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## A Review on Post COVID-19 Pandemic towards Tertiary Education and Graduate Employability in Malaysia

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### Abstract

It is an alarming condition when 72.1% of Malaysian school leavers who hold the Sijil Pelajaran Malaysia (SPM) choose not to pursue tertiary education in 2022. As one of the consequences brought by COVID-19 pandemic, this scenario is a serious issue that needs to be taken care off. Letting them not to invest themselves in higher education is a lost of talent pool. Apart from this issue, the issues of underemployed and unemployment among graduates are also prevailing. Every year, Malaysia produces thousands of graduates but their employability issues give us huge question mark. This paper addresses the overview of the graduate employability issues in Malaysia and how Malaysia's government should react and respond to cater them. As more jobs become obsolete in the near future, it is about time for the Malaysia's higher education to embrace change and transform themselves in accordance to the industrial needs. The final section of this paper concludes everything and suggest few policy implication.

**Keywords:** Graduate Unemployment, Underemployed, COVID-19 Pandemic, Tertiary Education

### Introduction

COVID-19 pandemic has dampened global economic growth and it causes greater economic challenges than the Great Depression of 1930s. The situation has led to physical restrictions that limit the ability of people, goods and services to be mobile. As a result, economic benefits from trade cannot be materialized as countries began to conduct drastic measures to contain the spread of COVID-19 pandemic. Countries' borders were closed for any foreigners.

In the case of Malaysia, the government had conducted three phases of Movement Control Order (MCO) from 18<sup>th</sup> March 2020 to 31<sup>st</sup> March 2021. The first phase of MCO was in between 18<sup>th</sup> March 2020 to 3<sup>rd</sup> May 2020, followed by Conditional Movement Control Order (CMCO) from 4<sup>th</sup> May 2020 to 9<sup>th</sup> June 2020. The final phase was called as the Recovery Movement Control Order (RMCO) from 10<sup>th</sup> June 2020 to 31<sup>st</sup> March 2021. In the first phase

of MCO, full lockdown was enforced to contain the spread of the pandemic. During these two months period, economic activities were highly affected. People were forced to work from home, schools, universities and hotels were closed, riders were not able to generate income for living, countries' borders were closed for any foreigners. These are among the adverse impacts as a result of the total lockdown. Among the industries that were highly affected were aviation and hotel industries.

Due to severe economic impacts of the MCO, the Malaysia's government had lifted some of the restrictions by imposing CMCO and RMCO. Even though some of the restrictions were lifted, the adverse economic and social effects are still there until now. Among the critical ones is the employment opportunities. This paper discusses the impacts brought by COVID-19 pandemic on Malaysia's education's industry and how it impacts the overall employment opportunities in Malaysia.

After two years of struggling with COVID-19, there was a report that 72.1% of Sijil Pelajaran Malaysia (SPM) school leavers (equivalent to 390,000 students) have lack of interest to pursue their studies (The Star, 2022). The percentage really shocked Malaysians. It is a worrying trend and if it persists, it is a huge loss for Malaysia. The report by the Statistics Department claimed three reasons why the lack of interest happens. Firstly, massive availability of job opportunities in the gig economy allows these school leavers to generate income without having to invest more in tertiary education. Secondly, they have more interest to become social media influencers that earn numerous values of income with freedom of opportunities. Finally, there is a sentiment that pursuing higher education will not guarantee better job. This sentiment is supported by the facts released by the Department of Statistics Malaysia, in which 197.4 thousand of graduates (equivalent to 4.1%) were unemployed in 2021 (Department of Statistics Malaysia, 2021).

This imminent issue is a reason why there is a need to highlight the trends in Malaysia's education sector as well as employment structure. It is with the hope that the government take immediate actions to instill growth mindset among Malaysia's teenagers and enhance their interests in pursuing higher education. It is for better growth in human capital, better future for Malaysia's economic sustainability and development plans.

### **Tertiary Education in Malaysia**

In growth theory, human capital is highly essential to ensure sustainable economic growth, now and future. A country needs more than just labors. The labors should be of quality labors, skilled, educated and highly relevant for the current and future markets. Thus, the roles of education are highly important to ensure high economic growth.

