CHAPTER 2

LITERATURE REVIEW

This chapter reviewed the literature related to this study. The first part reviewed the banking industry in Malaysia and the employment trend in the banking industry. In the second part higher education was defined and the higher education system in Malaysia was explained. Then literature touching on the relationships between higher education and work, graduate employment and unemployment, and graduate recruitment patterns were reviewed. Then the final part of this chapter defined recruitment and employment followed by a review on employment in Malaysia.

2.1 Banking Industry

The present financial structure of Malaysia comprises of bank and non-bank financial institutions, the money and the capital markets. In Malaysia the banking industry comprises of the Central Bank or Bank Negara Malaysia (BNM), commercial banks, merchant banks, Credit Guarantee Corporation, representative offices of foreign banks, and discount houses. The next section explains the major banks in Malaysia.

2.1.1 Bank Negara Malaysia (BNM)

Bank Negara Malaysia (BNM) is the central bank of Malaysia. BNM acts as a banker’s bank and as a government bank. It accepts reserve deposits from commercial banks, finance companies and merchant banks. It also provides ‘lender of the last resort’ facility to these banks.

Bank Negara also acts as a financial advisor to the government and represents the government of Malaysia in the World Bank, International Monetary Fund and many United
Nations organisations. With respect to the deposits of the Federal and state governments, Bank Negara plays a vital role in public finance. It manages the issues and operation of treasury bills and government securities.

Bank Negara plays a significant role in stimulating the growth of financial institutions in Malaysia and in stabilizing the economy to curb inflation and counteracting recession with unemployment (Lee, 1974: 119). Bank Negara can be seen as a central bank that strives to control inflation. It plays the important role of monetary authority of the economy. Financial regulations are the major way of ensuring financial discipline and development, and Bank Negara represents the authority usually entrusted with the implementation of the regulations (Cheah, 1994: 100).

Bank Negara Malaysia also supervises the commercial banks, finance companies, merchant banks, insurance companies and other financial institutions. It takes the task of regulating their minimum cash-reserve ratio, liquid asset ratio, risk asset/capital fund ratio and borrowing/capital fund ratio. Bank Negara also provides guidelines for their lending and exercises foreign exchange control on behalf of the government (Lee, 1974: 119).

Bank Negara works constantly towards the improvement of the economy’s financial structure. With this, the main purpose of the efforts taken by Bank Negara is to ensure that the financial system is able to play an effective task congruent with the needs and development of the Malaysian economy (Cheah, 1994: 100-101).

2.1.2 Commercial Banks

Commercial banks are privately owned profit-seeking institutions. Its main activities are to accept deposits and make loans. Commercial banks are the basic units of the banking system (Chong et al., 1973: 133). Commercial banks are usually considered the most important of all the financial institutions although there are various types of financial
institutions and intermediaries. They have been the major deposit taker and loan provider for centuries. Today in Malaysia, the commercial banks are so far the only institution authorized to offer current (or demand deposit) accounts which provide chequing facilities (Cheah, 1994: 53).

Commercial banks differ from other financial institutions chiefly in that, in addition to the acceptance of fixed deposits common to all the other financial institutions, they accept demand deposits. Demand deposits can be transferred from one person to another by means of cheque for the purposes of making payments and are therefore considered as money (Chong et al., 1973: 134).

Commercial banks are the only authorized foreign exchange agents where international payments are concerned, and act on behalf of the Bank Negara in administering Malaysia's foreign exchange control system. The merchant banks, finance companies and other financial institutions have so far not been given the permission to operate current accounts or deal in foreign currencies (Cheah, 1994: 53).

One of the functions of commercial banks is accepting deposits. These banks accept fixed and savings deposits from customers. They also provide a convenient means of making payment, whereby payments can be made by simply drawing cheques on the demand deposits they keep with the commercial banks. Meanwhile, money can also be safely transmitted through the post by means of cheque.

Another function of commercial banks is lending to customers. The granting of credit through advances or loans to industry, commerce, private individuals and public authorities are the most profitable activity of the commercial banks. Commercial banks also provide other services to their customers. For example, they pay and collect payments on behalf of their customers in the purchase and sale of shares and bonds. They also act as trustees and executors whenever required and transact foreign exchange business. Besides
this, commercial banks issue drafts, letters of credit, and travellers’ cheque and undertake acceptance business (Chong et al., 1973: 134-135).

2.1.3 Merchant Banks

Merchant Banks in Malaysia generally represent partnerships between local commercial banks and foreign merchant banks. Merchant banks in Malaysia emerged to complement and also supplement the banking services offered by commercial banks (Cheah, 1994: 151).

These banks are active in discounting and refinancing trade bills and in accepting short-term funds in the money market. They also lend on medium and long-terms but their interest rate is slightly higher than that of commercial banks because the cost of funds is higher (Lee, 1974: 133).

In Malaysia, all merchant banks have to be formed as public limited companies under the Companies Act, 1965. Merchant banks are also expected to become advisers and financiers of large companies. These banks play the role of financial intermediaries which specialize in the money and capital markets, offering specialized expertise, especially those which are fee-based. Merchant banks are also often regarded as ‘wholesale’ bankers as they deal primarily with large corporations. This is distinct from commercial banks and finance companies which are mostly involved in ‘retail’ banking (Cheah, 1994: 151-153).

The services offered of merchant banks include corporate financial advisory services, investment and fund management services, banking intermediation services and other banking services (Cheah, 1994: 154).
2.1.4 Employment in the Banking Industry

In United Kingdom, employment in banking and insurance generally, has remained static between 1991 and 2001, but declined in the mid-1990s and rose in the late 1990s. The banking and insurance sector in UK employs 924,000 people, in which it accounts for the vast majority (70%) of employment. This is around 3% of total UK workforce.

