



**Faculty of Cognitive Sciences and Human Development**

**THE RELATIONSHIP BETWEEN GRADUATE EMPLOYABILITY  
AND EMPLOYERS' DECISION TO HIRE**

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Human Resource Development  
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Grade: A<sup>+</sup>

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Final Year Project Report

Masters

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**THE RELATIONSHIP BETWEEN GRADUATE EMPLOYABILITY AND  
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NUR HIDAYAH BT MOHAMMAD

This project is submitted in partial fulfilment of the requirements for a  
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## ABSTRACT

This study is aimed at exploring the relationship between graduate employability and employers' decision to hire. This study was conducted based on USEM model proposed by Knight & Yorke (2004) and it was rebelling by Pool & Swell (2007) stated that USEM model is largely theoretical and lacks research evidence. Thus, researcher conducted this study to prove the relevance of the USEM model in explaining the graduate employability. The results show there is a significant relationship between the independent variable (understanding, skills, efficacy-belief and metacognition) and dependent variable (employers' decision to hire). Quantitative research methodology used in this research and the data was collected using questionnaire as the instrument with 100 respondents participate from manufacturing companies. The criterion sampling was used in this research as the title of the research is more about employer's perspective and their decision to hire based on several factors. Pearson correlation and Spearman correlation were used to measure the relationship between factors influence graduate employability and employers' decision to hire. While multiple regression was used to determine the dominant factors contribute to the employers' decision to hire. As such, researcher recommend a focus employability on graduate itself, Higher Education and employer.

*Key words: Understanding, Skills, Efficacy-belief, Metacognition, and Employers' decision to Hire*

## ABSTRAK

*Kajian ini bertujuan untuk mengkaji hubungan antara kebolehpasaran graduan dan keputusan majikan untuk mengambil bekerja. Kajian ini dijalankan berdasarkan model USEM yang dicadangkan oleh Knight & Yorke (2004) dan model ini telah disangkal oleh Pool & Swell (2007) dengan menyatakan bahawa model USEM rata-ratanya hanyalah teori dan kurang bukti penyelidikan. Oleh itu, pengkaji membuat kajian ini bagi membuktikan model USEM masih lagi relevan untuk menerangkan mengenai kebolehpasaran graduan. Keputusan kajian menunjukkan terdapat hubungan yang signifikan antara pemolehubah bebas (pemahaman, kemahiran, kepercayaan diri dan metakognitif) dan pemolehubah bergantung (keputusan majikan untuk mengambil bekerja). Kajian quantitative telah digunakan di dalam kajian ini dan data yang diperolehi menggunakan soal selidik dengan 100 responden yang menjawab soalan ini daripada kilang pembuatan. Persampalen kriteria digunakan di dalam kajian ini kerana tajuk kajian lebih kepada pandangan majikan and keputusan yang di ambil berdasarkan beberapa factor. Korelasi Pearson dan korelasi Spearman digunakan untuk mengukur hubungan antara faktor yang mempengaruhi kebolehpasaran graduan dan keputusan majikan untuk mengambil bekerja. Manakala, regrasi berganda digunakan untuk menentukan faktor yang mempengaruhi keputusan majikan untuk mengambil bekerja. Pengkaji juga telah mencadangkan kebolehpasaran hendaklah difokuskan kepada graduan itu sendiri, Pendidikan Tinggi dan majikan.*

*Kata kunci: Pemahaman, Kemahiran, Kepercayaan diri, Metakognitif dan Keputusan majikan untuk mengambil bekerja*

## **CHAPTER ONE**

### ***INTRODUCTION***

#### **1.0 Background of Study**

Nowadays, entering labor market become more challenging due to the competitiveness among the graduate from different backgrounds of studies. As stated by Leo (2018) every year, almost 200,000 students graduate from all over the states in Malaysia. Surprisingly, one out of five graduates are being unemployed. The other four graduates that are employed still lack the skills that we needed by the company (Leo, 2018). The competitiveness become more realistic to create awareness among the students those still further in their studied to make them realize that having good academic achievement is not a safe ticket for them to enter the market labour easily. They not only need to compete among themselves, but also need to compete with the employees that had been imported from other countries because Malaysia one of the countries that practicing open ground and diplomatic relation with another country. The higher of market demand on employability of graduates forcing the company to take a precautionary step in hiring graduate. Employer become stricter in hiring graduate due to the advancement of globalization in the 21st century.

