month.

There are many reasons for this situation such as economic downturn, and technology advancement, as well as the sophistication of the job, but mainly literature blames higher learning institutions for failure to prepare students with skills that matching with industry needs.

2.1. EMPLOYABILITY SKILLS OF GRADUATES IN MALAYSIA

Employability is a lifelong process; it is supporting students to develop a range of knowledge, skills, behaviors, attributes and attitudes which will enable them to be a success (Cole D and

Tibby M, 2013). Meanwhile, Yorke, M. and Knight, P. (2004) said employability is a set of achievements, skills, understandings and personal attributes that make graduates more likely to gain employment and be successful in their chosen occupations, which benefits themselves, the workforce, the community and the economy.

Malaysian Ministry of Education (2015), reported that the reason for unemployment exist among the new graduate in Malaysia is skill gaps. The current graduates' skill supply is not able to meet the skill demanded by industry and this issue is categorized as a critical issue.

Literature proved that skills gap exists across nations and industries, Business news (2015) reported that the World Bank expects Malaysia employment will rise to 12.7 million by 2020, from 10.4 million in 2010 and 11.3 million in 2014. Some of these new jobs will be in economically important to industry and have been identified as the key drivers of growth and development of the economy. Unfortunately, industries claimed that they are having difficulty in fulfilling these jobs. As confirmed by Zaliza Hanapi & Mohd Safarin Nordin, (2013) revealed that job vacancies are critically increasing each year. Another researcher, Alan G. Downe, Siew-Phaik Loke, Jessica Sze-Yin Ho and Ayankunle Adegbite Taiwo (2012) added that the gap exists on important competencies within the pool of prospective workers.

The impact of a skills gap is huge as reported by Wormer K, Finkelstein S, and Shuang Han (2014) and Giff G. et al. (2015), it influences the company ability in implementing new technologies while achieving productivity targets. Others include diminished employee performance, lower employee morale, higher costs, reduced customer service levels; lower financial results finally increase the risk of not achieving the strategic plan and hurt a company's growth and its earnings.

The most hit by skills gap crisis is the employer, Grant Thornton (2013) reported that 62% of firms in Malaysia have difficulty in finding workers with the right skills, while 48% identify the lack of talent as a constraint for future growth. Meanwhile, Manpower Group (2017) 40% of global employers report talent shortages. CareerBuilder (2017) studied on 4771 employers on November 2016 to March 2017 found out that 67% employers say they are concerned about the growing skills gap, and 55 percent say they have seen a negative impact on their business due to extended job vacancies. Others, productivity loss: 45 percent, higher employee turnover: 40 percent, lower morale: 39 percent, lower quality work: 37 percent and finally inability to grow business: 29 percent.

Deloitte and The Manufacturing Institute (2014) reported that even in high unemployment rate above 9% in the US, an employer still having problems to fill positions, 5% of their jobs remain unfilled simply because they can't find people with the right skills.

The industry players blamed each other for these problems and the industry complained the quality of graduates is low. They added that the university is responsible to produce graduates with skills relevant to the region's economy with core competencies and soft skills relevant to employers (The Manufacturing Institute, 2015, Career Builder, 2017). The literature also suggests that partnering between industry and university as ways in which the skill gaps can be narrowed (Wormer K, Finkelstein S, and Shuang Han (2014). Supported by Harris Interactive report (2013) said the Higher Education Institutions (HEI) need to study labor market outcomes, student's transitions, structured learning pathways and strong industry partnership that will also allow students to benchmark their assumptions against the realities of the workplace.

Even though majority final year students claimed they are ready to enter the workplace market (Erni and Suhana, 2015) but industry still complains the students have a problem with their technical/applied skills (Erni Tanius (2015), but Erni and Che Manisah (2012). Meanwhile literatures list out the main critical skills gap are applied/technical skills, interpersonal skill and 21st-century skills. They were mainly in critical/analytical thinking, oral communication, active listening, prioritization and focus, as well as time management. Others are problem-solving, collaboration, creativity and innovation skills, information technology application, teamwork/collaboration, and diversity (Erni Tanius, Reeny Karlina Abdul Rauf, Mohamad Hafiz Rosli, and Sharifah Hilmi Syed Abdullah, 2017).