According to the National Guidance Research Forum, responses by financial services to increased globalisation and competition include new products, new forms of selling, process reorganisation, merger and acquisition which are all likely to impact upon the number and type of jobs offered in the banking sector.

In America, the banking industry employed about 1.8 million wage and salary workers in 2002. More than seven out of ten jobs were in commercial banks and the remainder was concentrated in savings institutions and credit unions. In 2002, over 82% of establishments in banking employed fewer than 20 workers. However, these small establishments, mostly bank branch offices, employed 32% of all employees. More than two-thirds of the jobs were in establishments with 20 or more workers.

Office and administrative support occupations account for nearly seven out of ten jobs in the banking industry in America. Meanwhile, management, business and financial occupations account for about 25% of employment in the banking industry.

Workers in management, business and financial occupations usually have at least a college degree. A bachelor's degree in business administration or a liberal arts degree with business administration courses is considered appropriate, as is a bachelor's degree in any field followed by a Master of Business Administration (MBA) degree. Many financial management positions are filled by promoting experience, technically skilled professional

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4 http://www.guidance-research.org/future-trends/banking/info
5 http://www.collegegrad.com/industries/finance
personnel - for example, accountants, auditors, budget analysts, credit analysts, or financial analysts, or accounting and related department supervisors in large banks. On the other hand, financial services sales agents usually need a college degree, with a major in finance, accounting, economics, marketing, or related fields. Experience in sales is also very helpful for this job.⁶

Meanwhile in Turkey⁷, the number of employees increased in 1997 parallel to the increase in the number of branches. The number of employees increased from 148,153 in 1996 to 154,864 in 1997. 45% of the employees of the banking sector were employed by the state-owned banks, 49% by the privately-owned banks, 2% by the foreign banks and the remaining 4% by the development and investment banks.

About 4% of the employees in the banking sector were elementary school graduates, 58% high school graduates, 36% university graduates while 2% have post-graduate degrees. In Turkey, there has been an increasing trend in the number of the university graduates and the post-graduate employees in the banking sector. The percentage of the university graduates and the post-graduates in total was 27 in the state-owned banks, 45 in the privately-owned banks, 61 in the foreign banks and 64 in the development and investment banks.

According to the Center for Policy Analysis⁸ at the University of Massachusetts, between 1993 and 2003, total South Coast employment in the banking industry dropped by about 31% from 2,206 to 1,523 employees. These declines were partly the result of productivity and efficiency improvements created by the introduction of automated banking services, such as telephone banking, online banking, and automated teller machines (ATMs). Banking industry employment remained relatively stagnant from 1993 to 1996.

⁶ http://www.collegegrad.com/industries/finance
⁷ http://www.tbb.org.tr/
⁸ http://www.umassd.edu/cjpa/docs/banking
However, most job losses in the banking sector were directly attributed to mergers and acquisitions over the last ten years.

In Malaysia too, after the 1997 financial crisis, the government promoted the consolidation of more than 50 financial institutions through domestic mergers of weak institutions into 10 stronger ones.\(^9\) Among the mergers that took place were between RHB Bank and Sime Bank, two of the country’s largest commercial banks, and the merger of Bank Bumiputera with Bank of Commerce. Meanwhile, MBF Finance Bhd, was taken over by Bank Negara as it was required recapitalisation to restore its capital adequacy ratio to 8%. Then the second, smaller finance company, Kewangan Bersatu Bhd. was also taken over by Bank Negara.\(^10\)

In Malaysia, the contraction in employment was evidenced by the rising retrenchment of workers. The number of workers retrenched more than doubled from almost 8,000 workers in 1996 to about 19,000 in 1997 due to the restructuring and downsizing of firms, mergers and acquisitions, drop in demand, bankruptcy and total closure as well as relocation of business (Economic Planning Unit, 1999).

Labour market conditions in Malaysia weakened in the first seven months of 2001 as industries undertook measures to counter the impact of the global economic slowdown. By sectors, retrenchment in the finance, insurance, real estates and business services were affected with retrenchments of 1,641 workers in 2001 (Ministry of Finance, 2002).

Employment in the services sector in Malaysia which accounted for 48.6% of total employment in 2000, increased by an average rate of 4.0% per annum, generating 568,800 new jobs during the review period of Eighth Malaysia Plan. Within the sector, the finance,

\(^9\) http://www.mkeever.com/malaysia
\(^10\) http://www.worldbank.org
insurance, real estates and business services sub-sector registered the highest growth rate at 7.5% per annum contributing 123,100 new jobs (Economic Planning Unit, 2003:96).

For the first six months of 2002, the number of workers retrenched decreased to 14,130 compared with 16,090 during the same period in 2001. The majority of the workers retrenched were in the manufacturing sector, followed by finance, insurance, real estates and business services which accounted 5.4% (Ministry of Finance, 2003).

2.2 Higher Education

'Higher education' refers to the various types of formal post-secondary educational institutions that train middle and high-level professional personnel in programmes granting certificates, diplomas and degrees. Traditionally, higher education has meant university education but today, higher education includes a variety of institutions of higher learning such as polytechnics, colleges and technical institutes (Lee, 1996: 317).

