

Chapter 8

Graduate Work-Readiness in Malaysia: Challenges, Skills and Opportunities



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Abstract This chapter provides an overview of graduate work-readiness (GWR) challenges in Malaysia in the light of various stakeholders' perspectives. On the one hand, it is evident that the growing manufacturing, agricultural and domestic services sector in the country that are characterised by low pay, low skill and low productivity work with tough working conditions and limited career development opportunities do not appeal to locals, especially graduates, and are mostly filled by migrant workers. On the other, the low level of work-readiness among Malaysian graduates, despite continued government initiatives to facilitate human resource development, remains one of the major challenges. It is in this context, issues associated with transition from graduation to work as well as innovative GWR initiatives currently being undertaken are discussed.

Keywords Work readiness · Malaysian · Challenges · Skills · Opportunities

8.1 Introduction

The Malaysian economy has grown steadily after independence from the United Kingdom in 1957 and remains resilient to external and internal market pressures. Twenty-seven years on, since Malaysia's then Prime Minister, Mahathir Mohamed, declared in 1991, that the country should aim to be 'fully-developed' and 'industrialized' by 2020—and two years to go away from the target date—Malaysia's

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economy has undergone profound transformation, incomes have risen, and extreme poverty has been virtually eliminated (Lim 2017). According to the World Bank, a high-income economy is defined as a country with gross national income per capita of at least US\$12,236. In 2016, the Malaysian gross national income per capita figure was estimated to be at US\$9850. The economic growth accelerated in thorough 2017, with year-on-year growth projected at 5.8%—the country’s highest annual growth rate since 2014—and expected to remain strong, projected at 5.2% for 2018 (World Bank 2018). This growth is result of improved labour market conditions, wage growth, as well as improved external demand for Malaysia’s manufactured products and commodity exports (World Bank 2016). The World Bank’s projected growth rate for Malaysia is slightly pitched higher than Bank Negara Malaysia’s official forecast for growth of between 5.2 and 5.7%, which is expected to be primarily driven by domestic demand with the prospect of stable inflation and low unemployment. It is pertinent that, for attaining the status of a high-income economy, Malaysia needs to boost its labour force output and carefully calibrate the development of citizens’ skills as per the demands of the labour market (ICEF Monitor 2017). It is in this context; this chapter explores the issue of graduate work-readiness from a Malaysian perspective.

The chapter is structured into three parts, beginning with an overview of the labour market in Malaysia. This is followed by GWR challenges, stakeholder perspectives, and innovative GWR initiatives. Next, main issues associated with transition from graduation to work as well as innovative initiatives currently being undertaken are discussed, before ending with concluding remarks.

8.1.1 Malaysian Labour Market

Skill shortages and mismatches in the Malaysian workforce are still major challenges in boosting productivity, which will be crucial in promoting sustainable economic growth and high-income status in year 2020. However, although Malaysia managed to sustain its labour productivity growth in 2016, more rigorous efforts are needed to propel productivity growth towards the 3.7% annual growth target under the 11MP (Malaysian Productivity Corporation 2017). Interestingly, Economic Report (2018), points out that the major challenges in boosting productivity are skills shortage and mismatches in the workforce. Moreover, the report also observed that employers face difficulty in finding talent, primarily because of a lack of required soft and interpersonal skills as observed in the extant literature (Mohd Salleh et al. 2018; Prikshat et al. 2018). To meet the target of improving national productivity growth, the competency gaps that are critical for highly skilled jobs requiring knowledge in specialised engineering and technical fields, problem-solving, people-to-people skills and English proficiency need to be seriously addressed (Malaysian Productivity Corporation 2017). Although the labour market appears to be strong, the local economy has focused on mid-level skilled jobs as domestic industries stay in low-value added activities that emphasise cost

efficiency and dependence on cheap labour, rather than pursuing innovation and capital-intensive production as a source of growth (Lim 2016). This has resulted in limited high-skilled job opportunities and an inadequate supply of industry-ready graduates. Despite the high economic growth rate of 5% plus 2017, the unemployment rate of youth has remained high (10.5%)—around three times the national unemployment rate in 2016 (MIDF 2017a, b). The subsequent mismatch between the employers’ requirements and graduate attributes could have possibly contributed to the high youth unemployment rate (which is to be distinguished from the overall unemployment rate mentioned above) and hence, moderate performance of the national economy (Mohd Salleh et al. 2018). In fact, Malaysia had the third highest youth unemployment rate in the Asia-Pacific region after Indonesia and South Korea (Malaysian Industrial Development Finance 2017a) (See Fig. 8.1). The governmental policy of extending the civil servants’ retirement age to 56 from 60 in 2013, resulted in—unemployment of 160,200 (3.2%) people aged between 25 and 34 years in 2016 due to the ageing labour force and the fewer job entry positions in the public sector as retirement age was extended.

