CHAPTER 1
INTRODUCTION

The aim of higher education in Malaysia is instrumental in nature. It seeks to meet manpower needs for socio-economic development in the country. According to Ahmad and Noran (2003), the growth of higher education and socio-economic development are interdependent. Higher education is a catalyst in socio-economic development and at the same time it is also affected by socio-economic development. The products of higher education become agents of development, which in turn influences the course of higher education.

Higher education provides opportunities for academic pursuit and the advancement of knowledge. It aims to produce professionals to meet national manpower needs besides providing facilities for research and consultancy services\(^1\).

According to some commentators, higher education can also be regarded as preparation for one’s career, usually through acquisition of appropriate skills and knowledge to develop oneself to the full potential\(^2\).

In Malaysia, higher education is being provided by both government-funded institutions of higher learning and private-funded higher educational institutions. Institutes of higher education include public and private universities, colleges and polytechnics\(^3\).

As Malaysia’s employment sector consists of both public and private sectors, students from higher educational institutions are channeled to these sectors after their graduation. Lately, the government has shown its concern towards the current employment trend in Malaysia as private sector prefers to employ those from foreign universities and

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\(^1\) [http://www.jaring.my/wencom/mal_educ.htm#HigherEducation](http://www.jaring.my/wencom/mal_educ.htm#HigherEducation)

\(^2\) [http://www.jaring.my/wencom/factors.htm#Preparation](http://www.jaring.my/wencom/factors.htm#Preparation)

\(^3\) [http://www.studymalaysia.com](http://www.studymalaysia.com)
local private colleges rather than those who graduate from public universities in the country (Star, 20th August 2003). This has spurred concerns regarding the problem of unemployment among local graduates.

1.1 Problem Statement

Unemployment among graduates has become an important issue in Malaysia lately. Since the 1997-98 financial crises which damaged most of Asia’s “tiger economies”, there has been a steady increase in jobless graduates in the country. According to the Human Resources Ministry, some 53,000 graduates have been unable to find employment since 1997 (Sumathi, 2003).

Many Malaysian graduates have been facing difficulties in securing a job, especially in the private sector. It has been suggested by the Human Resources Minister, Datuk Dr. Fong Chan Onn that the private sector prefers our own foreign-trained graduates to our local graduates and graduates from local private colleges to our own public university graduates (Bernama, 19th August 2003).

Private sector employers were not keen to recruit local graduates because of their inability to communicate well in English, lack of Information Communication Technology (ICT) proficiency, and hesitation to pursue extra mile such as working late and long hours (Star, 20th August 2003).

The private sector frankly tells us that they preferred to employ foreign-trained Malaysian graduates because of their proficiency in English. The inability of local graduates to master English hindered them from seeking employment in private companies (Bernama, 19th August 2003). This clearly shows that lack of communication and social skills have worked against many local graduates in getting a job (Sumathi, 2003).
It was also suggested that the unemployment problem among graduates was not so much due to the lack of ability among local students but to the mismatch in the job market (Bernama, 19th August 2003). The job market for graduates also became more competitive due to the economic slowdown and low or negative employment generation in the country (Jomo, 2001: 231-233).

Therefore, it seems that unemployment among local graduates has become a growing problem in our country and it is questionable here whether our local public universities and higher educational institutions are playing their role in producing competent and marketable labour force to ensure the decline of graduate unemployment problem. How far it is true that lack of proficiency in English language, Information Communication Technology knowledge, interpersonal and communication skills have deterred our local graduates from being employed and securing jobs in the private sector? Are there other factors that equally influence the graduate recruitment pattern? How far it is true that local graduates are becoming second choice for private sector employers? How can we help to increase the employability and marketability of our local and public university graduates?

