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THE RELATIONSHIPS OF ENTREPRENEURIAL ORIENTATION, UNIVERSITY CHARACTERISTICS AND LEARNING ORIENTATION ON MALAYSIA GRADUATE EMPLOYABILITY



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MUHAMMAD KHUZAIFI BIN SAPIAN

UNIVERSITI PENDIDIKAN SULTAN IDRIS

2024



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ABSTRACT

This study aims to examine the relationships between university graduates' entrepreneurial orientation, university characteristics, and learning orientation and identify whether these variables are significant in influencing graduate employability. This study adopted a quantitative approach, where the sample consisted of 424 respondents among students who graduated between 2015 to 2019 from 20 public universities in Malaysia. Data were collected using a questionnaire distributed using Google Forms. A stratified random sampling method was used to identify the sample. The data were analysed using descriptive and inferential statistics. Descriptive statistics analysed the frequency, percentage, mean, and standard deviation of the data, while correlation and multiple linear regression data analysis were used for inferential statistics. The findings from correlation and multiple regression analysis showed that all three variables, namely university characteristics ($B = .486$), ($t = 10.463$, $p < .05$), entrepreneurial orientation ($B = .212$), ($t = 3.991$, $p < .05$), and learning orientation ($B = -.129$), ($t = -2.803$, $p < .05$) are significant predictors for graduate employability. These findings explain that entrepreneurial orientation, university characteristics, and learning orientation influence graduate employability. The implications of this study could help universities design better curriculum that would increase the level of graduate employability and ensure that the learning process, learning quality, and skills possessed by the graduates meet all the characteristics required by employers.

HUBUNGAN ANTARA ORIENTASI KEUSAHAWANAN, CIRI-CIRI UNIVERSITI, DAN ORIENTASI PEMBELAJARAN TERHADAP KEBOLEHPASARAN GRADUAN DI MALAYSIA

ABSTRAK

Kajian ini bertujuan untuk mengkaji hubungan antara orientasi keusahawanan graduan universiti, ciri universiti, dan orientasi pembelajaran dan mengenal pasti sama ada pembolehubah ini signifikan dalam mempengaruhi kebolehpasaran graduan. Kajian ini menggunakan pendekatan kuantitatif, di mana sampel terdiri daripada 424 responden dalam kalangan pelajar yang menamatkan pengajian antara tahun 2015 hingga 2019 dari 20 universiti awam di Malaysia. Data dikumpul menggunakan soal selidik yang diedarkan menggunakan *Google Form*. Kaedah persampelan rawak berstrata telah digunakan untuk mengenal pasti sampel kajian. Data dianalisis menggunakan statistik deskriptif dan inferensi. Statistik deskriptif menganalisis kekerapan, peratusan, min, dan sisihan piawai data, manakala analisis data korelasi dan regresi linear berganda digunakan untuk statistik inferensi. Dapatan daripada analisis korelasi dan regresi berganda menunjukkan ketiga-tiga pembolehubah iaitu ciri universiti ($B = .486$), ($t = 10.463$, $p < .05$), orientasi keusahawanan ($B = .212$), ($t = 3.991$, $p < .05$), dan orientasi pembelajaran ($B = -.129$), ($t = -2.803$, $p < .05$) adalah peramal penting untuk kebolehpasaran graduan. Dapatan ini menjelaskan bahawa orientasi keusahawanan, ciri universiti, dan orientasi pembelajaran mempengaruhi kebolehpasaran graduan. Implikasi kajian ini dapat membantu universiti mereka bentuk kurikulum yang lebih baik yang akan meningkatkan tahap kebolehpasaran graduan dan memastikan proses pembelajaran, kualiti pembelajaran, dan kemahiran yang dimiliki oleh graduan memenuhi semua ciri yang diperlukan oleh majikan.



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CHAPTER 1

INTRODUCTION

1.0 Background

In Malaysia, graduate employment has been a concern for a decade. According to report by the Department of Statistics Malaysia, the number of unemployed graduates in 2019 grew by 5.5% from the previous year (161,300 in 2018) to 170,300. (Figure 1.1). 74.8 percent (127,400) of all unemployed grads were graduates who were actively seeking work. More than half of active jobless graduates (51.6 percent or 65,700 people) were unemployed for less than three months, while 29.5% (or 37,500 people) were unemployed for between three and less than six months. On the other hand, 10.9% (or 13,900 individuals) were unemployed for six months to less than a year, while 8.1% (or 10,300 individuals) were unemployed for more than a year.