The manufacturing, agricultural and domestic services sector in Malaysia are characterised by low pay, low skill and low productivity jobs with difficult working conditions and limited career development. These jobs do not appeal to locals, especially graduates, and are filled by migrant workers. The major sectors which provide job opportunities (see Table 8.1), reflect the dominance for elementary workers in manufacturing, agriculture, forestry, and fisheries. With the ongoing growth in low skill and low productivity jobs, the high-skilled job such as technicians and supervisors in the manufacturing sector are being taken up by foreign

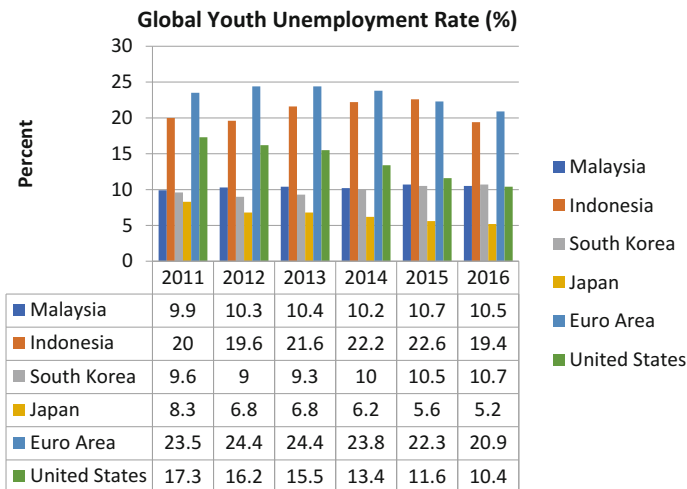


Fig. 8.1 Global youth unemployment rate 2011–2016. *Source* Malaysian Industrial Development Finance (2017a) <http://www.midf.com.my/images/pdf/research-Report/MIDF-Economics/Econs-Msia-2016-Youth-Unemployment-Rate-Remain-High-MIDF-090517.pdf>

Table 8.1 Number of job vacancies by job type ('000)

	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sept-17
Total	101.6	116.2	97.6	143.9	155.6	145.2
Legislators, senior officials and managers	0.5	0.4	0.3	2	0.7	1
Professionals	3.5	3.2	2.6	4.9	4.2	2.8
Technicians and associate professionals	1.3	1.2	1	2.2	1.1	1.1
Clerical workers	1	1.3	0.8	1.2	1.2	0.8
Service, shop and market sales workers	5.2	4.5	3.1	6.1	6.6	4.5
Skilled agricultural and fisheries workers	2.1	0.8	0.8	0.7	2	0.5
Craft and related trades workers	2.5	2.3	2.1	3.2	4	3.5
Plant and machinery operators and assemblers	11.7	12.7	6.6	17.5	16.5	14.2
Elementary occupations	73.8	89.8	80.5	105.9	119.2	116.9

Source Adapted from Malaysian Industrial Development Finance (2017b)

workers (Bachtiar et al. 2015) due to non-availability of skilled workers within Malaysia. In September 2017, the manufacturing and service sectors had 93,600 vacancies, however the majority were so called 'dirty, dangerous, and difficult', low skill and low productivity jobs. Such occupations are unattractive to the local graduates owing to parental disapproval and graduates' unwillingness (Mohd Salleh et al. 2018).