In the article 'An Adult Higher Education: A Vision of a Future', Stephen McNair (1994: 3-7) described higher education as below:-

"The first principle is that the social and economic needs of the new world will call for a higher education defined not as a set of institutions but as a kind of learning. What would make it 'higher' and, thus, distinct from other kinds of education, what would be the interlock between the creation of knowledge and its transmission? Unlike schooling or traditional 'training', higher education is where knowledge is made, as well as passed on. It might, however, be delivered in many places, including the workplace, the home, the community, and a variety of individual and agencies might be a part of this wider learning community. Second, higher education would be primarily lifelong. While there will continue to be a place for young people, acquiring the foundation for a lifelong learning and working career, the majority of the learners will be mature, learning alongside, or in intervals between periods of work. This will call for different approaches to teaching and learning, and especially for the creation of a national credit framework, to allow individuals to accumulate credit over a lifetime from different programmes and institutions"
Higher education usually refers to education after secondary education, or after approximately 12 years of primary and secondary education or at about the age of 18. The point that is pointed out here is that the substance taught in higher education can be obtained not only through formal, institutionalized education but also by self-education or self-training at any age level. Adults especially can acquire advanced knowledge by themselves all through their lives (Skulthai, 1978: 11).

Higher education is expected to be working for the good and development of society, being responsible for the local and national community, the environment and natural resources nationally and globally to ensure a better quality of life of man. Therefore, the curriculum of higher education should be relevant to society’s needs and problems. This means that higher education should be socially committed. According to Nasution (1978) if it is not socially committed for the good of the country, higher education will be an institution without a soul.

There is a relation between the functions of institutions of higher education and the stage of social development in the country that starts them. They usually portray different conceptions at different times and in different places. Higher education includes all kinds of educational institutions of a very wide range beyond the ordinary school. It does not only talk about institutions like Berkeley, Oxford, Harvard, or the University of Western Ontario, but it includes a wider range of higher learning institutions (Sanford, 1969:7). The demand for higher education by a dramatically increased high school population has been a major factor in the establishment of new higher learning institutions (Mayhew, 1965: 2).

Higher education serves as an important means whereby young people join adult society and sort themselves out and are sorted to meet the manpower demand. Higher education provides screening and selection function of labour supply (Do, 2001: 16).
Higher education can also be seen as a component that produces graduates with various skills and different professions to meet the augmenting market demand as a result of the economic growth whereby more job opportunities are created (Do, 2001: 16). According to Becker and Lewis (1993:2), higher education contributes to economic growth, firstly through the *production of knowledge* and this largely takes place within the major universities through faculty members’ and their advanced students’ research and creative activities. Secondly, colleges and universities contribute to national growth through the *diffusion of knowledge*. This may result from the external services activities of their faculty, staff and students. Finally, it is accepted that higher educational institutions contribute to the *transmission of knowledge* through extensive and varied teaching activities.

### 2.2.1 Higher Education in Malaysia

Education is a priority concern to the Malaysian Government, and annually the biggest amount of the national budget is allocated for education purposes.\(^{11}\)

After achieving independence in 1957, Malaysia has achieved much in education. Tremendous changes and development have taken place in education since then. A national system has evolved from a fragmented and diversified system of schooling. In the meantime, curriculum reforms and the increasing use of educational technology have also enhanced the quality of education (Santhi, 2001:1).

Malaysian education comes under the purview and jurisdiction of the Ministry of Education (MOE). The task of the ministry is to ensure the planning and implementation of educational policies, programmes, infrastructure and resources are in line with national

\(^{11}\) [http://www.studyMalaysia.com](http://www.studyMalaysia.com)
aspirations. Other responsibilities of MOE include the registering, monitoring and approval of private educational centers and programmes.

The Malaysian education system conducts education from pre-school to higher education. They are pre-school education from age 5 (for 2 to 3 years), primary education from age 7 (for 5 to 7 years), lower secondary education from age 13 (for 3 years), upper secondary education from age 16 (for 2 years), post-secondary education or Sixth Form from age 16 (for 2 years), higher education, undergraduate studies from age 20 (for 3 to 5 years), and postgraduate studies (for 1 to 5 years).12

In Malaysia, the national education system encompasses two major components. Educational institutions are either government funded or aided, which are recognised as public educational institutions or private funded, which are recognised as private or independent educational institutions. Most of the primary and secondary schools in Malaysia are government or government-aided schools while private schools play only a minimum role (Santhi, 2001:2). The private sector plays a more significant role in tertiary education.

Higher education in Malaysia can be traced to the early 1900s with the establishment of the King Edward Medical School and Raffles College in Singapore to cater to students in both Singapore and Malaya at that time. The second tertiary education, Raffles College, was established in 1929 to provide general education. The college catered mainly for the upper-class in Singapore and Malaya with three-year diploma courses in English, History, Geography, Mathematics, and Physics (Lim, 1995: 69-70).

Opportunities for tertiary education during the colonial period were extremely limited. At the college level, available facilities were largely confined to teachers training, technical and agricultural fields. To serve the needs of Singapore and Peninsular Malaysia,

12 http://www.studymalaysia.com
two institutions were established in Singapore, as regards to university education. As mentioned earlier, these institutions were King Edward Medical School, founded in 1905, which was later renamed as King Edward VII School of Medicine and Raffles College. In 1949, these two institutions were amalgamated to form the nucleus of the University of Malaya in Singapore (Jasbir, 1987: 88).

When Malaysia achieved independence in 1957, the government began to focus on the development of tertiary education to meet the educational needs of the country. Programmes such as technical, agricultural and teachers training at the college level were gradually expanded. Enrolment in this level increased to 10,128 in 1965 from 7,417 in 1960, but dropped to 7,010 in 1969 due to a reduction in the intake for teachers training colleges.

In the meantime, plans were made for the establishment of a university in Malaysia. In accordance to this, the first step taken was the setting-up of a division of the University of Malaya in Kuala Lumpur in 1959, thereby creating one division in Singapore and the other in Kuala Lumpur. Three years later, the division in Kuala Lumpur became University of Malaya while the other division in Singapore was renamed the University of Singapore, which is known now as the National University of Singapore (Jasbir, 1987: 89).