Employability is defined as a set of skills, knowledge and personal attributes that makes an individual tend to choose and secure the occupation that can make them satisfied and success as stated by the Pool & Sewell (2007). The changes of hiring fresh graduate today are totally different from the previous one due to dumping of fresh graduates in every year. A different company has different requirement based on their Key Performance Indicator (KPI) and specific target they need to strive for it. Thus, the employer has an authority to choose the qualified fresh graduate as to ensure that the fresh graduate can be fully developed. The employer seems too choosy in selecting fresh graduates, but the fact is stated by (Hillage &

Pollard, 1998) employability need to be measured by getting and retaining fulfilling work due to the pressure from government and organization itself. This as a highlight to fresh graduate that once they had employed, the employer still measures on their employability. Thus, it is important to equip fresh graduate with high employability in the early on stage as to align with the employer's expectation with the labour market demand.

Hence, employability of fresh graduate is not only based on fresh graduate's effort only, but they need other catalyst to improve their weaknesses either in soft skill or technical skill to fulfil the requirement of the labour market. The view perception from higher education and university is not strong enough as a guideline for the students to fix their weaknesses and improve the other skills of theirs to be fitted in labour market needs. Lack of soft skills among graduates in Malaysia one of the major factors that limited graduate's job opportunities (Pandian, 2010). Thus, the strong collaboration between labour market and higher education is important to produce quality fresh graduates with capable of abilities and at the same time this can decrease the mismatch between higher education and labour market. As stated by Griesel & Parker (2009) that requirement of current labour market is incongruent with the graduate employability enhanced by universities in many ways. This is showing that employer's perception is currently crucial to build up fresh graduate employability as they capable to adapt to the real working environment.

Thus, the requirement that needed by the employers to hire fresh graduates always becomes a question mark and curiosity, especially among fresh graduate and they want the answer from the employer's perspective. Once they know what the employer's need thus, this can help fresh graduate to get ready in term of physical and emotion before they involve in a working environment. Rae (2007) stated that the responsibility of managing and developing one's employability is a collective responsibility of individual, organization and the university. Hence, this can give them a chance to change their perception and improve on what they lack

off. The feedback from the organization, especially from the employer's perspective is very important for fresh graduates to improve themselves. This study was conducted to investigate the relationship between fresh graduate's employability and employer's decision to hire.

In this study, graduate employability is measured by four constraints from USEM model. The constraints are U (understanding), S (skilful), E (efficacy belief) and M (metacognition). Thus, USEM model is used in order to minimize the incongruence between graduate employability and expectation of employer in hiring as to decrease the number of unemployment in Malaysia.

### **1.1 Problem Statement**

The decision of employers in hiring fresh graduates is very critical to ensure the fresh graduates that was chosen is very qualified and able to compete and cope with the industry demand. The decision to hire fresh graduates become critical due to the different concept of understanding of employability between the market demand, universities and fresh graduate itself as stated by Wickramasinghe & Perera (2010). As a result, employability still becomes one of the problematic areas without clear or complete direction (Rae, 2007) which lead to the confusion of graduates. The component of the graduate employability that required by the employer is very important in order to prepare and fulfilling the graduates to be aware and able to sustain in the competitiveness of job labour market.

The understanding of graduate in term of subject and knowledge on 'how world works' always consistently highlighted as main issues due to the employer's demand for quality of graduate to be employed. Maorpe (2005) stated that employers generally dissatisfied with the quality of higher education's graduates. Academic or technical ability does not necessarily predict the long-term future capability (Caballero & Walker, 2010). Furthermore, "the relevance of coursework to the real world of work often not realize by, or made clear to the

students” (Bennett, Richardson & MacKinnon, 2016) as there is a lack of alignment with students’ understanding of their knowledge in these areas (Prinsley & Baranyai, 2015). For instance, Graduate needs to develop “situational understanding” of the circumstance that separates one situation from another (Hinchliff, 2002) as to have broad and depth understanding on how the world work and not only focusing on academic and technical ability only. Thus, understanding concept need to be upgraded for graduate employability and if not, it may inhibit the potential of graduates to be employed.