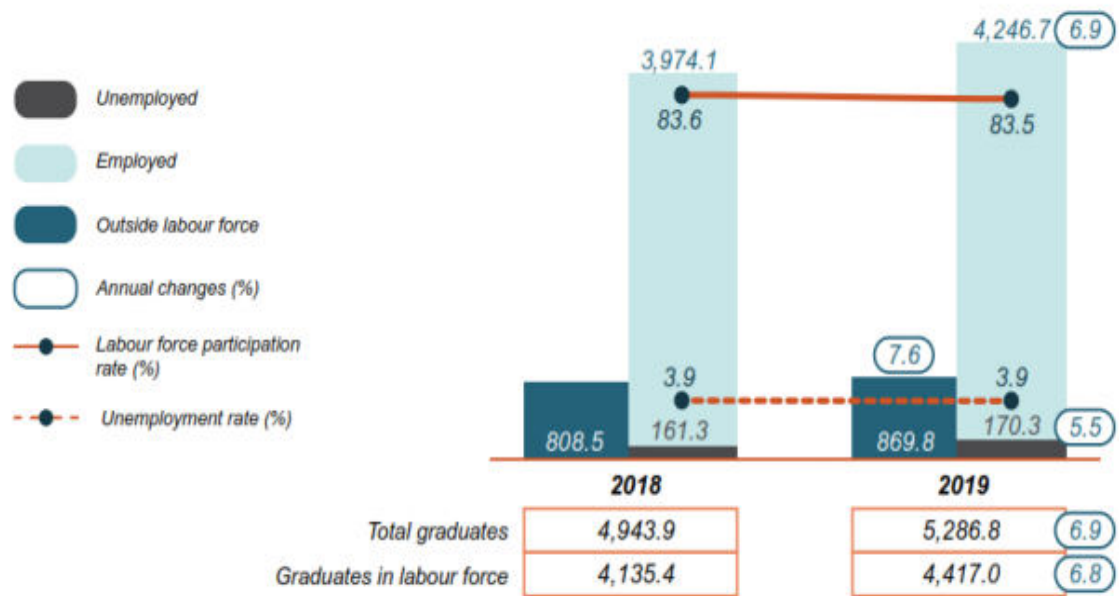


Figure 1.1. Principal Statistics of Graduates in Malaysia. Source: Department of Statistics Malaysia (2019).

This situation was compounded by the expansion in the number of public and private universities. In addition, industries were unable to provide sufficient positions for degree-holders due to a lack of job opening. Graduates are competing in a more competitive job market as a result of a larger supply than demand. It has been discovered that graduates' employability is not solely determined by their academic performance (Azmi, Hashim & Yusoff, 2018). Soft skills (problem solving and communication skills) and hard skills (technical knowledge, application of knowledge, and English communication skills) are reportedly deficient among university students (Hanapi & Nordin, 2014). (Lim, Teck, Ching & Chui, 2016). Graduate students must therefore possess talents, positive attitudes, and self-discipline.

While it is essential for recent graduates to have expertise in their respective fields when seeking employment, it is becoming increasingly vital that they also possess



a blend of personal qualities and skills and employability skills that can increase their employability (Ang, 2015; Harvey, 2001). Employability refers to a person's preparedness to be employed, including the possession of qualities, abilities, and technical knowledge necessary for a certain position. Employability also implies that a person has the capacity to be efficient in the workplace, is highly adaptable to the working environment, and can ultimately advance his or her career by acquiring new skills (Normala et al., 2014).

Employers demand someone with varied skills who can multitask and perform any job, including those they have never encountered or acquired in college. Companies want employees who can adapt to any condition in the workplace (Raybould & Sheedy, 2005); to put it another way, employers want employees who can adapt to any environment in the workplace. This condition, according to Rosenberg, Heimler, and Morote (2012), will have a major impact on job performance.

In addition, one of the causes of unemployment is that the performance of recent graduates falls short of employers' expectations. According to Hossain et al. (2018), graduates lacked employability skills and demonstrated poor work performance. Reportedly, a significant proportion of Malaysian businesses have an unfavourable view of recent graduates, stating that they lack the necessary abilities and credentials for the industry (Hossain et al., 2018).