Since then, Malaysia has witnessed a rapid expansion of higher education over the last three decades. Until 1969, there was only one university in the whole country, which is University of Malaya. Today there are 11 public universities and 6 public university colleges, 13 private universities and 2 private university colleges in Malaysia (Lee, 1996: 317).

A two-year Sixth Form programme prepares students to enter local and foreign universities. Students can also opt for the matriculation courses offered by some public and private colleges and universities besides the Sixth Form programme. Alternatively, they
can also select from a wide range of certificate and diploma courses offered by various colleges and polytechnics (refer to ‘Common Pathway for a First Bachelor Degree’ in Appendix A and ‘Routes to Higher Education in Malaysia’ in Appendix B for a detailed explanation). Fully residential science schools have also been set up and they offer a stimulating environment for outstanding students who choose to specialise in science and technology (Do, 2001: 2).

In Malaysia the public funded institutions of higher learning and the private funded higher educational institutions such as private colleges, private universities and foreign university branch campuses provide higher or tertiary education at certificate, diploma, first degree and higher degree levels (Santhi, 2001: 2).

The last decade in Malaysia has witnessed the establishment of several public and private universities as well as the setting up of foreign university branch campuses to cater the growing demand for higher education from Malaysians as well as foreigners. Distance learning programmes are also being expanded to provide greater access to higher education. The establishment of more private higher educational institutions in the country has also been encouraged (Santhi, 2001: 3).

The Malaysian government has initiated a major educational reform by formulating a new legislation on education to develop a world-class quality education and to meet the demands and requirements of this millennium. These new reformative legislation caters both the public and private sectors and all levels of education from pre-school to higher education. They are the Education Act 1996 (replaced the Education Act 1961), The Private Higher Educational Institutions Act 1996, The National Accreditation Board Act 1996, The Universities and University Colleges (Amendment) Act 1996, and The National Higher Education Fund Board Act 1997 (Santhi, 2001: 3).
The National Accreditation Board under the MOE sets broad guidelines for public and private higher educational institutions and it formulates policies on the quality of courses and the accreditation of certificates, diplomas and degrees. The ten-member Board comprises selected academicians from various public universities to provide a balanced representation of various disciplines and programmes to allow a more credible evaluation of degrees and certificates conferred by higher educational institutions in Malaysia. The Board ensures that higher academic standard, quality and control are maintained (Do, 2001:5).

In Malaysia, higher education provides opportunity to students to interact very closely with the industry. Universities and research institutions are part of the linkages being established by the National Council for Scientific Research and Development. Close collaboration between universities, the private sector and the R&D institutions has resulted in technological ‘think-tanks’ which are at the forefront of strategic research (Do, 2001:6).

Today, Malaysian universities and colleges are at the apex of the Malaysian education system. The government is committed to develop universities as institutions that are able to meet the challenges of globalization and not merely as ‘ivory tower’ edifices. This is because, Malaysia will be facing stiffer competition in trade and investment in the era of globalization (Do, 2001: 7).

The next section will look into the types of public and private higher education in Malaysia.
2.2.2 Public Higher Education in Malaysia

In Malaysia, public higher education is in the form of college education (government sponsored colleges and teachers training colleges), polytechnic education and university education. The college education and the first bachelor degree programmes are meant for Malaysians while the post-graduate studies are open to both Malaysian and foreign students.

2.2.2(a) College Education

In Malaysia, there are three types of College Education. First is the Government Sponsored Colleges. This form of education provides another option for upper secondary school leaver to further their education at either Certificate or Diploma levels. The entry requirement for these courses is Sijil Pelajaran Malaysia (SPM) or its equivalent. A full-time Certificate programme takes 2 years while a Diploma course takes about 3 years. One example of a successful government-sponsored college in Malaysia is the Tunku Abdul Rahman College (TARC) which was established in February 1969.

Secondly, we have Community Colleges which were started in 2001. These colleges address national interests by providing an environment that is conducive to the development of the individual capable of contributing to the nation. Their programmes are also designed to provide participants with the knowledge and proficiency that will prepare them for further education as well as equip them with entrepreneurial skills. These colleges offer both full-time and short courses. Generally, the full-time courses are offered to students with SPM qualifications, meanwhile the short courses accept Malaysians who can read and write in Bahasa Melayu.

The third type of college education is the Teachers Training Colleges or known as Maktab Perguruan in Bahasa Melayu. There are about 31 teachers training colleges located
throughout Malaysia which conduct training programmes at Diploma level for non-graduate trainee teachers for the primary and secondary schools. The courses encompass pre-service and in-service training programmes for candidates who have been accepted for teaching positions by the Ministry of Education. The teachers training programmes are for three years duration which lead to the award of “Diploma Perguruan Malaysia”.

2.2.2(b) Polytechnic Education

Polytechnics education in Malaysia is suitable for students and young adults who wish to pursue technical courses and programmes. Besides technical knowledge, students are also imbued with moral and ethical values. There are currently 13 polytechnics in Malaysia which operate under the Ministry of Education. These polytechnics are managed by the Polytechnic Management Department (Bahagian Pentadbiran Politeknik) of the Ministry’s technical Education Department.

2.2.2(c) University Education

In the development of university education, five new universities were founded and a number of branch campuses established after the setting up of University of Malaya in 1962 (Jasbir, 1987: 92). The National University of Malaysia was established in 1970, which incorporated the Muslim College. The others were the University of Science (1969) in Penang with a curriculum oriented towards manpower needs in science, industry, health, and education; the University of Agriculture (1971) in Selangor which was upgraded from the College of Agriculture and the University of Technology (1972).