Another important areas are Self-Management, Professional Relationships, Professional Appearance, Negotiation, soft skills area, enthusiasm, and flexibility (Susie Quern Pratt & Jenny Ellis Richards, 2014; Mohamad Shukri Abdul Hamid, Rafikul Islam and Noor Hazilah Abd Manaf, 2014; Mohamad Idham Md Razak, Asliza Mohd Yusof, Wan Nor Syazana, Wan Effa Jaafar & Adi Hakim Talib (2014); Kelebogile Paadi (2014) and Hazril Azmin Saari & Abdullah Mat Rashid, 2013. Therefore the purpose of the study paper is to identify the perception of employer and graduate on employability skills as well as identifying the gap between industry and graduate toward employability skills urgently required to fill the opening job. The study is also to identify the different perception of industry in the different location.

This paper is focusing on the Employability skills of business graduates in Malaysia. The skills are applied skills, interpersonal skill and 21st-century skills. The questionnaire is used to achieve the objective.

2.2 THE OBJECTIVES OF THE STUDY

- 1. To explore the perceptions of employers and graduates concerning of the employability skills which help new graduates to be hired.**

2. To ascertain whether there is a gap between the perception of graduates and employers.
3. To assess whether there are differences in desirable employability skill sets across those who have graduated from public and a private university with the differing location.

3. RESEARCH DESIGN

It is an exploratory study. The researcher has developed two sets of questionnaires referring three areas of employability skills; they are applied skills, interpersonal skills and 21st-century skills. There were 299 companies with 607 staffs and 700 students from three higher learning institutions in Malaysia participated in the study.

4. RESULTS AND FINDINGS

This study would like to identify the employers and students perception of employability skills.

DEMOGRAPHIC STATISTICS (EMPLOYER SIZE)

Table 1:-Classification of Employers Based on the size of the Employers.

Employer size	Frequency (n)	Percentage (%)
Large (> 1,000)	2	0.7
Medium (501 – 1000)	13	4.3
Small (< 500)	284	95.0
TOTAL	299	100.0

Almost all (95%) company participated in this study from a small company, followed by medium (4.3%) and only 2 or 0.4 respondents from the large company.

WORK EXPERIENCE (GENDER -WISE)

Table 2: Work Experience of the employers(Gender- wise)

Experience	Gender		Total	Total (%)
	Male	Female		
1 or less	0	21	21	3.5%
2-5 years	57	79	136	22.4%
6-10 years	90	196	286	47.1%
11-15 years	44	0	44	7.2%
16 years and above	120	0	120	19.8%
Total	311	296	607	100%

Mainly the respondent from industry is executive and managerial level and mainly they were a supervisor for final students during their internship. The majority has 6 – 10 years (47.1%)

experience followed by 2-5 years (22.4%) and the least is respondent with less than one year experience (3.5%). The detail is shown in table 2.

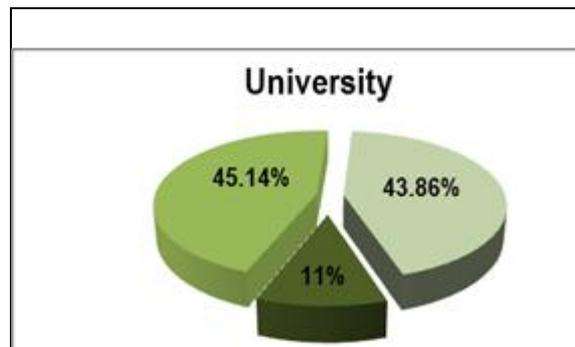
DESCRIPTIVE STATISTICS OF THE STUDENTS ARE AS FOLLOWS

Table 3: Demographic statistics of the Graduates (Age and Gender)

