

## **The Issue of Graduate Unemployment in Malaysia: Post Covid-19**

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### **Abstract**

This paper aims to examine the graduates' plans if they remain unemployed for more than one year after graduation. This matter is essential as a higher unemployment rate is expected due to the COVID-19 pandemic. By conducting semi-structured interviews on ten graduates in one of the public universities in Melaka, Malaysia, it was found that the majority of the graduates plan to apply for works even if the works are meant for a lower level educational background. Besides, only a few of them plan to join the gig economy by learning new skills and upgrading themselves. This trend shows that fresh graduates in Malaysia are still having a high dependency on jobs offered by the public or private sector. Their proactiveness to self-learn and enhance their skills after graduation is still lacking. It gives a signal to the tertiary education providers to re-design their curriculum by instilling specific traits and personalities that can change the graduates' mindset to be more proactive. Besides, the curriculum should include more hands-on courses related to the gig economy to ensure better graduate employability in the future.

**Keywords:** COVID-19, Freelancer, Gig Economy, Graduate Unemployment, Underemployment.

### **Introduction**

The issue of graduate unemployment is skyrocketing in many countries. It signals fundamental flaws in the economic transitions, even before the COVID-19 pandemic took place. For instance, the OECD reported that 25 percent of the graduates in England and North Ireland were employed at a lower level of education (MacDonald & Giazitzoglu, 2019). Similar cases happen in Malaysia, in which more than 50 percent of the graduates from public universities earn income less than what is expected for bachelor's degree students (Seng, 2018). It implies that these graduates were employed at a lower level. It is a waste for a nation since the talents are not being fully utilized up to the maximum capacity.

This issue is further enlightened when the COVID-19 pandemic hit the world in the early quarter of 2020. Due to the movement control order, some firms have difficulties in paying

their workers' salaries. It results in a retrenchment of workers to minimize operational costs. There are also cases of freezing new hiring. Hence, this pandemic worsened the economic situation. The rates of graduate underemployment and graduate unemployment are rising (D'Silva, 2020). As mentioned in the Graduate Tracer Study report, nearly 60 percent of the graduates in Malaysia remain unemployed even after one year of the graduation period. The percentage is expected to increase in the near future due to the pandemic.

Nevertheless, there is a huge opportunity that lies in every crisis. Due to the COVID-19 pandemic, the interest in the gig economy is booming. Thousands of jobs are available in the gig platforms, which connect freelancers and employers worldwide. Thus, various initiatives have been provided by the government to support the growth of the gig economy. For example, RM2 billion have been allocated for upskilling and training (Babulal, 2020). If the graduates did not take the opportunities to improve their skills and knowledge, it is such a meaningless initiative. Apart from the training supported by the Malaysian government, there are other online platforms for graduates to learn and upgrade themselves, such as Coursera, EdX, Udacity and Saylor Academy. Those platforms are easily accessible by anyone who wants to enhance their skills and knowledge at a free or minimal cost.

Given all those alternatives, it is expected that graduate unemployment will start to reduce if graduates take the opportunities to learn and enhance themselves. It is with the hope that they can create their own jobs, and not relying on the jobs offered by the public and private sector. They can either be entrepreneurs or freelancers. However, if the graduates did not take this opportunity, it is such a waste. The graduate unemployment rate will further increase. Therefore, the aim of this study is to examine the graduates' plans if they remain unemployed for more than one year after graduation.

The remaining portion of this article is arranged as follows. The related literature is discussed in the following section, followed by the methodology. It is followed by the main findings and discussion. Finally, the key conclusion and recommendations are highlighted in the last section.

### **Literature Review**

Unemployment is defined as a situation in which people are willing and able to work, but unable to secure any job. Due to the COVID-19 pandemic, the unemployment rate in Malaysia is rising, with the expectation that 2 million people will lose their jobs if no further action is taken (Menon, 2020). In the next two decades, the situation is expected to worsen, by more than 54 percent of all jobs in Malaysia could be at high risk of being replaced by technology (MOHR, 2019). Hence, graduates should look at this issue as an opportunity for them to uplift their skills and knowledge, in line with future industrial needs. As the future is more towards the gig economy, more focus should be given to the professional works residing in that area. Among the jobs that will be highly demanding in 2022 are data analysts, software developers and application developers (MOHR, 2019). These jobs are also widely available to freelancers in the gig platforms, such as Freelancer.com and LinkedIn. It is up to the graduates, whether to apply for the jobs or not. For sure, they need to equip themselves with relevant skills prior to enquiring about the jobs. It is because the gig works posted in the online platform are being eyed by millions of freelancers worldwide who have specific skills needed.