8.1.2 GWR and Sectoral Challenges

The World Bank (2014) argued that in order to improve the work-readiness of Malaysian youth, it was necessary to explore the matrix of skill mismatches and to survey the gaps between industry expectations and the outcomes of tertiary education institutions. Although the services and manufacturing sectors are expected to have the highest rates of productivity growth (Department of Statistics Malaysia 2017a, b, c), a 2016 study by Bank Negara (2014) found that job opportunities have remained concentrated in the low- and mid-skilled jobs (ICEF Monitor 2017). More importantly, the job opportunities and the economy are highly segmented. For example, the manufacturing, agricultural and domestic services sector are characterised by low pay, low skill and low productivity jobs with difficult working conditions and limited career development. These jobs do not appeal to locals, especially graduates, and are mostly filled by migrant workers. The major sectors that provide job opportunities reflect the dominance for elementary workers in manufacturing, agriculture, forestry and fisheries. With the ongoing growth in low

skill and low productivity jobs, at the other end of the spectrum skilled jobs such as technicians and supervisors in the manufacturing sector are being taken up by foreign workers (Bachtiar et al. 2015). In September 2017, the manufacturing and service sectors had 93,600 vacancies, however the majority were ‘dirty, dangerous, and difficult’ low skill and low productivity jobs. Such occupations are unattractive to the local graduates owing to parental disapproval and graduates’ unwillingness (Mohd Salleh et al. 2018). As a consequence, there were 1.78 million unskilled foreign workers in these 3D jobs nationwide in 2017 (Carvalho and Rahim 2017).

The growing demand in elementary occupations partly explains why people without tertiary education are more likely to secure jobs as compared to those with tertiary education. Only 5.4% of the total number of vacancies in Malaysia are for highly skilled occupations, examples of which include legislators, senior officials and managers, professionals and associate professionals, as well as skilled agricultural and fisheries workers. However, these competitive jobs are frequently taken up by expatriates. For instance, the chief operating officers (CEOs) of the Malaysian Airline System (MAS) and Maxis are Irish and Norwegian respectively. The presence of 151,687 expatriates in high-skilled jobs in Malaysia in 2015 demonstrates that there is a need for highly skilled professionals, but that local graduates are unable to fill the gaps as they lack the relevant attributes to fill vacancies (Chin 2016). In addition to the different sectoral skill demands and the allocation of high skill jobs to migrant workers, Malaysian graduates are regarded as lacking in employability attributes. Malaysian graduates are reportedly lacking in certain personal characteristics (attitudes, strong will, communication skills, critical thinking skills, and problem-solving abilities), technological know-how (technical skills), and other attributes (particularly, the multi-tasking capacity). In order to meet the target of improving national productivity growth, the competency gaps that are critical for highly skilled jobs requiring knowledge in specialised engineering and technical fields, problem-solving, people-to-people skills and English proficiency need to be seriously addressed (Malaysian Productivity Corporation 2017).

8.2 GWR Stakeholder Perspectives

It is evident that low, moderate and highly skilled jobs are in high demand in Malaysia, but the former two are not favoured by the local graduates, while the latter is beyond the capabilities of graduates. GWR is still a major issue and there is a need for enhanced cooperation and effective communication between all the stakeholders in coming out with innovative and productive solutions to overcome this problem. For example, one of the major initiatives is to encourage graduates to pursue self-employment by starting their own businesses. Support for this entrepreneurial strategy includes funding, physical infrastructure, trade advisory and support, and entrepreneurship education, to ensure that challenges in the national and global markets can be faced and abated with provided knowledge and support (Kamaruddin et al. 2017). However, it has also been reported that local graduates

and entrepreneurs are often unable, or possibly not confident enough, to embark on entrepreneurial activities that require high technical skills (SME Corporation Malaysia 2016). It is in this context, an examination of key stakeholder's, i.e., employers, educational institutions, government, and policy makers, perspectives to tackle this situation is pertinent.