Age	Gender		Total	Total (%)
	Male	Female		
Less than 25 years old	16	31	47	6.7%
26 to 35 years old	160	442	602	86%
36 to 45 years old	23	28	51	7.3%
Total	199	501	700	100%

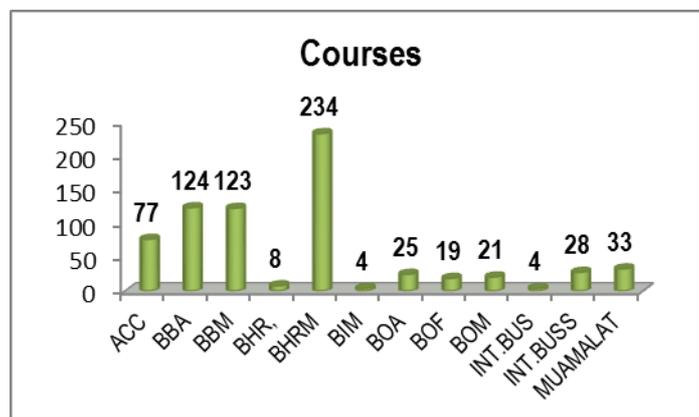
As shown in Table 3, the majority of graduates join in this study are females between age 26 to 35 years old (86%) and the least those who are the age less than 25 years old.

Figure 1: Demographic statistics of the Graduates (Education-Gender wise)



Nearly half (45.4) of respondents (graduate) from private higher learning education in Selangor, meanwhile 43.86% from public higher learning in Kedah (North Malaysia) and finally 11% from a public university in Sabah (East Malaysia).

Figure 2: Demographic statistics of the Graduates (Courses)



Finally, the figure 2 shows that majority or 234 graduates come from Bachelor Human Resource Management (BHRM), followed by 124 Bachelor in Business Accounting (BBA) and 123 from Bachelor Business Management (BBM). Detail is in figure 2.

Table 4: Top 10 Applied skills according to Employer and Graduate students

Industry			Students		
Skills	Means	SD	Skills	Means	SD
Highly organized	4.32	.756	Problem-solving skills	4.22	.682
Step outside comfort zone	4.24	.774	Multitasking and flexible	4.20	.746
Put in extra hours when needed.	4.17	.775	Managing cultural diversity	4.13	.658
Innovative	4.16	.698	Obtaining information from all relevant sources	4.11	.784
Obtaining information from all relevant sources	4.16	.698	Particular and has an eye for detail	4.04	.727
Particular and has an eye for detail	4.14	.798	Self-directed and able to complete projects with limited supervision	4.04	.874
Problem-solving skills	4.12	.787	Highly organized	4.02	.888
Multitasking and flexible	4.11	.674	Innovative	3.99	.803
Self-directed and able to complete projects with limited supervision	4.03	.739	Step outside their comfort zone	3.99	.811
Managing cultural diversity	4.00	.762	Put in extra hours when needed	3.93	.842

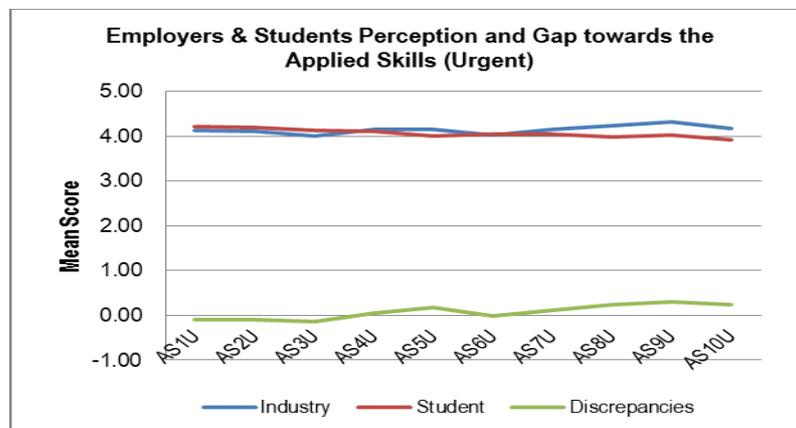
Table 4: Top 10 Applied Skills (Urgent) for Employers VS Students