The issues of graduate’s current skills are not enough to compete in the job labour market demand. Sadly, the increase in the number of graduates is not supported by the increases of job opportunity due to the serious lacking skills. In fact, the employer feels there is a gap in graduate skills, where the universities do not provide opportunities for graduate to develop their skills (Aziz, 2018). Thus, the skills gap of graduate needs to be minimized and at the same time develop their skills at the university level as to prepare their abilities to congruence with the labour market demand. The abound of mismatch between the employer’s requirement and university outputs drives to the lack of the graduate’s skills (Quek, 2005; Juhdi, Yunus & Abu Samah, 2006; Khir, 2006; Mahli, 2009; Pandian, 2010). That graduate unemployment will continue to increase unless Higher Education Institutions (HEI) and graduates are prepared to sharpen the skills (Omar, Manaf, Mohd, Kassim & Aziz, 2012). Therefore, the Malaysia government introduces 2u2i programme where it was introduced in September 2016 2u2i is acronym for 2 years in University and 2 years in the industry as to expose graduate with real work environment upon graduation (Anas & Hamzah, 2017) as well as to polish their skills.

Furthermore, the contribution of efficacy belief is also critical in graduate employability as they need to stabilize and confident with the ability that they have in order to secure the job position in the future. (Dacre Pool & Qualter, 2012; Moreland & ESECT, 2005) indicated that there is an important relation between graduate employability and efficacy belief which is the



students' view of themselves and their personal qualities (Knight & Yorke, 2004). Despite that, the main problems of graduate to secure a job due to their poor character, personality and attitude (Osmin, 2017). Winterbotham, Adams & Kuechel (2001) stated that most employers are less demanding of academic excellence and technical skills and consider them trainable if candidate able to demonstrate positive attributes. However, the situation becomes worse as British Council (2014) found that employers are not satisfied with the level qualities of the graduates. As based on survey JobStreet.com (2011) one of the reasons why fresh graduate were rejected by the employer is because of bad character, attitude and personality (60%). Thus, Jayasingam, Fujiwara & Thurasamy (2016) agree and believe that personal qualities are an important part in influencing employability of graduates. Graduate that has positive attributes in themselves will have higher tendency to be hired by the employer as they able to put themselves in a good condition even though they may distract by their emotional and surroundings.

On the top of that, metacognition also one of the requirements as an employer looking for in order to hire fresh graduates. The employer needs to evaluate from the other side of graduate's capabilities due the rapid of the technology changes that required employer being more selective in employing fresh graduate. Failate Ireland (2013) the process of recruitment often uses additional tools such as assessment centres, presentation and psychometric test as to choose the best candidates. Thus, this will trigger graduates to improve their employability as stated by (Knight & Yorke, 2003) metacognition is a reflection or strategic thinking. This has become critical as the graduate are not able to make the necessary connection (Lighter, Benander & Kramer, 2008) especially in solving the problem, the graduate is not able to make a connection between the problem and the strategies in order to overcome the problem. For instance, graduate may have greater understanding of the concept, but this can cause a problem when asked to make a deep connection (Newman, Catavero, & Wright, 2012). Therefore, to

develop metacognition of graduate is not in a blink of eyes. Graduate itself needs to know their own mental abilities as to survive in job labour market. Knight & Yorke (2004) clarify that metacognition takes time, maybe years and it is needed constant practice to enhance them.

As a result, level of employability becomes one of the crucial parts for employers to hire employee especially among fresh graduate. The employability of graduates is depending on how they can improve their capabilities in term of understanding, skilful, efficacy belief and metacognition. Thus, the higher demand of the job market will contribute to the rate of unemployment among the fresh graduate which are not capable of fulfilling the requirement as stated by the employer. As suggested by Clarke (2008) in determining one's employability, it does not only depend on individual characteristic but also work environment. Thus, the purpose of this study is to the understand employer's decision to hire on fresh graduate employability.

## **1.2 Research Objective**

There are two objectives in this research which are divided into general and specific. The general is about overall objective in this research while there are five specific objectives of this research.

### **1.2.1 General Objective**

This study is conducted to determine the relationship between graduate employability and employers' decision to hire.

### **1.2.2 Specific Objective:**

- 1) To examine the relationship between subject understanding and employers' decision to hire.
- 2) To examine the relationship between skills and employers' decision to hire.
- 3) To determine the relationship between efficacy beliefs and employers' decision to hire.
- 4) To determine the relationship between metacognition and employers' decision to hire.
- 5) To determine which is the dominant factors of graduate employability and employer's decision to hire.