By looking at past statistics on government educational expenditure, the Malaysian government had injected massive amount of funds for this sector in the early of 1980s. The Malaysia's investment in education was the highest in the East Asia during the years (Yun & Yusoff, 2018). However, the records by The World Bank Group showed that the total government spending on education was only 3.91% of GDP in 2020 (The World Bank Group, 2022). The percentage was not promising as it was the lowest since 2016 (4.75% of GDP). A declining trend in the budget for educational expenditure is an alarming trend. Given that the economy is moving too fast with the emergence of latest technologies, Malaysia should not be left behind. Higher investment on education is necessary as it motivates more research and development as well as technology and productivity growth.

How much budget allocation on the educational sector is depends on the economic condition of the society. It is well briefed in the Keynesian Counter-Cyclical Theory, in which the

government can increase public expenditure or reduce tax through expansionary fiscal policy, with the aims to increase aggregate demand. In opposite, they can also conduct contractionary fiscal policy by increasing tax rate, imposing new tax or reducing public expenditure. The decision whether to exercise expansionary or contractionary fiscal policy is by looking at the conditions of the society, in the forms of GDP growth, unemployment rate and inflation rate. Nevertheless, in any situation, the budget allocation on education should not be compromised as investment in human capital is one of the sources of economic growth for any country.

Previous literature had well discussed the positive roles brought by investments in educational expenditure to economic growth of nations. Higher investment broadens up higher opportunities for government to reduce income inequality and poverty problems. Skills and knowledge obtained from the education help a labor to improve their wellbeing and sustain their life. Besides, high investment in education sector is successfully creating high number of entrepreneurs that can create new job opportunities for public.

Nevertheless, recent emergence of new technologies comes with huge windows of opportunities for the educational sector to evolve. This sector should not remain stagnant with consistent programs and courses offered. This sector should be more flexible, dynamic and embrace with changes brought by the fourth industrial revolution. For instance, instead of focusing on one major program in the tertiary level, universities should start developing programs in which prospective students are able to mix and match the courses that they are interested in. The courses can be of various fields and subjects. Moreover, it is crucial for the universities to bring industries into their classes, share latest information and issues as well as asking advices for curriculum review regularly. As the economy is moving very fast, the programs and courses offered by the universities should be in parallel to the industrial needs. If not, the problems of underemployed, labor market mismatch and unemployment will always become major national issues.

### **Issues in Graduate Employability in Malaysia**

Even though the unemployment rate in Malaysia is less than 5 percent, the graduate unemployment is still a serious matter with double digits figure. The statistics in 2020 showed that 45.1% of our graduates were unemployed in less than three months (equivalent to 71,400 graduates). Besides, 30.1% of the graduates were unemployed within three to five months while 14.8% were unemployed for six to twelve months (Department of Statistics Malaysia, 2021). Various studies have investigated the reasons behind it. For instance, studies by Baker et al. (2022) found that the graduates' marketability is affected based on the graduates' personality, skills as well as academic performance. Out of the three, the most influencing factor is personality of the graduates. Their personality can be honed through various activities such as volunteerism, sports and debates. Apart from that, other studies have found similar findings, in which employers in Malaysia prefer to hire graduates who have strong personality, equip with relevant skills and ready to work (Daud, et. al., 2023; Husin et al., 2021). Among the important criteria set by the employers are high degree of self-confidence, lifelong learning and possess essential skills such as interpersonal skills, digital skills, numeracy skills, entrepreneurial skills, practical skills and leadership skills. In all these studies, academic performance is important but it is not set as the main priority in hiring graduates. Instead, the employers prefer to employ graduates that demonstrate employability skills as mentioned before.

Apart from the issue of graduate employability, the issue of underemployment and labor mismatch are also crucial in Malaysia. In between 2019 and 2020, there was an increase in the number of graduates who worked in semi-skilled and low-skilled categories from 1.1 million (26.7%) to 1.36 million (31.2%). This issue was more severe among diploma graduates with 46.1% were underemployed, while only 19.2% were underemployed among degree graduates. The increased is partly due to COVID-19 pandemic as many graduates chose to work in gig economy by becoming freelancers, riders and so on. The reason might be as follows. Firstly, due to rapid globalization of the economy, employers can search for their prospective employees either locally or abroad. The globalization opens up wider opportunities for global talents to fiercely compete with domestic labors, especially for the high-skilled jobs (Mok & Montgomery, 2021). End up, local graduates are facing with global auctioning when employers are broadening their spectrum of employability to the global markets that are highly competitive. As a result, local graduates with lack communication skills in English, Chinese and Mandarin were found themselves to be in unemployment, thus letting themselves to work in semi-skilled or low-skilled jobs.