Theoretically, individuals are employed due to three reasons, namely (1) individual factors, (2) labor market factors, and (3) organizational factors (Bui & Porter, 2010; Yusof & Jamaluddin, 2015). Firstly, individual factors depend on their educational background, skills, experiences, attitude and aptitude. Individuals that receive higher education, have higher

skills and experiences, and have a good attitude are likely to easily get employed. However, having those characteristics will not guarantee placement in the job market. It further depends on the labor market factors, that rely on the demand and supply, job location as well as competition. For instance, even if an individual is fit for a particular job due to his skills, educational background, experience and attitude, he might not get employed if the job is located far away from his locality. Finally, organizational factors also play an essential role in acquiring certain jobs. It refers to the categories of jobs, technologies as well as organizational practices.

In relation to the COVID-19 pandemic, the labor market is not performing well. Even though there is a huge supply of labor, the demand for labor is interrupted. Besides, the world is changing towards the use of technologies to replace repeated tasks. Hence, the organizational factors are also interrupted. Therefore, in order to get employed, it lies on the shoulder of the job seekers themselves, whether to remain unemployed or to upgrade their skills. It goes to their personality, whether to be proactive or not in a challenging environment. Proactive graduates would find it easy to get freelancing jobs if they are willing to venture into new things and upgrade their skills (Su & Zhang, 2020). By becoming proactive, they force themselves to be more innovative in thinking of new business ideas that can open up more job opportunities to many. In opposite, graduates that have a static mindset might keep asking for jobs from the public or private sector.

Changing the graduates' mindset is not an easy task to do. Asking them to be more proactive is a challenging job. Instead of relying on traditional classrooms and textbooks, work-integrated learning is proven to be one of the best ways to do so (Rowe & Zegwaard, 2017). It is based on the concept of learning by doing, in which curriculum at the tertiary level is embedded with a range of experiential and practice-based learning models. It includes activities such as volunteering works, internships, field works, simulations and cooperative education (Helyer & Lee, 2014). These methods require students to apply almost all of the skills required by the industries, be it the interpersonal skills, critical thinking skills, communication skills, or even the leadership skills. Besides, learning based on simulation and cooperative education allows the universities to invite industrial players to share best practices, which ultimately enhances the students' knowledge and experiences.

### **Methodology**

In obtaining in-depth information on the subject matter, a qualitative research design was employed by conducting semi-structured interviews with ten interviewees. These interviewees were fresh graduates from one of the public universities in Melaka, Malaysia. Table 1 illustrates the profiles of all interviewees.

Table 1: Interviewees' Profiles in the Semi-Structured Interviews

No	Gender	Age	Working Experience as a Freelancer	Field of Study	Duration (minutes)
1	Male	24	No	Marketing	45
2	Female	24	No	Human Resource	40
3	Male	23	Yes	Finance	50
4	Female	25	Yes	Finance	38
5	Female	23	Yes	Human Resource	40
6	Female	23	No	Human Resource	43
7	Female	23	No	Finance	50
8	Male	24	No	Finance	30
9	Male	23	No	International Business	35
10	Female	24	No	Marketing	45

The interviewees were selected based on two criteria, namely educational status and field of study. They were all fresh graduates that received a bachelor's degree in the fields of business and management. Their participation in the interview sessions was all on a voluntary basis. Prior to the real meeting, the interviews were pre-arranged with all interviewees and the purposes of the interviews were communicated to all interviewees. The questions asked to the interviewees were guided by using an interview guide. All interviews were conducted in a friendly setting to ensure smooth ideas were communicated to the researchers. On average, each interview session last for 30 minutes to 50 minutes. The researchers documented and transcribed all answers for further analyses.

### Findings and Discussion

COVID-19 might change the ways people work. Traditional works may no longer relevant to fresh graduates. In case if the trend of graduate unemployment keeps increasing in the near future, it is vital for fresh graduates to think of new plans on how they can generate income without relying on jobs offered by both the public and private sectors. Thus, the researchers have asked the respondents about their plans if they are unemployed for more than one year. The answers were very surprising.

Despite major development in the gig economy, only one interviewee had an intention to be a freelancer if that situation happens. This is because of his previous experiences that conduct freelancing jobs to support his study. Even though the freelancing job that he undertakes previously was a less-skilled job, it is still valuable for his living. This is consistent with the statement by one of the interviewees:

*"I have experience working as a virtual assistant. In case if I did not get any jobs in the future, I might want to be a virtual assistant ... My jobs are more on data entry, that offers me a lower income"*

The other interviewees did not choose to be a freelancer if they are unemployed for more than one year after graduation. Instead, 60 percent of the interviewees would try to apply for jobs that require a lower educational background. The issue is no longer on the job status, whether the jobs are for secondary school leavers, Diploma holders or Degree holders. Instead, it is more about the income that a person will receive to support his daily life. This is in line with a couple of the interviewees' responses:

*"I would accept any jobs even if it is a lower level job"*

*"I don't mind if I did not get any of my dream jobs. I will try my best to get any jobs as long as I can earn income .."*

The remaining 30 percent of the interviewees would prefer to start an online business and sharpen their skill sets by participating in various training programs. This is in accordance with their statements as follows:

*"I will try to build my personal brand and join online classes to upgrade my skills."*

*"I will start a small business by becoming an agent of cosmetics or food products."*

Such decisions are good for their future career development. By becoming entrepreneurs, they can create their own jobs and help other people to survive in a challenging environment. Similarly, learning new skills are also essential as they can offer various services that are available in the online and offline platforms. Consequently, this decision is parallel with Malaysia's government initiatives to promote the development of the gig economy.