### **1.3 Hypotheses**

There are five hypotheses in this research which is starting point for further investigation. The following statement is hypotheses in this research:

**Ha<sub>1</sub>:** There is a significant relationship between subject understanding and employers' decision to hire.

**Ha<sub>2</sub>:** There is a significant relationship between skills and employers' decision to hire.

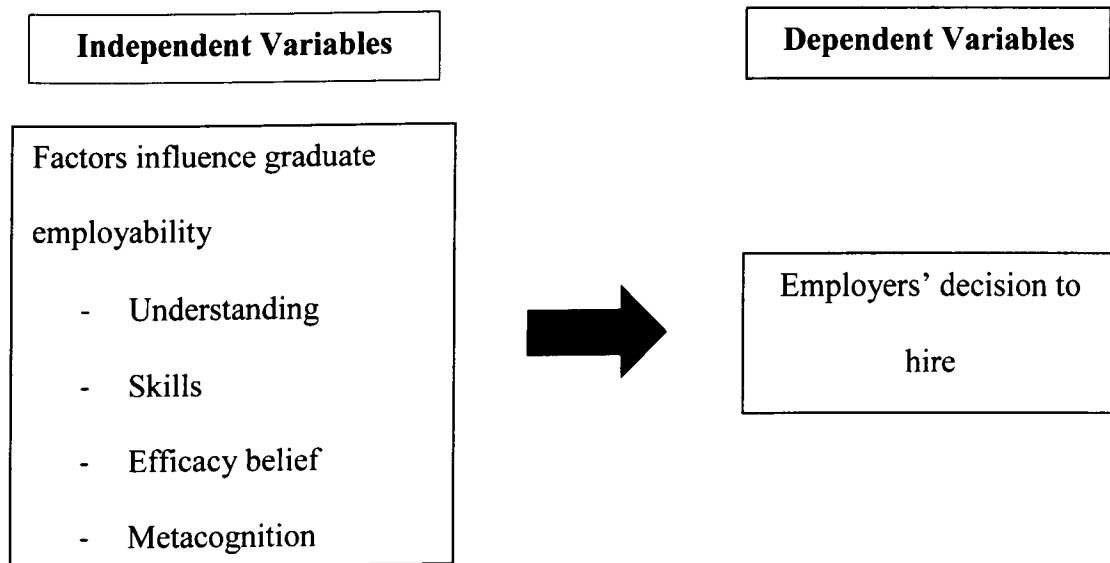
**Ha<sub>3</sub>:** There is a significant relationship between efficacy belief and employers' decision to hire.

**Ha<sub>4</sub>:** There is a significant relationship between metacognition and employers' decision to hire.

**Ha<sub>5</sub>:** There is dominant factors of graduate employability and employer's decision to hire.

## 1.4 Conceptual Framework

The following figures shows conceptual framework in this research as it is adapted from USEM model proposed by Kight & Yorke (2004)



*Figure 1.0: Conceptual Framework*

*(Source: Knight & Yorke, 2004)*

## 1.5 Conceptual and Operational Definition

### 1.5.1 Employability

Conceptual:

- Employability is defined as a set of skills, knowledge and personal attributes that makes an individual tend to choose and secure the occupation that can make them satisfied and success Pool & Sewell (2007).

Operational:

- In this study, employability is person's attribute of ability to gain and maintain employment with the various skills they had.

## **1.5.2 Understanding**

Conceptual:

- As indicated by Knight & Yorke (2004) understanding is a component of disciplinary material and also generally 'how the worlds work'.
- To build the concept of understanding it can come from different directions as suggested by Goodyear (2002).

Operational:

- In this study, understanding refers to what graduates comprehend, be it in their educational field or their comprehension of how the world/ industry work in general.

## **1.5.3 Skills**

Conceptual:

- Skillful practices in context discipline and related or generic (Yorke & Knight, 2004).

Operational:

- In this study, fresh graduate has variety of skills and knowledge that can fulfil the employers needed. Example of skills such as leadership, teamwork, and communicating clearly.

## **1.5.4 Efficacy belief**

Conceptual:

- Efficacy belief is students' view of themselves and their personal qualities. (Yorke & Knight, 2004)
- Self-efficacy belief can be defined as a person's confidence in themselves own capabilities to perform independent tasks (Bandura, 1997).