In 1980s, two more universities were added to meet the increasing demand of higher education. The International Islamic University (IIU) commenced its first session in July 1983 for Islamic studies and began to train manpower based on Islamic principles, in
1984, the government established the Northern University of Malaysia (UUM) to offer programmes under the School of Economics and Public Administration and the School of Management and Accountancy (Lim, 1995: 73). During this period of rapid expansion, Mara Institute of Technology (ITM), which provided only certificate and diploma courses began to introduce a number of degree level courses (Jasbir, 1987: 93).

Now in Malaysia, there are altogether 17 public universities providing undergraduate (Bachelor’s degree) and postgraduate studies (Master’s degree and PhD). These 17 public universities consist of 10 local public universities, 1 international university, and 6 university colleges. Table 2.1 shows a list of Malaysian public universities. The general entry requirement for the undergraduate studies is Sijil Tinggi Pendidikan Malaysia (STPM) or other equivalent pre-university qualifications.

These 16 local public universities and university colleges are fully funded by the Government. There is also an international university in the public higher education system, namely the International Islamic University Malaysia (IIUM).

All the local universities and university colleges offer Bachelor’s degree courses for Malaysian students whilst their postgraduate courses are open to foreign students as well. In the meantime, both Bachelor’s degree and postgraduate courses in IIUM are open for Malaysians and foreigners.\(^{13}\)

Malaysian public universities take in about 80,000 students every year and yet the demand is ever mounting. As education becomes increasingly international in character, Malaysian universities are becoming more contemporary in outlook. Each university has developed its own competitive strengths, positioning itself as a centre of selective excellence (Do, 2001: 3).

\(^{13}\) http://www.studymalaysia.com
<table>
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<tr>
<th>Local Public Universities &amp; University Colleges</th>
<th>Established</th>
<th>Location</th>
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<tbody>
<tr>
<td>Universiti Malaya (UM)</td>
<td>1-1-1962</td>
<td>Kuala Lumpur</td>
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<td>Universiti Sains Malaysia (USM)</td>
<td>6-1969</td>
<td>Penang</td>
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<tr>
<td>Universiti Kebangsaan Malaysia (UKM)</td>
<td>18-5-1970</td>
<td>Selangor</td>
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<tr>
<td>Universiti Teknologi Malaysia (UTM)</td>
<td>14-3-1972</td>
<td>Johor</td>
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<td>Universiti Putra Malaysia (UPM)</td>
<td>4-10-1971</td>
<td>Selangor</td>
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<tr>
<td>Universiti Utara Malaysia (UUM)</td>
<td>16-2-1984</td>
<td>Kedah</td>
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<tr>
<td>Universiti Malaysia Sarawak (UNIMAS)</td>
<td>24-12-1992</td>
<td>Sarawak</td>
</tr>
<tr>
<td>Universiti Malaysia Sabah (UMS)</td>
<td>24-11-1994</td>
<td>Sabah</td>
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<tr>
<td>Universiti Pendidikan Sultan Idris (UPSI)</td>
<td>24-2-1997</td>
<td>Perak</td>
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<tr>
<td>Universiti Teknologi MARA (UiTM)</td>
<td>26-8-1999</td>
<td>Selangor</td>
</tr>
<tr>
<td>Kolej Universiti Islam Malaysia (KUIM)</td>
<td>13-3-1998</td>
<td>Kuala Lumpur</td>
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<tr>
<td>Kolej Universiti Sains dan Teknologi Malaysia (KUSTEM)</td>
<td>15-7-1999</td>
<td>Terengganu</td>
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<tr>
<td>Kolej Universiti Teknologi Tun Hussein Onn (KUITTHO)</td>
<td>2000</td>
<td>Johor</td>
</tr>
<tr>
<td>Kolej Universiti Teknikal Kebangsaan Malaysia (KUTKM)</td>
<td>20-9-2000</td>
<td>Melaka</td>
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<tr>
<td>Kolej Universiti Kejuruteraan Utara Malaysia (KUKUM)</td>
<td>2002</td>
<td>Perlis</td>
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<tr>
<td>Kolej Universiti Kejuruteraan &amp; Teknologi Malaysia (KUKTEM)</td>
<td>2002</td>
<td>Pahang</td>
</tr>
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</table>

**International University**

| International Islamic University Malaysia (IIUM) | 10-5-1983 | Selangor |


### 2.2.3 Private Higher Education in Malaysia

The demand for university places, particularly in the sciences, has outstripped accessibility within the national university system. As a result, a number of private higher educational institutions have emerged in recent years and there are several more on the drawing board (Santhi, 2001: 7).
Some private institutions are for-profit and others are non-profit institutions. Institutions which are profit oriented have been set up by individual proprietors, private companies, consortiums of companies and government corporations. Whereas non-profit institutions are usually set up by foundations or charitable organizations and through community support (Lee, 1999: 29).

In Malaysia, private higher education is directed at generating manpower leading to the award of certificate, diploma, degree and professional qualifications. Generally, the courses offered by Private Higher Educational Institutions (PHEIs) are for students with SPM or STPM qualifications or its equivalent. The Government of Malaysia encourages the private sector to set up educational institutions to supplement the government’s effort to further generate a larger pool of professional and semi-professional workforce with degree, diploma and certificate qualifications. Furthermore, the introduction of the Private Higher Educational Institution Act 1996 has enabled the private sector to establish degree-granting institutions and to set up branch campuses by foreign universities (Santhi, 2001:4).