Table 4 shows that employer and graduate have a huge difference in their perception regard to applied skills that needed by the industry as shown in the mean score. Employers said they need a highly organized candidate (4.32), those who can step out their comfort zone (4.24) as well as those who are willing to put in extra hours when the organization needed (4.17). Meanwhile graduate perceived that the main applied skills need by the employer from are problem-solving skills (4.22), Multitasking and flexible (4.20) as well as the ability to manage the cultural diversity (4.17). The detail is shown in table 4.

EMPLOYER AND GRADUATES GAP IN PERCEPTION OF APPLIED SKILLS (URGENT)

Even though the data in table 6 shows that mainly employer and graduate have huge difference regard to applied skills is needed by industry but in term of the gap, the figure 3 shows that their opinion is not much difference. To identify the gap, the mean score of the employer is deducting with a mean score of the students. The result in figure 3 shows that the highest gap is in the statement of skill in step outside their comfort zone (0.25), put in extra hours when needed (0.24) and innovative (0.17). Meanwhile, the fewer gaps are Self-directed and able to complete projects with limited supervision (0.01) and Multitasking and flexible (0.09). The detail is in figure 3.

Figure 3: Employer and graduates gap in perception of Applied Skills (Urgent)



TOP 10 INTERPERSONAL SKILLS ACCORDING TO EMPLOYER AND GRADUATE STUDENTS

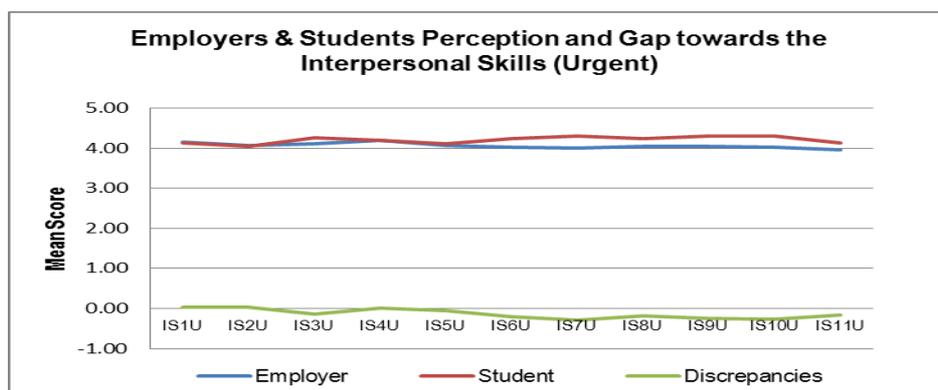
Table 5: Top 10 Interpersonal Skills (Urgent) for Employers VS Students

Industry			Students		
Skills	Means	SD	Skills	Mean s	SD
Ability to be honest and show integrity	4.20	.703	Able to adapt to different environment	4.31	.768
Ability to work in a team	4.16	.734	Able to lead a group	4.30	.741
Easy to work with	4.12	.660	Able to interact well with people from different cultures.	4.29	.715
Confident and matured	4.08	.692	Easy to work with	4.25	.817

Able to motivate and lead others to success.	4.07	.700	Able to differentiate between work and personal life	4.24	.739
Able to adapt to different environment	4.05	.717	Learn from positive criticisms.	4.23	.713
Learn from positive criticisms.	4.04	.764	Ability to be honest and show integrity	4.19	.807
Able to differentiate between work and personal life	4.03	.728	Ability to work in a team	4.13	.910
Able to interact well with people from different cultures.	4.01	.741	Able to motivate and lead others to success.	4.12	.886
Able to lead a group	4.01	.743	Confident and matured	4.06	.875

Table 5 shows that employer said the main interpersonal skill they needed are the ability to be honest and show integrity (4.20), ability to work in a team (4.16) and those who are easy to work with (4.12). Meanwhile, graduates perceived. Differently, they claim that the ability to adapt to the different environment (4.31) is urgently needed by industry. It follows the ability to lead a group (4.30) finally the ability to interact well with people from different cultures. The details are in table 5.