Secondly, the increasing trend of graduates' underemployment is also due to a decline in the number of skilled job vacancies due to an unfavorable economic condition. For instance, the economic closure due to COVID-19 pandemic has led to a significant decline in the inflows of foreign direct investment (FDI) from RM 32.4 billion in 2019 to RM 14.6 billion in 2020 (a declined by 54.8%). It was then resulted to a reduction in the skilled job vacancies that were previously brought by foreign investors. When the economy is reviving, the inflows start to increase sharply but the country still need to continuously show positive progress to attract more FDI into the country.

Thirdly, major advancement in technology has led the employment structure to change structurally. Many jobs are becoming obsolete and can be replaced by technology. Some skills are expected to become obsolete in 2025 (Samuel and Moagi, 2022). The disruption causes by the technological advancement is not good at one side, but it also gives massive opportunities for new jobs and enhanced career prospects. The World Economic Forum (WEF) has projected that 65% of the children today will be working in careers that have yet to be developed (World Economic Forum, 2016). Then, it comes to a question of what kind of skills that they need to prepare? How our education should be developed in such a way to prepare our children for future? The answers lie on the future working system that is highly depends on the information and communication technologies as well as entrepreneurship ability. In such, Malaysia's education system should be changed and transformed in order to equip essential skills such as complex problem solving, system skills, problem solving skills, cognitive skills, decision making skills, continuous learning skills, entrepreneurship skills and data analytic skills (Samuel & Moagi, 2022; Jaiswal et al., 2022). Re-skilling and upskilling become so important for the existing and new talents to become more relevant in the near future. It is because most of the operational tasks would be replaced by machines and artificial intelligence (AI).

### **Conclusion and Policy Implication**

If Malaysia wants to be competitive and relevant in the near future, the government needs to ensure that the environment is fit and friendly for high-skilled labors and foreign investors. Various initiatives need to be conducted to attract more foreign investors to come and invest in Malaysia. The reason being is because local talents can learn new knowledge and technology from foreign expertise. Thus, it is important to ensure Malaysia has economic and



political stability in order to ensure rapid economic growth and greater knowledge and technological diffusion through FDI. As a developing country, Malaysia should always catch up with latest trend and technology. We should not be left behind and always invest in latest research and technological development in order to be more competitive and relevant in the near future.

Besides, the universities should prepare future graduates to be highly competitive for the global markets. The trend of employability is not just for the local market. Employers are smart enough to find great skilled talents online that can work with them remotely. Future graduates should not just prepare themselves in terms of their academic performance, but also their personality and skills especially in communication and IT related skills.

Moreover, there should be flexibility in the universities' programs and courses. There are plenty of free courses available online by ivy league universities worldwide. Besides, they are many short courses that offer online certification from worldwide universities. People who would like to upgrade their skills and knowledge can join and learn at their own pace by joining various courses that they prefer. Thus, looking at this current trend in education, universities should be more flexible and dynamic by offering prospective students with high demand courses and programs that are accredited by recognized institutions. Curriculum and program reviews should be revised regularly and shall include big industrial partners in the revision process.

Finally, in terms of funding, the government should prioritize education sector at any means. They should not reduce the budget allocation in the expense of other sectors. Funds should be channeled to enhance this sector by upskilling and reskilling existing academic talents, providing grants for research and development activities, upgrading existing facilities, embedding existing curriculum with sciences and technology, exposing the stakeholders with industrial and international partners as well as enhancing collaboration with top universities in the world.

Even though there were many studies that have elaborated on the graduate employability in Malaysia, it is still a challenging issue as the country is in the endemic phase. The world is changing very rapidly and it is about time for tertiary institutions, government and other relevant parties to address the changes in order to stay relevant in the near future.

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