In ensuring the success of the gig economy, fresh graduates should be proactive in equipping themselves with various skills that are highly demanded. Besides, they should conduct a market survey prior to enrolling in any courses at the university. It is to ensure that the knowledge that they gain will remain relevant for many years to come. Nevertheless, 70 percent of the interviewees who were fresh graduates mentioned that they never join any online classes to improve their skills, even though the classes are conducted at no cost. The reasons are mainly because of their perceptions that the lessons thought in the university are enough. If majority of the graduates have this kind of perception, the graduate unemployment problem is expected to increase tremendously.

Moreover, some of the interviewees prefer to join online classes as they can easily ask questions and interact with the speakers in a better way. One of the interviewees said:

*"I prefer a physical class that helps me to interact better."*

Indirectly, it is an indication that some of the fresh graduates are still not ready with the new norm, partly due to their constraints in online learning. The remaining 30 percent of the interviewees have joined various online classes such as data analytics, digital marketing and communication skills. One of them was very proactive since he joined world-class courses from Harvard University during his free time. This is consistent with their statements as follows:

*"I have joined multiple series of online courses offered by Harvard University such as communication skills. It helps me to improve myself during the movement control order."*

*"Yes, I have joined google analytics, digital marketing ..."*

Even though online learning requires self-discipline, it is still a good step for fresh graduates to enhance their knowledge and skills. For instance, learning digital marketing broadens their minds in various ways to promote products, attract customers and make more sales. Even if the graduates did not receive any job offer from the public or private sector, they can still earn incomes through online sales and marketing.

To sum up, the above findings indicate three major plans of the graduates if they remain unemployed for more than one year after graduation. It is a saddening truth to find out that the freelancing job is the most unpreferred plan among the interviewees. Despite the new norm, only one out of all interviewees was interested to work on his own by becoming a freelancer. Even though the government have invested huge amount of funds on the development of the gig economy, the freelancing jobs are still not the first choice of the graduates. It is such a waste if the graduates have the appropriate skills needed by the gig

employers. There are huge job opportunities available in the gig platforms if they know how to apply their skills.

Apart from the freelancing job, most of the interviewees were also planning to apply for lower level jobs. This scenario might eventually lead to the problems of underemployment and unemployment in Malaysia. If there are many graduates have the plan to apply for jobs at a lower level, firms might prefer to hire these graduates and pay lower costs as they are placed in the positions that are lower than their academic qualifications. As a result, people with lower academic qualifications might be striving for jobs as they have to compete with graduates that have higher academic qualifications. This, in turns, lead to the rise in the unemployment rate.

Nevertheless, it is such a relief to figure out that more than one fourth of the interviewees plan to become entrepreneurs if they remain unemployed for more than one year. Becoming entrepreneur is a good plan as this career creates more jobs and contribute to the expansion of the economic growth. Consequently, the reliance on the public sector to provide employment opportunities will diminish over time. The public sector can concentrate in building the nations, maximizing the welfare of the citizens and fighting for the COVID-19 pandemic.

### **Conclusion and Recommendation**

Graduate underemployment cases were rising prior to the pre-COVID pandemic. However, the situation is worsened as the pandemic creates health crisis worldwide. More graduates are expected to be unemployed for long period of time. Although the impacts that COVID-19 brought to the economy are negative, there is still an opportunity for graduates to earn incomes by enrolling themselves in the gig economy. Nevertheless, it requires them to instill specific skills needed by the gig players that are highly demanded. However, based on the semi-structured interviews, it was found that some of the graduates are not proactive in upgrading their skills and knowledge. Even when there are various free online platforms available for knowledge seeking and skills upgrading, the tendency for the graduates to enroll in such programs are very low. Besides, the findings show that some graduates have less preference to be a freelancer even if they are unemployed for more than one year. Instead, they prefer to keep asking and waiting for jobs offered by public or private organizations. Despite the government's efforts to support the gig economy, this trend is not good. Thus, it is recommended that the tertiary institutions re-design their curriculums by instilling specific traits and personalities that can change the graduates' mindsets to be more proactive. In addition, the new curriculum should also encompass hands-on courses related to the gig works. It is with the hope that future graduates can secure jobs or create their own jobs even when they were unemployed for more than one year.

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