8.2.1 Employers

Malaysian employers have contended that the current university curriculum does not inculcate the skills required by the students, and that the graduates' lack of communication skills, creativity, critical thinking, and problem-solving competencies is a significant obstacle (Mohd Salleh et al. 2018; Prikshat et al. 2018). Some observers have reported that employers required basic mathematics and communication skills for middle managerial positions, and that they were reluctant to offer the level of remuneration expected by young applicants. Consequently, employers prefer to hire foreigners to fill professional positions and source labour for unskilled or semi-skilled jobs from neighbouring countries such as Indonesia, Vietnam, Myanmar, and Bangladesh. The Hays Asia Salary Guide revealed that in 2017, 97% of the employers in Malaysia were still struggling to find the skilled individuals they needed ('Employers Face Skill and Talent Shortage Challenge' 2017). Less than 10% of companies have collaborated with universities to develop curriculum (Shanmugam 2017). In terms of career prospects and remuneration, employers generally offer unattractive salaries and benefits, especially during the early stages of an employee's career in the manufacturing sector. Due to budgetary constraints, organisations are reluctant to invest in training, and this makes it more difficult to prepare graduates effectively. Those organisations which do provide training face the prospect of losing their workers to other (usually larger) organisations. Moreover, fresh graduates often demand unrealistic remuneration (Bailey and Ingimundardottir 2015). Despite facing these challenges, it is to the credit of employers that many of them have made genuine attempt to organise various programs such as career expos and seminars to enable graduates to get access to job opportunities in the final year of their study (Alias et al. 2017; Ramakrishnan and Yasin 2012).

8.2.2 Educational Institutions

Educational institutions generally report that their collaboration with industry is still weak, leaving students without the opportunity to develop the skills which employers want (Mohd Salleh et al. 2018; Prikshat et al. 2018). The educational institutions struggle to find sufficient internship places, as most of the organisations tend to approach them only when they need workers. Thus, short-term needs are

given more precedence over the long-term development of human capital. In Sabah, especially, limitations in both the quality and quantity of internships for industrial training have been a major cause for the non-work-readiness of graduates. Moreover, socio-economic factors further accentuate this situation, as most of graduates prefer being unemployed rather than accepting a low salary job or leaving their comfort zones. In addition, the attitudes, knowledge application abilities, and communication skills of the graduates are still major challenges with which the educational stakeholders need to struggle.

In terms of career prospects, a recent *Graduate Tracer Study* (MOHE 2015) has reported that 88% of the 273,000 students who graduated from Malaysian tertiary institutions in 2015 had either undergraduate degrees or diplomas. Of these, 53% have been reported to start employment, 18% chose to pursue further studies, and 24% were still unemployed six months after graduation. Across all disciplines, bachelor's degree-holders registered the highest unemployment rate—namely, just under 28%. Not surprisingly, the results pertaining to graduates aged 21–30 years have revealed that 65% of respondents felt that it was difficult to enter the job market given the current employment trends, so that they are not left with any other option but to pursue further studies at master's levels.

Some practical approaches and strategies have been implemented by educational institutions. One approach followed by some educational stakeholders is the provision of a certain period of practical training in an industry to expose the graduates to the work culture and professional environment. This measure was a form of collaboration with the industry, designed to enhance the work-readiness of students and enhance their capacity to obtain jobs. Higher education institutions also organise programs such as career expos to enable graduates to have access to job opportunities before they finish studying. Some colleges and universities have also capitalised on their alumni base to organise motivational sessions and explore avenues for further job opportunities for graduates. Inculcating creative and innovative elements into the academic curricula to foster the creative and innovative skills sought by employers are some other initiatives which have been adopted by various education institutions.

8.2.3 Government

Malaysian government perspectives of these GWR challenges generally conform with those of both employer and educational institutions, and there is evidence that they are being taken quite seriously, notably in the context of the job impacts of the looming Fourth Industrial Revolution. Thus, various studies report that government representatives have raised concerns about the paucity of labour demand and supply data for planning purposes; educational institutions' failings with respect to outdated course syllabuses, the relative absence of lecturers' industry work experience or industry connections, a scarcity of opportunities for industry internships or work placements and appropriate career guidance options (Makki et al. 2016;

Ramakrishnan and Yasin 2012). In addition, government representatives appear to concur with both employers' and educators' views that students themselves have contributed to the problems due to their reluctance to acquire (casual or part-time) work experience, their unrealistic expectations of workplaces and salaries, and often their unwillingness to relocate from rural to urban areas to seek employment (Bailey and Ingimundardottir 2015; Makki et al. 2016; Ramakrishnan and Yasin 2012).

The impact of these challenges on the Malaysian labour market and overall economy is expressed succinctly by the chairman of the Malaysian Institute of Economic Research thus

As far as the structure of the economy is concerned, we are still not producing economic growth that will generate quality employment. The focus should be directed towards the development of skills instead of churning out graduates with degrees, as the economy is very much dependent on the highly-skilled intensive manufacturing sector which makes up about 30% of the gross domestic product (GDP). It is important to track quality investments which provide high quality and high-skilled job opportunities for our graduates. We should focus more on skills training because this is what the industries want.