1.1 Research Background

Education is crucial because it is one of the leading makers of a person's success. However, the majority of the current employment sector not only considers an applicant's degree of education, but also requires their future employer to fulfil the requirements of the workplace and are capable of performing the job well. Numerous organisations seek candidates with good attributes, such as being proactive, talented, and willing to take chances. According to Azmi, Hashim, and Yusoff (2018), companies seek graduates with fundamental academic capabilities, strong thinking skills such as decision making, and admirable personal attributes such as responsibility. This demonstrates the significance of both higher education and soft skills for students.



development sectors of the country. According to a study performed by the Head of Employment Insurance Office, SOCSO (2020), there is a lack of clarity regarding the compatibility of graduates with the job market; in other words, there are an increasing number of graduates who are occupying non-graduate positions. If this mismatch is not addressed, it could have major consequences for the development of human resources in this country. Without further opportunities to enhance their skills and expertise, the graduates' acquired knowledge will be lost.

Graduate employment was reportedly increased by 7.2% between 2001 and 2016, although non-graduate employment sectors grew more rapidly than graduate employment sectors (Mohd Sahar Darusman, 2020). The newest figures based on the Key Statistics of Labour Force in Malaysia – November 2021 (Department of Statistics





Malaysia, 2022) indicate that the unemployment rate has reduced to below 700,000 individuals. Employment is increasing in the Service sector (wholesale and retail, food and beverage, transportation and storage), Manufacturing and Construction, and Tourism industries. Aside from that, the employment rate of self-employed people, who are predominantly hourly wage earners operating small businesses, is rising by 0.8%.

Before entering the workforce, it is crucial for university graduates to prepare themselves. Universities must decide if their graduates are intellectually and physically competent to enter the workforce and adjust to it. Individuals with greater psychological capital are more likely to have a positive outlook, accept difficulties, establish goals, and respond well to adversity (Read & Laschinger, 2015).



1.2 Problem Statement

According to Department of Statistics Malaysia (2021), COVID-19, a once-in-a-lifetime event in 2020, has sent shockwaves around the world, causing Malaysia to experience its worst economic decline since 1998. The number of individuals losing their jobs has increased as a result of the many Movement Control Orders (MCO) put in place to stop the spread of the pandemic, pushing the country's unemployment rate up by 202.4 thousand to a record high of 718.1 thousand in 2020. New job searchers, notably fresh graduates, are directly affected by the pandemic. With more individuals out of work as a result of the epidemic, the job market for fresh graduates is getting more competitive.





The government has launched a variety of steps to combat the COVID-19 outbreak's impacts. Among them is PENJANA, Malaysia's national economic recovery strategy, which costs RM35 billion. PENJANA includes various programs such as Wage Subsidy, Hiring and Training Assistance for Businesses, and Reskilling and Upskilling Programs which provide financial incentives for employers to hire more employees, as one of its purposes is to improve retention and decrease layoffs. Three sub-programs: Place and Train, Entrepreneurship, and Gig Economy were also included to address graduate employability and general unemployment issues.

Graduates Statistics provides information on the job status and wages of Malaysian graduates. These figures were compiled using data from a variety of sources, including the Labor Force Survey and the Higher Education Statistics. Graduates are persons who have obtained a degree from two-year-old accredited universities, colleges, polytechnics, or other institutions. Graduate certificates come in two forms: diplomas and degrees.

Based on statistics by the Department of Statistics Malaysia (2021), total of Malaysian graduates is 5.36 million in 2020, up 4.4 percent from 2019. The graduate pool in the labour force, which includes both employed and unemployed individuals, has reached an all-time high of 4.56 million people, a 6.3 percent increase. The Graduating Labour Force Participation Rate (GLFPR) increased 1.5 percent from 83.5 percent in 2019 to 85.0 percent in 2020. In 2020, 4.35 million graduates will be employed, up 5.6 percent from the previous year's figure of 4.12 million. Meanwhile, the unemployment rate for recent graduates increased to 4.4 percent, with 202.4 thousand people unemployed. According to Bureau of Labor Statistics data, the number





of unemployed graduates was reduced by 5.1 percent in 2019, from 800.9 thousand in 2018 to 840.0 thousand in 2019.

More than two-thirds of the 3.0 million employed graduates (68.8 percent) are competent, with 40.8 percent working in professional jobs, followed by 17.2 percent in technical and associate professional jobs. 31.2 percent of recent graduates are working in semi-skilled or low-skilled jobs. This group could be labelled as "mismatched in vocation" because they did not fully utilise their degree and abilities. Semi-skilled workers account for 28.9 percent of the workforce. Service and sales workers (11.9 percent) and clerical support workers (9.6 percent) are the most common jobs for persons in this group. 98.1 thousand people worked in low-skilled jobs, accounting for the remaining 2.3 percent.