Private higher education is playing a major role in providing higher education to both Malaysians and foreign students (Santhi, 2001: 4). The major differences between public and private higher educational institutions are that the latter use English as the medium of instruction and they also accept foreign students at undergraduate level.¹⁴ Currently in Malaysia, there are four types of PHEIs¹⁵ which are:-

a) **Private colleges (Non-University status)** which award certificate, diploma and external professional qualifications, and conduct franchised degree programmes for those private colleges with 3+0 status

¹⁴ [http://www.studymalaysia.com](http://www.studymalaysia.com)

¹⁵ [http://www.studymalaysia.com](http://www.studymalaysia.com)
b) *Private Universities and University Colleges (University status)* which award their own degrees and other qualifications

c) *Branch Campuses of Foreign Universities (University status)* which award identical degree qualifications that are identical to that of the host University

d) *Distance Learning Centres* which award various academic qualifications and provide mode of study through video conferencing, electronic media, telephone and internet

### 2.2.3(a) Private Colleges

Private Colleges offer a wide range of foreign university awarded degree programmes (first bachelor and masters degree levels), professional and semi-professional courses and English courses as well as internationally rated internal certificate and diploma programmes. They have a unique education structure, whereby students can opt to do the UK, USA, Australia, New Zealand, French or Canada education system to attain foreign qualifications right here in Malaysia at much reduced costs.

There is a wide range of study options available in the private colleges as given below:-

1. *Internal Award Certificate and Diploma Programmes*

2. *Split-site Arrangement Bachelor Degree Programmes* from Universities in the UK, USA, Australia, New Zealand and Canada. Methods of split-site degree arrangements are as stated below:-

   - *Twinning Degree Programme*
   - *Credit Transfer Programme*
• Advanced Standing Entry Programme (Validated/Moderated Programme)

c) Foreign University Degree Franchised Programme in Malaysia (3+0 Arrangement). Table 2.2 shows the list of 3+0 status Private Colleges and their collaborative University-Partners.

d) Malaysian Public University Degree Franchised Programmes

e) External Programmes for Degree qualification (Local and Foreign)

f) Professional Examination Board in which there are two types of examination bodies or boards:

• ‘Qualifying’ Examination Bodies
• ‘Academic’ Examination Bodies

g) University Joint Programmes at Masters Degree and Postgraduate levels

Currently, there are nearly 600 Private Colleges in Malaysia which are approved by the Malaysian Ministry of Education (MOE).16

Table 2.2: Some 3+0 Status Private Colleges and their collaborative University-Partners

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<thead>
<tr>
<th>Asia Pacific Institute of Information Technology, 1993</th>
<th>University of Staffordshire, UK</th>
</tr>
</thead>
<tbody>
<tr>
<td>Binary College, 1989</td>
<td>University of Northumbria at Newcastle, UK</td>
</tr>
<tr>
<td>Disted Stamford College, 1987</td>
<td>Deakin University, Australia</td>
</tr>
<tr>
<td>HELP Institute, 1986</td>
<td>University of East London, UK</td>
</tr>
<tr>
<td></td>
<td>Charles Sturt University, Australia</td>
</tr>
<tr>
<td>Institut Perkim-Goon, 1981</td>
<td>Anglia Polytechnic University, UK</td>
</tr>
<tr>
<td>Institut Teknologi Pertama, 1986</td>
<td>Robert Gordon University, UK</td>
</tr>
<tr>
<td>International College of Music, 1995</td>
<td>University of Westminster, UK</td>
</tr>
</tbody>
</table>

16 http://www.studymalaysia.com
<table>
<thead>
<tr>
<th>Institution</th>
<th>University Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>INTI College, Nilai, 1998</td>
<td>University of Hertfordshire, UK</td>
</tr>
<tr>
<td></td>
<td>Coventry University, UK</td>
</tr>
<tr>
<td>INTI College, Sarawak, 1991</td>
<td>University of Hertfordshire, UK</td>
</tr>
<tr>
<td></td>
<td>University of Wollongong, Australia</td>
</tr>
<tr>
<td>INTI College, Subang Jaya, 1986</td>
<td>University of Hertfordshire, UK</td>
</tr>
<tr>
<td></td>
<td>Coventry University, UK</td>
</tr>
<tr>
<td>Kolej Aman, 1989</td>
<td>University of Wales College Newport, UK</td>
</tr>
<tr>
<td></td>
<td>Nelson Polytechnic, NZ</td>
</tr>
<tr>
<td>KBU International College, 1990</td>
<td>Anglia Polytechnic University, UK</td>
</tr>
<tr>
<td></td>
<td>Nottingham Trent University, UK</td>
</tr>
<tr>
<td>KDU College, 1983</td>
<td>Murdoch University, Australia</td>
</tr>
<tr>
<td>KDU College Penang, 1991</td>
<td>University of Lincolnshire &amp; Humberside, UK</td>
</tr>
<tr>
<td>Kolej Linton, 1987</td>
<td>Nottingham Trent University, UK</td>
</tr>
<tr>
<td></td>
<td>University of Hertfordshire, UK</td>
</tr>
<tr>
<td>L&amp;G Twintech Institute of Technology,* 1994</td>
<td>University of Wales College Newport, UK</td>
</tr>
<tr>
<td>Limkokwing Institute of Creative Technology,* 1991</td>
<td>Curtin University of Technology, Australia</td>
</tr>
<tr>
<td>Metropolitan College, 1987</td>
<td>Royal Melbourne Institute of Technology (RMIT),</td>
</tr>
<tr>
<td></td>
<td>Australia</td>
</tr>
<tr>
<td>Nilai College, 1997</td>
<td>Oxford Brookes University, UK</td>
</tr>
<tr>
<td></td>
<td>LA Trobe University, Australia</td>
</tr>
<tr>
<td>Regent School of Economics</td>
<td>University of Northumbria at Newcastle, UK</td>
</tr>
<tr>
<td>RIMA College, Ampang, KL, 1981</td>
<td>University of Lincolnshire &amp; Humberside, UK</td>
</tr>
<tr>
<td>RIMA College, Johor Bahru</td>
<td>Lincoln University, NZ</td>
</tr>
<tr>
<td>SAL Group of Colleges, 1982</td>
<td>Edith Cowan University, Australia</td>
</tr>
<tr>
<td>Sedaya International College,* 1986</td>
<td>University of Derby, UK</td>
</tr>
<tr>
<td></td>
<td>University of Northumbria at Newcastle, UK</td>
</tr>
<tr>
<td>Sepang Institute of Technology, 1996</td>
<td>University of South Australia, Australia</td>
</tr>
<tr>
<td>Stamford College, Petaling Jaya, 1950</td>
<td>University of Northumbria at Newcastle, UK</td>
</tr>
<tr>
<td>Sunway College,** 1987</td>
<td>Victoria University of Technology, Australia</td>
</tr>
<tr>
<td>Taylor's College School of Hospitality and Tourism, 1987</td>
<td>University Toulouse Le Mirail, France</td>
</tr>
<tr>
<td>Taylor's Subang, Subang Jaya, 1969</td>
<td>University of Technology Sydney, Australia</td>
</tr>
</tbody>
</table>