The following section describes some of the practical programs adopted by the Malaysian government to address these challenges, but perhaps the most important is the Malaysian Education Blueprint for Higher Education (2015–2025) which provides a national learning framework including such outcomes as innovation skills, information and media competencies, and life and career skills. It is based on five 'aspirations' (access, quality, equity, unity and efficiency) and '4Cs'—namely, critical thinking, communication, collaboration and creativity (MOE 2015: 18).

8.3 Innovative GWR Programs

This section presents some of the innovative programs designed to address the GWR challenges in Malaysia. Given that work-readiness is a major problem for graduates, supporting self-employment may potentially create job opportunities for graduates (Rahim and Chik 2014). The Malaysian government is actively encouraging graduates to be self-employed, mainly by organising programmes that develop entrepreneurial skills (Bank Negara Malaysia 2014). Further the graduate employability data collected through Centralised Tracer Study enabled better coordination in reporting program outcomes of TVET institutions. A total of 582 National Occupational Skills Standard (NOSS) and 16 Occupational Analysis were developed for reference by TVET institutions during the Tenth Plan. The National Dual Training System (NDTS) which provides industry-oriented workplace training has benefited 63,000 employees since its introduction in 2004. 38,000 employees benefited during the Tenth Plan including 12,835 youth who had newly entered the labour market (11MP: 2016–2020). Accordingly, the government, industries, and institutes of higher education have collaborated to improve the employability of the local graduates under the 11th Malaysian Plan (11MP).

8.3.1 The Human Resource Development Fund

Another innovation has been the programs carried through the Human Resource Development Fund (HRDF) which since 2016 have benefitted some 32,850 workers. Loans totalling RM8.6 billion have been channelled to entrepreneurial agencies like *Amanah Ikhtiar Malaysia* and *Tekun Nasional* to help SME owners finance their businesses. Also, about 10,812 youths have participated in programmes such as *Program 3K*, *Belia Bestari* (Smart Youths), *Outreach Usahawan* (Entrepreneur Outreach), and *Smart Partnership Usahawan Belia* (Youth Entrepreneur Smart Partnerships; SME Corporation Malaysia 2016). More services and sub-sectors have been liberalised, to the extent that 100% foreign equity is allowed. As productivity led to growth, the HRDF has continued to undertake plans to increase the quality of the Malaysian human capital. To overcome the skill mismatch issue among the graduates, RM539.77 million has been allocated under the 11MP for the execution of various skill-enhancement, educational, and training programmes. Other efforts of the HRDF included the promotion of lifelong learning and provision of financial incentives to encourage education and training, facilitate retraining, upgrade the labour quality, as well as improve the Science and Technology (S&T) and Research and Development (R&D) areas. Also, the Electronic Labour Exchange (ELX) website acts as a link between labour offices and registered job-seekers, through which information about the labour market is disseminated to provide the former with suitable workers and the latter with the relevant occupations and skills.

Table 8.2 above shows the innovative measures that have been taken by government to overcome the employment issues faced by the stakeholders. Training and assistance have been provided by the government to new and unemployed graduates. In order to sufficiently equip their employees with the correct set of skills, industries have come up with initiatives like centralised training programs, talks, speaker's clubs, CEO Awards, continuous observation, providing facilities and head-hunting. Some of educational institutes of higher learning have provided their students with practical training in different companies to expose them to actual work culture and professional environment. These efforts implemented by HRDF,

Table 8.2 Number of job vacancies by sector ('000)

	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sept-17
Total	101.6	116.2	97.6	143.9	155.6	145.2
Agriculture, forestry and fishing	15.3	20.2	15	26.8	25.8	23.4
Mining and quarrying	0.1	0.2	1.3	0.2	0.1	0.2
Manufacturing	44.4	50.4	42.1	56.7	62.7	75.6
Construction	18.9	24	19	25.1	30.6	18
Services	22.9	21.4	19	25.1	30.6	18