1.2 Research Objective

The objectives of this research are:

a) to determine whether local and foreign banks prefer to recruit our local public university graduates or graduates from private higher educational institutions

b) to identify and examine the factors affecting this pattern or preference in recruitment in the local and foreign banks

c) to determine whether there is a significant difference between local and foreign banks in the types of graduates preferred by them
d) to determine the importance given to selection criteria such as academic record, proficiency in English and Malay, past working experience, computer literacy, skills (technical, analytical), performance at interview, strength of recommendation letter, wider knowledge, personality, and demographic criteria by local and foreign banks

e) to examine how local and foreign banks rate public university, private university and foreign graduates according to the aspects affecting job performance

f) to determine the difference between local and foreign banks in the types of graduates they expect our universities and colleges to produce

1.3 Importance/Benefits of Study

The importance and benefits of this study are to examine the patterns and nature of recruitment in the local and foreign banks in Malaysia and to help us identify the issues related to the nature of recruitment in these banks. This study also helps us to determine the perception towards the nature of recruitment in these banks and to help us improve our higher education system and identify methods of increasing the marketability of our graduates in order to solve the growing unemployment problem.

1.4 Scope and Limitations of Study

The research was done in six local and foreign banks in Kuala Lumpur to study the patterns of graduate recruitment in their organisations. A total of 320 questionnaires were sent out to the managers in these local and foreign banks.

Responses were reviewed from 120 individuals/managers as not all banks cooperated and were willing to spend their time and share the information needed for this research. Most banks were very sceptical to reveal information on the recruitment patterns
in their organisations and therefore it was difficult to cover a larger number of respondents. This study is restricted only to the data given by the six banks. Hence, the findings of this study is not representative of the banking industry and do not reflect other industries.

1.5 Data Collection Method

The data for this research was collected from 2 sources, i.e., the primary data and the secondary data.

The primary data was collected through questionnaires which were distributed to several departments in each bank. This is to find out the patterns of recruitment in these banks and reasons for the practice and preference of such a pattern.

On the other hand, the secondary data was collected from references and electronic media. References were gained from printed sources in the library, such as the newspapers, books, journals, magazines, financial reports, and thesis or dissertations.

Internet was used to extract information from online databases, web pages and web sites of Human Resources Ministry, established Private Higher Educational Institutions (PHEIs), public universities, and financial institutions in Malaysia for the collection of data from the electronic media.

1.6 Organisation of Chapters

Altogether there are five chapters in this research paper. Below are the details of each chapter:-

Chapter 1: Introduction

Chapter 1 touches on the introduction of this research. It states the problem associated to the topic of this study and the objective, and importance/benefits of this study. It then goes
on to explain the scope of this research and the method of data collection applied in this research.

Chapter 2: Literature Review

Chapter 2 reviews the literature supporting this study. The first part provides a brief description on the banking industry in Malaysia. Then it explores the employment in the banking industry. The second part of this chapter provides the definition of higher education and the understanding to our higher education system, in which the public and private higher education system are explained.

Then in the next part of this chapter, the relationships between higher education and work are analysed to explain how education and work are interrelated to each other and how higher education channels people to the world of work. Then the background for understanding graduate employment and unemployment are given. Types of graduate employment and the situation of graduate unemployment in Malaysia are also explained here. This is followed by the review of literature on the patterns of graduate recruitment. It first describes the condition of graduate labour market and then examines the nature of graduate recruitment in Malaysia.

The final part underlines the definition and nature of recruitment and employment, followed by a brief explanation on employment in Malaysia.

Chapter 3: Research Methodology

Chapter 3 presents the research methodology of this study. Firstly, it draws some justification for studying the graduate recruitment patterns of local and foreign banks. Then it describes the sample of study in which the respondents of the study are described. It then explains the methods used for data collection and data analysis.
Chapter 4: Analysis of Data

This chapter reports the analysis of the data. The first part is the analysis of preference and practices in recruitment. The second part analyses the employers' evaluation on graduate employees. Then the next part of the chapter analyses the training practices of local and foreign banks. The final part of this chapter analyses the perception of employers on the role of universities.

Chapter 5: Conclusion

The concluding chapter summarises the findings of the study and draws some recommendations for the universities, private sector and graduates to increase the employability and marketability of graduates and to improve our higher education system. The second part then concludes the findings of this study.