Around 158.4 thousand people, or more than 70 percent of unemployed graduates, are in active unemployment, as assessed by the length of time they had been out of work. Graduates who had been unemployed for less than three months constituted the majority of this group (45.1 percent or 71.4 thousand people), followed by three to six months (30.1 percent or 47.6 thousand individuals) and six to twelve months (14.8 percent or 23.5 thousand individuals). Graduates who had been unemployed for more than a year accounted for 16.0 thousand people, or 10.1 percent of the unemployed. In 2020, nearly half of all unemployed college graduates (21.7 percent or 44.0 thousand) are not actively looking for jobs.

The recent statistics showed the ability of an economy to create employment in Malaysia increased by 0.2% to record 66% in November 2021 (Department of Statistics





Malaysia, 2022). However, not all this vacancy can be filled by our local university graduates (Munohsamy, 2015). This is because at times, the unemployment problem is not due to lack of job opportunities, but due to other factors such as low quality of graduates. Some employers think that the quality of graduates in Malaysia is low and cannot meet the needs and characteristics required by employers (Hanapi & Nordin, 2014). In addition, the graduates also do not have suitable skills and qualifications, and were purportedly said to be weak in employability skills and do not show good working performance (Hanapi & Nordin, 2014). This shows that mismatch between the education received by the graduates in the universities compared to the actual employment needs by the employers does exist and can be problematic.

In addition, Rahmah Ismail, Ishak Yussof, and Lai Wei Sieng (2011) mentioned that one of the factors that contribute to the unemployment problem among Malaysian graduates is the quality of the graduates (lack of soft skills). Other factors identified by Rahmah Ismail et al. (2011) are high employers' expectations, mismatching and fluctuation of the country economy. Salleh, Yusoff, Harun, and Memon (2015) found that proficiencies in the English language (in terms of oral, written, oral presentation, and written presentation) are the most important skills that the graduates are lacking. Other highly valued soft skills required include time management, listening, teamwork, problem-solving, leadership and decision making (Ghani, Rappa, & Gunardi, 2018; Lim, Teck, Ching & Chui, 2016; Salleh, Yusoff, Harun & Memon, 2015; Hanapi & Nordin, 2014). This shows that graduates do not possess the criteria required by the employers.



In the meantime, Nasrudin (2004) argued that there are eleven factors that contribute to the graduate unemployment problem, including the relationship between capital intensive economy and rapid increase in graduate workforce, lack of relationship between educational institutions and the industry, lack of training for work preparation, rapid increase in population rate, rapid decrease in mortality rate, educational development, economic recession, quality of education, and graduate capability. To qualify for potential employment prospects, recent grads must possess both knowledge and skills. Consequently, it is crucial that higher institutions provide their graduates with the essential skills demanded by the industry. The concept of the University characteristics has also been explored in the literature. According to Feola, Parente, and Cucino (2020), this model identifies the evolution of the university's role to include a third mission: contributing to economic development through the transfer of research results. University characteristics can include factors such as the university's mission, culture, and resources.

In addition, lack of entrepreneurial skills is a big contributor to the problem of graduate and youth unemployment (Adebisi & Oni, 2012). Entrepreneurial thinking and behaviour can benefit a person's career. Entrepreneurial Orientation (EO) traits such as proactivity, initiative, competition, creativity, and risk-taking are among the most sought-after traits by employers. According to Gorostiaga et al. (2019), organisational innovativeness refers to the capacity for innovation and experimentation through the implementation of new products and services, as well as technical leadership in new processes. Risk-taking is the extent to which companies or managers are willing to invest in, provide resources to, and assume the risks involved with





potentially failing projects. Finally, proactiveness involves researching options and anticipating possible business requirements.

It is crucial for universities to provide students with encouragement or assistance so that they continually seek to develop themselves. According to Iglesias-Sánchez et al. (2016), universities play a significant role in the development of students' views, competencies, and self-assurance by offering cross-disciplinary courses and specialised training. According to Susima and Sununta (2003), over 20,000 graduates in Sri Lanka were unemployed because their skills did not fulfil employers' expectations and were not in line with current market demands. In order to reduce the employer rejection rate and the unemployment rate, universities must provide appropriate curricula and components that are in accordance with the necessary workplace abilities.