Source Adapted from Malaysian Industrial Development Finance (2017b)

have achieved a certain degree of success considering the rise in number of graduates who are undertaking training in different industries. Career expo and job fair programmes have shown some positive outcomes as well, based on the number of unemployed graduates who have successfully been absorbed into jobs during these fairs. Overall, job fairs have successfully provided work to 6527 graduates and 11,250 non-graduates (Human Resources Development Fund 2017). Online assistance provided by job service programmes (JSP) has resulted in 10,053 participants being interviewed for 12,682 vacancies and 3013 candidates getting the final job offers. The main reason for the effectiveness of these programmes could be due to the fact that the organisers have directly approached the unemployed youths. Conversely, the GENERATE program appeared to be less effective as only 648 unemployed graduates have been trained. The several reasons for its ineffective could be (1) the courses which were offered under the program had high skill requirements as per the industries' demands, (2) the participating employers must be able to offer good-paying jobs to the trainees upon the latter's completion of the program. These have resulted in most employers and graduates being unable to comply with the requirements.

Since 2016, the HRDF has undertaken many different approaches under the 11MP mentioned above. These have mainly focused on the listing of both small and large organisations which require re-skilling and up-skilling of their workers. The programmes are summarised in Table 8.3. One of the key challenges facing Malaysia in up-skilling, re-skilling and providing job opportunities to graduates is to ensure that its economy is robust and sustainable. As mentioned earlier, Malaysia has prospered as its GDP growth averaged 6.2% in 2017, underpinned by mega infrastructure projects that are expected to stimulate public and private investment in 2018. Stronger economic development is the main source needed to fund youth unemployment plans. As such, the government has implemented a programme that focused on providing job opportunities and generating income simultaneously.

8.3.2 *The TUBE Programme*

An initiative taken by the government recently was launching a programme called Tunas Usahawan Belia Bumiputera (TUBE) programme, which aims to help young entrepreneurs to venture into entrepreneurship, and RM155 million has been allocated for the programme purposes and will benefit 90,000 students (Haziq 2017). The programme's main aim is to increase youth participation in entrepreneurship and is limited to those who are between 18 and 30 years old. The Small and Medium Enterprise Corporation (SMEC) is the trusted organisation in monitoring the programme. Freedom, flexibility and work–life balance are the key reasons why this entrepreneurial activity is being encouraged. The modus operandi of the TUBE programme is to provide a 3-week course that combines a boot camp concept and an intensive entrepreneurship course, and participants who succeed will be given a RM15,000 grant to start a business. Before joining the programme, graduates have

Table 8.3 Programmes for re-skilling and up-skilling workers

Purpose	Programme	Approach	Results
Up-skilling graduates	Graduate Enhancement Programme For Employability (GENERATE)	Equip graduates with high-end skills and competencies required by industries	648 unemployed graduates have been approved for training, with a budget of RM1.7 million
	Industrial Training Scheme (ITS)	Enables employers to obtain financial assistance at the rate of 100% if they sponsor students from universities, colleges, or training institutions for practical training at their premises. However, the assistance is subjected to a maximum of 20% of total levy balance at time of application. Employers must obtain prior approval from HRDF before commencement of training programme	For SBL, ITS, and OTJ schemes, the results of the programmes were as follows: Financial assistance approved: RM220.179 million. Levy collection: RM262.93 million
	Training Assistance Scheme (SBL)	Employers have the freedom to organise suitable training programmes and collaborate with other employers for this purpose	
	On-The-Job Training Scheme (OTJ)	Helps SME workers to acquire skills	Skilled staff will train new staff. Skills acquired through this scheme will become the baseline for the development of skills by staff in the future
Upgrading skills	National Dual Training System (NBOS-1MASTER) (introduced in 2009)	Strategy 1: Incorporate 1MASTER modules into existing Training, Education, Vocational, and Technical (TEVT) programmes Strategy 2: Online and onsite career counselling to boost the employability of participants Strategy 3: English language training to boost employability of participants	In 2014, the target participant count was 2000. The actual number of participants was 2355 (117.8%) More than 113 NBOS initiatives have been successfully implemented across a wide range of economic and social impact areas

(continued)

Table 8.3 (continued)