Source: http://www.studymalaysia.com

* Upgraded to University College in year 2003  ** Upgraded to University College in year 2004
2.2.3(b) Private Universities

Private Universities are owned and established by financially sound corporations in Malaysia and they are headed by renowned Chief Executive Officers (CEOs). These Private Universities are granted university status by the Ministry of Education under the Private Higher Educational Institutions Act 1996. These universities can confer the award of Bachelors degree and other higher qualifications. They provide students with a choice to acquire a Bachelor’s degree qualification at a competitive education cost.

Students can study either full-time or part-time at these universities to earn their Bachelor’s degree and Postgraduate qualifications. As course fees are relatively cheap and the qualifications are internationally recognized, these campuses become attractive and viable to both local and international students. The areas of study range from Business, Arts, Philosophy, Accounting and Management to IT, Science, Engineering and Medicine.

Currently there are 13 Private Universities and 2 University Colleges offering degree programmes in Malaysia. The list of these Private institutions and their locations is shown in Table 2.3.

Table 2.3: Private Universities and University Colleges in Malaysia

<table>
<thead>
<tr>
<th>Private Universities &amp; University College</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>International Medical University (IMU), 1999</td>
<td>Kuala Lumpur</td>
</tr>
<tr>
<td>Petronas University of Technology (UTP), 1999</td>
<td>Perak</td>
</tr>
<tr>
<td>Multimedia University (MMU), Cyberjaya Campus, 1999</td>
<td>Putrajaya</td>
</tr>
<tr>
<td>Multimedia University (MMU), Melaka Campus, 1999</td>
<td>Melaka</td>
</tr>
<tr>
<td>Tenaga Nasional University (UNITEN), Kajang Campus, 1999</td>
<td>Selangor</td>
</tr>
<tr>
<td>Tenaga Nasional University (UNITEN), Muadzam Shah Campus, 1999</td>
<td>Pahang</td>
</tr>
<tr>
<td>Tun Abdul Razak University (UNITAR), 1999</td>
<td>Selangor</td>
</tr>
<tr>
<td>Open University of Malaysia (UNITEM), 2000</td>
<td>Kuala Lumpur</td>
</tr>
<tr>
<td>Industrial University of Selangor (UNISEL), 2000</td>
<td>Selangor</td>
</tr>
</tbody>
</table>
Table 2.3, continued

<table>
<thead>
<tr>
<th>Institution</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asian Institute of Medicine, Science &amp; Technology (AIMST), 2001</td>
<td>Kedah</td>
</tr>
<tr>
<td>Malaysia University of Science and Technology (MUST), 2000</td>
<td>Selangor</td>
</tr>
<tr>
<td>Universiti Tunku Abdul Rahman (UTAR), 2001</td>
<td>Perak</td>
</tr>
<tr>
<td>Technical University of MARA, 2001</td>
<td>Selangor</td>
</tr>
<tr>
<td>University College of Technology &amp; Management Malaysia (KUTPM), 2001</td>
<td></td>
</tr>
<tr>
<td>Limkokwing University College of Creative Technology (LUCCT), 2003</td>
<td></td>
</tr>
</tbody>
</table>


2.2.3(c) Foreign University Branch Campus

The Malaysian Government’s decision to allow foreign universities to set up their branch campuses in Malaysia has a far reaching significance in the local education industry and opened up an opportunity for both local and foreign students to earn a foreign degree in Malaysia.

The establishment of foreign universities’ branch campuses in Malaysia is a testimony of a great confidence that foreign educational institutions have in the Malaysian education system. This recognition has also helped to propel Malaysia into a center of academic excellence. A branch campus can be seen as an ‘off-shore’ of the foreign university. It provides students with the same courses and awards as it is offered at the host university.

Currently there are 4 branch campuses of reputable foreign universities being operated in Malaysia. The setting up of foreign universities’ branch campuses in Malaysia is not allowed unless it is by invitation from the Government. Monash University Australia
is the first foreign university to establish its branch campus in Malaysia in February 1998 in Bandar Sunway, and this was followed by other branch campuses as shown in Table 2.4.  

Table 2.4: Foreign University Branch Campuses in Malaysia

<table>
<thead>
<tr>
<th>University</th>
<th>Country of Origin</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monash University Malaysia</td>
<td>Australia</td>
<td>Selangor</td>
</tr>
<tr>
<td>Curtin University of Technology Sarawak Campus Malaysia</td>
<td>Australia</td>
<td>Sarawak</td>
</tr>
<tr>
<td>University of Nottingham in Malaysia</td>
<td>United Kingdom</td>
<td>Kuala Lumpur</td>
</tr>
<tr>
<td>FTMS-De Montfort University Campus Malaysia</td>
<td>United Kingdom</td>
<td>Kuala Lumpur</td>
</tr>
</tbody>
</table>


17 http://www.studymalaysia.com
2.3 Relationships between higher education and work

Education has a close relationship with the world of work. Societies expect schools to develop the knowledge, attitudes and skills in young people which will enable them to contribute to the economy. Young people as well as their parents expect schools to help them enter a worthwhile job (Watts, 1985: 9).