Figure 4: Employer and graduates gap in perception of Interpersonal Skills (Urgent)



The result the gap between employers and graduates perception on the urgently interpersonal needed by industry as shown in figure 4 shows that the main gap in the area of the ability to lead a group (0.29); to interact well with people from different cultures (0.28), finally the ability to adapt in different environment (0.26). The result also found out that the least gap is the ability to be honest and show integrity (0.01), confidence and matured (0.02) as well as ability

to work in a team (0.03).

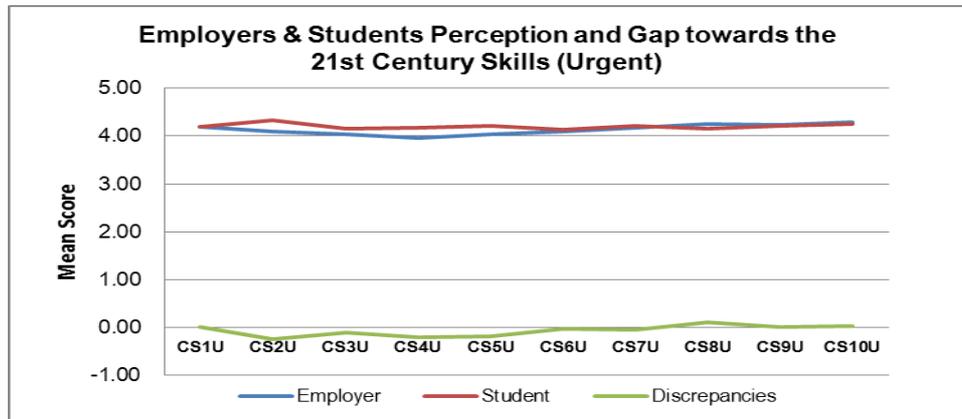
TOP 10 21ST CENTURY SKILLS ACCORDING TO EMPLOYER AND GRADUATE STUDENTS

Table 6: Top 10 21st Century Skills (Urgent) for Employers VS Students

Industry			Students		
Skills	Means	SD	Skills	Means	SD
Research skills and practices.	4.29	.701	Working under challenging deadline or an urgent job.	4.32	.767
Able to contribute to the organization's success.	4.26	.738	Research skills and practices.	4.25	.706
Able to look beyond job duties to provide workplace solutions.	4.23	.771	Professional expertise to solve the problem.	4.22	.685
Managing multiple assignments and tasks.	4.19	.696	Understand today's global economy.	4.22	.794
Professional expertise to solve the problem.	4.18	.657	Able to look beyond job duties to provide workplace solutions.	4.21	.753
Handling pressures.	4.09	.664	Managing multiple assignments and tasks.	4.18	.808
Working under challenging deadline or an urgent job.	4.09	.643	Highly motivated.	4.16	.824
Understand today's global economy.	4.04	.630	Able to contribute to the organization's success.	4.16	.741
Adapting successfully to changing situations.	4.04	.630	Adapting successfully to changing situations.	4.14	.737
Highly motivated.	3.96	.696	Handling pressures.	4.13	.686

In term of 21st-century skills, the employer is urgently looking for a candidate who are having research skills and practices (4.26) beside the ability to look beyond job duties to provide workplace solutions (4.23) as well as able to manage multiple assignments and task. It differs with graduate perception, they perceived working under challenging deadline or an urgent job (4.23) is the most. Next, are research skills and practices (4.25) and finally the professional expertise to solve the problem (4.22).