Operational:

- Self-efficacy belief in this study is about fresh graduate's confidence about their capabilities to strive at the workplace.

### **1.5.5 Metacognition**

Conceptual:

- The ability to reflect on and regulate one's own learning and behaviour (Yorke & Knight, 2004).
- Involving awareness of how they learn, an evaluation of their learning needs, creating strategies to meet these needs and implementing the strategies (Hacker, 2009).

Operational:

- In this study, metacognition is about planning, monitor, assess person's understanding and performance where this can help fresh graduate to create strategies and transfer it into the tasks that was given.

### **1.6 Significance of Study**

The findings of this study are essential as a guideline in helping fresh graduate in improving their employability where they need to fulfil the abilities that they lack off before entering the labour market. Thus, the study can create awareness among fresh graduate as they not only focusing on academic performance only. This research also to encourage the job industry in stating the specific requirement, they need from the Universities in preparing new fresh graduate. This study can help Universities to redesign the academic system or subject which are students need to balance in term of academic, curricular and other requirement to align with job market demand nowadays. It is hoped that this study can build the collaboration between Universities and job industry in improving fresh graduate's employability.

## CHAPTER TWO

### *LITERATURE REVIEW*

#### **2.0 *Employability Among Fresh Graduate***

Employability among fresh graduate one of the critical issues that always cross up in their mind due to the rumour of 'higher number unemployment among fresh graduate'. This issue will never end, and the number of fresh graduates produces every year will keep increase gradually. The common questions that would be questioning by the fresh graduate such as am I good enough to be hired? Will I work in my field of study? What if I can't fulfil employer's expectation? Those questions will remain silent if fresh graduates don't fit to face the reality of work-life. The challenges are everywhere either they are ready or not, it depends on their self-belief which they are already built along their life journey. Storen & Aamodt (2010) it is graduate's responsibility to develop their own employability.

As fresh graduate the anxiety to be unemployed is miserable. especially after six-month graduate and it would be amazing if fresh graduate can be directly hired after graduation especially for those work in competitiveness area. This situation seems to be tough due to the rapid changes in technology and unconsciously lead to the high market demand on fresh graduate employability. The impact of using technology also cause the fresh graduate to challenge themselves and always be updated upon their skills with the current usage of technology. It doesn't make sense, but in fact, to be hired, ones need to be flexible and fit with the changes of technology due to the expansion of technology. The developments of technology have changed dramatically, thus, give impact on the nature of work and become a necessity to compete with global arena (Singh & Singh, 2008). The tendency to be hired is higher for those are advanced in using technology compare to those have a basic skill.

Then, the mind set of fresh graduates needs to be twisted as they are too extremely in focusing their academic achievement compare to involving themselves in activities which can

help to generate their skills and employability. They are too many fresh graduates are good enough in academic performance, but not most of them are absolutely excellence in academic and curriculum area at the same time. Furthermore, less self-efficacy among fresh graduate contribute to the lack of confidence in ones' self. To be employable fresh graduate they need to be extremely active either in academic performance and curriculum area to compensate between their knowledge and skills. Wellman (2010) stated level of employability can be improved by interaction between various elements of knowledge, skills and personal attributes. Academic achievement is not the only crucial part in hiring a fresh graduate, but it doesn't mean they can neglect of it. However, lack of skills also makes the employability of fresh graduates become worthless. Thus, without clear direction and understanding, it may affect the fresh graduate employability.

### ***2.1 The Role of Higher Education Institution***

Employability of fresh graduate can be shaped strongly with the help from higher education instead of enhancing on academic programme only. Santiago, Tremblay, Basri & Arnal (2009) one of the functions of higher education is to provide people with skills and knowledge that are relevant to the labour market. Thus, higher education needs to collaborate with the labour market in order to develop employability of fresh graduate as to align with market demand. Furthermore, this shortcoming has put pressure on higher education to enhance the employability of graduates as to fulfilling transition to the labour market (Pitan, 2016).

Higher education needs to improve the system of learning activities in order to improve the employability of the fresh graduate. Sumanasiri, Yajid & Khatibi (2015) stated there is a clear relationship between actual learning activities and employability of graduates in university programs. Thus, this can attract graduates to be participating actively during class activity or joining the programme that held by the university. Face to face teaching and learning