Purpose	Programme	Approach	Results
		Strategy 4: '1MASTER mobile advisors' to offer tailored practical advice to boost SME productivity	
	TalentCorp	Focuses on three main strategic areas for professionals, students or graduates, and employers or partners Focuses on three areas: optimise Malaysian talent, attract and facilitate global talent, and build networks of top talent	The Returning Expert Talent has been effective in attracting skilled people who were needed by Malaysia. In terms of monetary returns to the country, net fiscal benefits were about RM27,000 (US \$ 9000) per applicant who returned to Malaysia. The second programme—Structured Internship Programme—that offered tax credits to employers to recruit Malaysian university students as part-time interns has apparently been well-received
Providing job opportunities	Job services	Provide assistance to the public for employment, and to the employers to get workers	Nine programmes have been held in 2016, which have been participated by 314 firms, training providers, and governmental agencies The services have provided 12,682 vacancies, of which 10,053 participants have been interviewed and 3013 have been offered jobs
	Job fairs	Provide occupational information to the public	The program has been successfully implemented and employed a totaled of 6527 graduates and 11250 non-graduates

to study or do some research on the businesses they have interest into ensure suitability to the current market. The participants are also encouraged to seek advice from experts who are working in SME offices across the country with no costs involved. The office has also recently modified to become a mobile hub for participants' convenience as it can be placed at expos, carnivals or exhibitions.

Participants are also offered a software application that is available on their mobile phone to search for more information regarding funding and incentives (SME 2018).

According to the Chief Operating Officer of SMEC, 99% of 1435 participants have opened their own businesses and 3420 jobs have been created, with a collective sale of RM39.8 million since the programme's establishment in 2014; while in 2018 SME Corp recorded a RM54.6 million in sales while creating 4414 jobs in the same period (Haziq 2017). The number of participants increased in 2018 from 500 to 2000 and SMEC is anticipating more a positive performance from potential participants in the future. Besides SMEC's involvement, there are 16 ministries and more than 60 agencies that are carrying out similar programmes to foster small and medium enterprise development in Malaysia (Haziq 2017; Vincent 2018). Among the youth who participated in the TUBE programme, a successful entrepreneur and his company which does electrical and instrument installation, control and maintenance, has received an ISO 9001 certification. He has built his business to its current worth of RM2 million from the RM15,000 grant provided by TUBE programme. He mentioned that his success was due to the programme—'*It both taught me how to run my business systematically and reach my potential, as well as use grants when I needed to expand my business*' (Vincent 2018).

8.3.3 The 1Malaysia Training Scheme

The Government-Linked Companies (GLC) and private companies are also participating in curbing the graduate unemployment issue by introducing a programme called 1Malaysia Training Scheme (SL1M). SL1M was first established by Bank Negara Malaysia on June 2009 and it was being implemented as part of corporate social responsibility programmes before being absorbed into the Economic Planning Unit (EPU) 2 years later. This Corporate Social Responsibility (CSR) programme is regulated by the Economic Planning Unit in the Prime Minister's Department with collaboration and active involvement from Government-Linked Companies (GLCs) and private sectors (to date, 210 have participated). The training programme cost is fully sponsored by the GLCs and the participating private companies. This program helps graduates to prepare themselves in the aspects of skills, knowledge and working experience in order to get employed. More than 140,000 graduates have so far benefited and found jobs after they attended the program (Yimie 2018). The participating companies are allowed to claim either Double Tax Deduction Incentives or HRDF-SL1M incentives after the program ends. Under the SL1M programme, more than 10,000 graduates have been trained and hired by small and large companies. Trainees are given an allowance of RM1000 per month and an accommodation allowance (Yimie 2018).