Figure 5: Employer and graduates gap in perception of 21st Century Skills (Urgent)



In term of the gap, the result also shows mostly not much gap except on item working under challenging deadline or an urgent job (0.23) as well as on understanding today's global economy (0.18). Manly in the area of managing multiple assignments and tasks (0.01) and the ability to look beyond job duties to provide workplace solutions (0.02) are the least gap.

Table 7: Difference in skills (University wise)-Graduates students

	n	Skills (Urgent)		One Way ANOVA	
		Mean	Std. Deviation	F-test	the
Panel A: Applied Skill (Urgent)					
SELANGOR	316	4.08	0.573		
KEDAH	307	4.03	0.524	1.277	.279
SABAH	77	4.14	0.632		
Panel B: Interpersonal Skill (Urgent)					
SELANGOR	316	4.1180	0.663		
KEDAH	307	4.1851	0.539	22.543	.000***
SABAH	77	4.6411	0.705		
Panel B: 21st Century Skill (Urgent)					
SELANGOR	316	4.2532	0.564		
KEDAH	307	4.1511	0.597	2.534	.080*
SABAH	77	4.1727	0.539		

Note: Results significantly different at the *** 1 percent level and ** 5 percent level, respectively, using two-tailed tests.

Table 8 shows there is no significant difference between the perception of a graduate from different university on applied skills, alpha level .279>0.05. It means all respondent from three universities has a similar perception of applied skills.

Regard of interpersonal skill, there is a significant difference, alpha level $.000 < 0.05$. It shows the graduate from Sabah has the highest mean score (4.6411) followed by a graduate from Sabah (4.1511) and finally graduate from Selangor (4.1180).

Finally, the result revealed that there is significant difference regard to urgency on 21st-century skills among different university. Where the Selangor graduate said, it is very urgent (4.2532), followed by Sabah graduate (4.1727) and Kedah graduate (4.1511). It can conclude that graduate has a more less similar perception of applied skills. Meanwhile, interim of interpersonal skill graduate from Sabah said more urgent but 21st-century skills, Selangor graduate perceived more urgently needed by industry.

5. CONCLUSION

It is worrying that the result shows that employer and graduate have a different perception on the urgency of the employability skills needed by industry for graduate employs. It is shown that the communication between industry and university is very poor and the result produced a student that possibility does not match with organizations wants and needs. Consequently, contribute to increasing the number of unemployment among the new graduates. Therefore it is necessary for employer and industries to sit in roundtable discuss and collaborate to find the right formula to overcome this problem as well as to make sure regular supply of talent in the global market. Ministry of education through Malaysian Quality Assurance (MQA) has to come out the new guideline and facilitate the collaboration between industry and higher learning institutions.

As for higher learning institution must update the curriculum frequently and invite the industry to advise on knowledge, skills, abilities and others characteristics that industry needs from the graduates. Furthermore, there should be proper and specific training given to students that enable them to attain jobs in the global talent market. Industry and university must equip students with work experience through planning internship. Finally, future research needed to identify different type industry needs toward new graduates.