Moreover, Learning Orientation (LO) is crucial since students must acquire new skills or knowledge prior to entering the workforce. Therefore, it is crucial to guarantee that an individual receives the proper education in order to acquire the desired employment. Ahmad Eismat (2009) discovered that some lecturers at a Malaysian institution of higher education do not prioritise planning and organisational skills in their teaching and learning activities. Planning and organisational abilities are crucial since they can help improve the quality and employability of university graduates. Saraih, Ali, Mohd Sufian, and Ibnu Ruslan (2020) investigated the correlation between learning orientation, subjective norm, and entrepreneurial intention among undergraduate students in Malaysia. Their findings revealed elevated levels of entrepreneurial intention, learning orientation, and subjective norm among the students.



Additionally, Saraih et al. (2020) identified positive connections between students' entrepreneurial intention and both learning orientation and subjective norm.

Entrepreneurial orientation, university characteristics, and learning orientation stand as pivotal factors that wield considerable influence over graduate employability. The concept of entrepreneurial orientation encapsulates the processes, practices, and decision-making approaches that pave the way for novel market entry (Feola, Parente, & Cucino, 2020). University characteristics can encompass a range of elements, including the institution's mission, culture, and resources (The Conversation, 2017). Learning orientation, on the other hand, signifies an organizational commitment to acquiring knowledge and fostering learning (Mohammad Falahat, Yan-Yin Lee, Pedro Soto-Acosta, & T. Ramayah, 2021).

According to Mohamad Noor, Ahmad, Ismail, Hashim, and Abdullah Baharum (2019), Malaysian universities have undertaken noteworthy initiatives to enhance post-graduation job placements for their students. Nonetheless, despite these efforts, the prevalence of unemployment among graduates remains considerable. In their investigation, Mohamad Noor, Ahmad, Ismail, Hashim, and Abdullah Baharum (2019) discovered a noteworthy insight. They established that attribute related to individual entrepreneurial orientation (IEO), such as innovativeness and proactiveness, distinctly and positively impact graduates' perception of their employability. However, the attribute of risk-taking, in contrast, exhibited no substantial correlation with perceived employability (Mohamad Noor et al., 2019).

Therefore, this study aims to examine the relationship between university characteristics, learning environment, as well as entrepreneurial orientation among university graduates, and discover whether these variables are significant in influencing graduate employability.

1.3 Research Objective

The objectives are as the following:

RO₁: To examine the relationship between entrepreneurial orientation and graduate employability.

RO₂: To examine the relationship between university characteristics and graduate employability.

RO₃: To examine the relationship between learning orientation and graduate employability.

RO₄: To examine which factors (entrepreneurial orientation, university characteristics and learning orientation) are the significant predictors for graduate employability.

1.4 Research Questions

The research questions for this study are as the following:

RQ₁: Is there any relationship between entrepreneurial orientation and graduate employability?



RQ₂: Is there any relationship between university characteristics and graduate employability?

RQ₃: Is there any relationship between learning orientation and graduate employability?

RQ₄: Are entrepreneurial orientation, university characteristics and learning orientation significant predictors for graduate employability?

1.5 Research Hypotheses

Ho₁: There is no relationship between entrepreneurial orientation and graduate employability

Ho₂: There is no relationship between university characteristics and graduate employability.

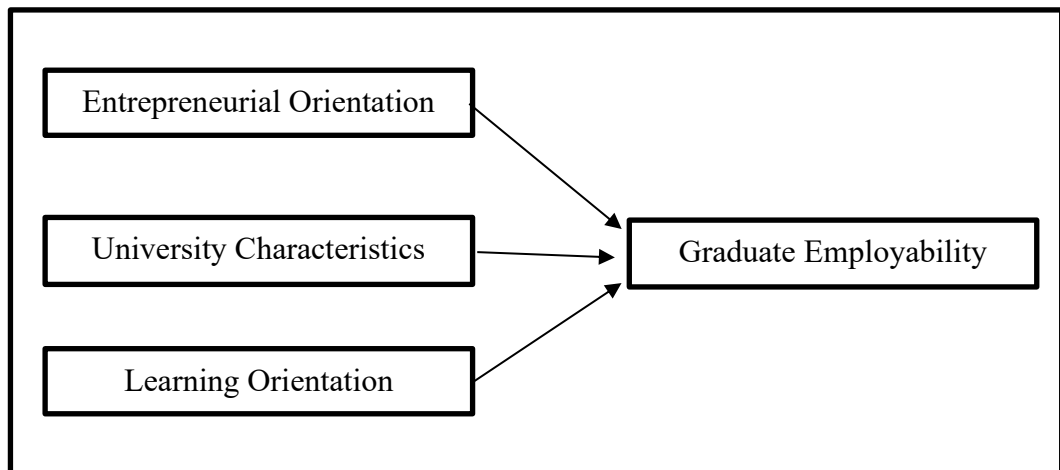
Ho₃: There is no relationship between learning orientation and graduate employability

Ho₄: Entrepreneurial orientation, university characteristics and learning orientation are not significant predictors for graduate employability.