8.3.4 Other Initiatives

Numerous other measures have been undertaken to overcome the employment issues faced by the stakeholders (Table 8.3). Training and assistance have been provided by the government to new unemployed graduates. In order to adequately equip their employees with the correct set of skills, industries have come up with initiatives such as centralised training programs, talks, speakers' clubs, CEO Awards, continuous observation, providing facilities, and head-hunting. Meanwhile, some institutes of higher learning have provided their students with a period of practical training in a particular company to expose them to actual work environments. With reference to the results of the programmes executed by the HRDF, there has been some degree of success when the number of graduates being trained is taken into account. Job services and job fair programmes have shown some desirable outcomes as well, based on the number of unemployed graduates who have successfully been absorbed into jobs. Overall, online assistance provided by job service programmes has resulted in 12,682 vacancies, following which 10,053 participants were interviewed and 3013 offered jobs. Likewise, job fairs have successfully provided work to 6527 graduates and 11,250 non-graduates (Human Resources Development Fund 2017). The main reason for the effectiveness of these programmes could be due to the fact that the organisers have directly approached the unemployed youth. Conversely, the GENERATE program appeared to be less effective, as only 648 unemployed graduates have been trained. The reason for this could be because (1) the courses which were offered under the programme had high skill requirements according to industry demands, as well as (2) the participating employers must be able to offer good-paying jobs to the trainees upon the latter's completion of the programme. These have resulted in many employers and graduates being unable to comply with the requirements. Many of the programs listed in Table 8.3 have been organised by the Government since 1993. Although 24 years have elapsed, the up-skilling and re-skilling programmes have shown little to moderate improvement. The Hays Asia Salary Guide revealed that in 2017, 97% of employers in Malaysia were still struggling to find the skilled individuals they needed ('Employers Face Skill and Talent Shortage Challenge' 2017).

8.4 Discussion and Conclusion

It is clear from earlier discussion that all three Malaysian stakeholders are aware of the graduate work-readiness challenges and issues and are attempting to deal with them more effectively at both macro- and micro-levels of the economy. As discussed above, various initiatives have been taken by different stakeholders to overcome the graduate work-readiness and youth employment problems in Malaysia. The Human Resource Development Fund (HRDF) programs accounted

for training of 28% of skilled workers in year 2014. Moreover, 895,610 training slots were created for graduates in 2016, and the total amount of financial assistance for arranging these training programs was up to the tune of RM568.77 million. More onus on collaborative strategies between universities can go a long way to address the root cause of skill mismatches, and also building a functional feedback mechanism between both parties to boost work-readiness of graduates. The development of more websites that support job-seeking students for finding jobs as per their skills should be given due emphasis as well. Malaysian government's efforts in encouraging the involvement of youths in entrepreneurial activities have shown some effectiveness. More focus should be towards entrepreneurial and innovation programs for cultivation of an entrepreneurial culture in the youths so that an increase in the number of self-employed young people will improve the country's socio-economic sector and hence, economic growth. In the long term, there is a dire need to frequently review different programs and policies concerning enhancing the work-readiness of Malaysian youth and to overcome youth unemployment. Considering that the business performance of SMEs has remained stable as per SME survey in 2017, there is a need to develop these SMEs further. In fact, many SMEs entrepreneurs were unable to expand their businesses overseas mainly due to inadequacies in international market information, global demands, and financial resources, apart from the multitude of exporting procedures and existence of competitors. Specially designed programs to assist SME owners to equip themselves with the relevant knowledge to overcome the mentioned challenges should be launched to enhance the potential of SMEs.

Youth unemployment is a global problem, and it requires active cooperation by the governments, educational institutions, industries, and the youths themselves. Although many programmes have been being implemented by the stakeholders in Malaysia to rectify the same, the unemployment rate is still high, and this has negatively affected the socio-economic sector of the country. In fact, the local economic growth has shown little improvement since the global recession in 1998. As a result, the industries have been forced to undertake cost-reduction measures to ensure their survival. One of these measures was the recruitment of cheap foreign labour. To encourage companies to employ locals, the government should implement schemes whereby incentives are given to companies which do so, apart from imposing high levies for the hiring of foreigners. On another note, overseas investments by the Government-linked companies should be encouraged to create more jobs for the locals. As for the aged workforce, their skills and experiences should not be ignored; rather, these people should be retained as guides for the younger workers. The former's expertise will also be handy in the development of industry-relevant university curricula. Human capital is the foundation of a strong country. The production of work-ready Malaysian graduates, who meet the industries' requirements can resolve the youth unemployment problem. There have been noted efforts on the part of educational stakeholders to revamp their syllabi in order to provide their students with both technical and theoretical knowledge. But still, there is an ample room for educational institutes to improve, but at the same time, the youths themselves should be conscious of equipping themselves with

sufficient relevant skills to succeed in the future careers. To produce work-ready graduates with high levels of competencies and provide them with sufficient job opportunities, active participation and cooperation by the stakeholders are paramount. By collaborative efforts of all the stakeholders concerned, it is hoped that Malaysia's aim to become a high-income nation will be realised in the near future.

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