REFERENCES

1. Alan G. Downe, Siew-Phaik Loke, Jessica Sze-Yin Ho and Ayankunle Adegbite Taiwo (2012) Corporate Talent Needs and Availability in Malaysian Service Industry, International Journal of Business and Management, Vol. 7, No. 2; January 2012
2. Business News (2015), How Malaysians abroad are bridging a skills gap, the star.com.my/Business/Business-News/ Friday, 24 April 2015
3. Career Builder (2017), The Skills Gap costs Companies Nearly \$1 Million Annually, According to New CareerBuilder Survey, <http://press.careerbuilder.com/2017-04-13>
4. Cole D and Tibby M, 2013, Defining and developing your approach to employability A framework for higher education institutions, <https://www.heacademy.ac.uk/>.
5. Deloitte and The Manufacturing Institute (2014) Unwavering Commitment: The Public's View of the Manufacturing Industry Today.
6. Erni (2012), Enhancing the Effectiveness of Industrial Training and the Relationship with employment Opportunity, Colloquium of Unisel. Research Publications, 2-3 October 2012, pp. 29
7. Erni Tanius (2015), Business' Students Industrial Training: Performance and Employment Opportunity
8. Erni Tanius and Suhana (2015), A Study on Factors Contribute to Work Readiness of new Entrances in the Workforce
9. Erni Tanius, Reeny Karlina Abdul Rauf, Mohamad Hafiz Rosli, and Sharifah Hilmi Syed Abdullah (2017), Competency of Business Students Undergone Industrial Training: Industry Perspectives, Sci.Int. (Lahore),29(5),1163-1168,2017
10. Giff G. et. el. (2015), the skills gap in U.S. Manufacturing 2015 and beyond, Manufacturing Institute.
11. Grant Thornton (2013), <http://www.grantthornton.com.my>
12. Harris Interactive (2013) Bridge That Gap: Analyzing the Student Skill Index, www.chegg.com/pulse.
13. ICEF Monitor (2017) Intense job competition spurring demand for graduate degrees in Malaysia <http://monitor.icef.com>
14. Kelebogile Paadi. (2014). Perceptions Of Employability Skills Necessary To Enhance Human Resource Management Graduates Prospects of Securing A Relevant Place In The Labour Market. European Scientific Journal, 132-143.
15. Hazril Azmin Saari & Abdullah Mat Rashid. (2013). Competency Level of Employability Skills among the Apprentices of the National Dual Training System: A Comparative Analysis of

- Industry Perception. International Journal of Education and Research, 2-12.
16. Manpower Group (2017), 40% of Global Employers Report Talent Shortages, <http://www.manpowergroup.com/talent-shortage>
 17. Ministry of Education (2015), MOHE Graduate Tracer Study, [www.hhttp// mohe.gov.my](http://mohe.gov.my)
 18. M. Shanmugam (2017) Unemployment among graduates needs to be sorted out fast, <https://www.thestar.com.my/business/business-news/2017/03/25/>.
 19. MOE (2017) Sistem Laporan Kajian Pengesanan Graduan, <http://graduan.mohe.gov.my>
 20. Mohamad Idham Md Razak, Asliza Mohd Yusof, Wan Nor Syazana, Wan Effa Jaafar & Adi Hakim Talib. (2014). Factors Influencing Unemployment among Graduates in Malaysia. Journal of Economics and Sustainable Development, 172-173.
 21. Mohamad Shukri Abdul Hamid, Rafikul Islam and Noor Hazilah Abd Manaf (2014) Employability Skills Development Approaches: An application of the Analytic Network Process, Asian Academy of Management Journal, Vol. 19, No. 1, 93–111, 2014.
 22. Ooi May Sim (2016), Making jobless grads employable, The Star Online, <https://www.thestar.com.my/news/education/2016>
 23. Susie Quern Pratt & Jenny Ellis Richards (2014) Soft Skill Development in Youth Employment: A Scan of the Landscape, <http://www.dupontfund.org/wp-content/uploads/2014/07/Soft-Skill-Development2.pdf>
 24. The Manufacturing Institute (2015), The skills gap in U.S. manufacturing 2015 and beyond, <http://www.themanufacturinginstitute.org>
 25. Wormer K, Finkelstein S, and Shuang Han (2014) Skills Gaps: The Ills-Prepared Workforce, www.umsl.edu/business/skills-set.pdf
 26. Yorke, M. and Knight, P. (2004) Self-theories: Some Implications for Teaching and Learning in Higher Education. Studies in Higher Education, 29 (1), 25-37.

This paper is part of the research grant from Ministry of Education Malaysia under FRGS (2015)