1.6 Conceptual Framework of Research

Figure 1.2 below provides the research framework for this study which was built based on the objectives described earlier.



1.7 Operational Definition

i) Entrepreneurial Orientation

Referring to Lumpkin and Dess (1996), entrepreneurial orientation is the decision-making processes, practices, and activities that lead to new entry by involving innovative, proactive, and risk-taking processes. The concept of entrepreneurial orientation has its own origin derived from the work of Miller (1983) that considers entrepreneurial orientation as a performance-based concept consisting of risk-taking, innovation, and

proactive behaviour of a company. In this study, entrepreneurial orientation is measured by innovativeness, risk-taking and proactiveness.

ii) University Characteristics

Good characteristics are very important to universities because these educational institutions contribute a lot of research especially in the fields of technology and economy for the betterment of a country. Ponomariov (2008) stated that universities are the key players in enhancing the competitiveness of a country by facilitating the transfer of basic knowledge and research towards industrial applications. Based on this statement, we can see that universities contribution is important in progressing the research and industry sectors of a country. In this study, university characteristics are measured by course discretion, resource/time availability, management support and rewards/reinforcement.

iii) Learning Orientation

Learning orientation is the process of acquiring new knowledge through learning, based on current experience and knowledge. According to Baum et al. (2011), individual learning is a dialectical process that

includes access to new knowledge and the ability to assimilate that new knowledge into current knowledge sets. Joy and Kolb (2009) also stated that learning is a process in which people transform new experiences into a combination of new and existing knowledge. In this study, learning orientation is measured by student's academic experience while learning in their respective university.

iv) Graduate Employability

Employability is defined as “a set of skills, knowledge and personal attributes that make an individual more likely to secure and be successful in their chosen occupation to the benefit of themselves, the workforce, the community and the economy” (Moreland, 2006, p. 21; Finch et al., 2016). In other words, graduate employability is set of characteristics that a graduate must have including work competence, social intelligence, and personal work characteristics. These characteristics might also include specific factors such as academic performance, graduates' meta-skills, including interpersonal and communication skills, job-specific skills, critical thinking and specific personality traits, such as motivation and adaptability.



1.8 Study Limitations

Data were collected from university graduates (study samples) from public universities in Malaysia. Therefore, this study is limited to public university graduates in Malaysia who graduated from 2015 to 2019 only. These batches of graduates are selected because they are fresh graduates who will step into the world of work after their graduation. Respondents for the study were found by contacting the alumni departments of public universities in Malaysia. The study sought their assistance in submitting the online questionnaire to their graduates because during the data collection period, only limited data collection process was available because face-to-face method cannot be conducted due to COVID-19 pandemic.



1.9 Importance of Research

This study is very important because it can benefit several parties. This study will identify relevant and significant variables which could help universities or educational institutions to produce employable students. This study suggests that not only universities have to focus on providing their students with the best learning environment and possess good characteristics, they must also embed entrepreneurial orientation in their teaching and learning programs. In terms of entrepreneurial orientation in universities, human capital endowments and social networks are often considered as two foundations of scientists' ability to contribute new knowledge to the society (Cvijić, Tatarski, Katić, Vekić & Borocki, 2019).





Aside from that, this study is also important for students so that they can prepare themselves to meet the criteria required by employers. Unemployment among university graduates can be reduced if they can meet the characteristics required by employers. Reduction in unemployment will result to higher national income.

1.10 Summary

In this chapter, background, problem statement, objectives, hypotheses, importance, and scope and limitations of the study were discussed. Aside from having good characteristics and providing their students with the best learning environment, universities should instil entrepreneurial orientation in every student before they graduate so that they are ready to face the challenges of globalization and requirements of the working world. Every university and educational institution whether public or private must ensure that these entrepreneurial orientation characteristics are applied in the teaching and learning process. Emphasis on entrepreneurial orientation characteristics will produce graduates who are willing to accept whatever assignments provided by employers, and increase the confidence of employers towards them.