In the technical reports prepared by several academicians from University of Malaya, it is stated that the relationship between the formal education system and employment is generally accepted to imply that education provides access to employment. In this regard, it may be said that educational institutions function as distributive agencies primarily by channeling individuals with different educational levels into different occupational groups (Fatimah et al., 1987: 377).

According to them again, the role of education has been emphasised especially in the movement of persons into the top echelons of society. It is argued that the area of elite occupational mobility in any society is intimately connected to the structure of education. They go on to say that access to formal education is certainly a prerequisite for entry into the recognised professions (Fatimah et al., 1987: 377).

Scholars and researchers in Malaysia have also emphasized the importance of education as a determinant of status and as a factor in the movement into elite or prestigious occupations in the country. Apart from this, education as a whole enhances the cultural and political development of a society. It also helps to create a climate that is conducive for modernization and the effective functioning of a democratic system. It is not surprising that Malaysia, like other countries, has embarked on a rapid expansion of its educational system since the benefits of education are pervasive (Fatimah et al., 1987: 378).
According to Woodhall (1981: 35), education was proclaimed as the most profitable form of investment in human capital. It is said to be more profitable than many forms of physical capital, both for the society and for individuals. Education contributed to the growth of economy of a country by improving the quality of the labour force, providing and equipping qualified workers with the knowledge and skills demanded by the modern sector to make these workers more productive. Meanwhile, education has also brought indirect benefits like better standards of health and child care, reduced fertility rates, greater social mobility between one generation and another, and a more equitable income distribution. Therefore it was suggested by Woodhall that policy-makers should expand education, particularly higher education in order to satisfy future demands for educated labour force.

In the book “Education and Work: The State of Transition”, (Chew & Lee, 2001: 1) it is stated that education, especially higher education, enhances a person’s employability in the modern sector. This, in turn, increases his income, prestige and status. According to the authors, educational institutions attract more and more students as people become increasingly aware of the economic and social benefits of education.

Meanwhile, Brennan, Kogan, and Teichler (1996: 11) explain that higher education plays a role vis-à-vis the employment system, first in terms of providing job-related knowledge and competences, and second, in pre-selecting students for future jobs, positions, and ranks. It may do so irrespective of whether it is pursuing autonomous educational objectives, responding relatively to presumed needs of the employment system, or attempting to pursue proactive policies of shaping and innovating in the employment system. However, the extent to which different higher education systems, and parts of systems, are responsible for selecting and training for employment varies considerably.
According to Watts (1985: 13-19), there are four functions which educational institutions can play in relation to employment. The first function is selection. The educational process has ceased to be concerned simply with the transmission of skills and values. It has taken on the functions of allocating and selecting as well as training individuals for their adult roles. Now, particular educational qualifications are necessary prerequisite for entry to many occupations and are used in selection by many employers.

The second function is socialization, in which the educational institutions influence students' attitudes to the world of work, and to their own function within it, through the formal and informal organization of educational institutions and social relations within them. In many key respects the structure of social relations of education accurately reflect and reproduce the structure and social relations of the work place. This close correspondence between the social relationships which govern personal interaction in the work place and the social relationships of the educational system means that schools nurture, within students, attitudes and behaviour consonant with their likely future levels of participation in the labour force.

The third function is orientation. It is concerned with deliberate curricular interventions designed to help students to understand the world of work, and to prepare for the choices and transitions they will have to make on entering it.

Then the final function is preparation and it plays the role of promoting the acquisition of special skills and knowledge which students will be able to apply in a direct way after entering employment.

The relationships between higher education and work have been underscored into three major themes by Brennan, Kogan, and Teichler (1996: 11) as shown in Table 2.5.
Table 2.5 Relationships between Higher Education and Work

<table>
<thead>
<tr>
<th>Dimensions of higher education relevant to work</th>
<th>Linkages between higher education and work</th>
<th>Dimensions of work relevant to higher education</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Quantitative and structural developments</td>
<td>• Labour market, intermediary agencies and transition</td>
<td>• Employment</td>
</tr>
<tr>
<td>• Curricula, training and socialization</td>
<td>• Regulatory system</td>
<td>• Career</td>
</tr>
<tr>
<td>• Educational provisions and students’ options</td>
<td>• Life-long education and work</td>
<td>• Work tasks and requirements</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Profession</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Quality of work and employment</td>
</tr>
</tbody>
</table>

*Source: Brennan, Kogan, and Teichler, Higher Education and Work, 1996*

From the table above, we can note three different kinds of linkages between higher education and work. The first is the direct linkages between higher education and work which can be termed labour market, intermediary agencies and transition process; second is the regulatory system shaping the relationships between higher education and work, notably the actors involved and the ways of regulation chosen; and third, the consecutive life stages of study and subsequent work are more and more blurred by work and employment prior to and during study and by periodic return to study from or during employment.

Then, employment, career, work tasks and requirements, profession, and quality of work and employment might serve as appropriate terms for describing the major aspects of the work which are relevant to higher education.

Institutional types, fields of study and qualification types are the typical structural aspects to be taken into account as aspects of higher education in relation to the world of work. The substance of education, curricula forms, approaches to teaching, learning and assessments as well as work-based learning in some cases, are other typical aspects of higher education in relation to work which are addressed here. In addition to this, we also
have to consider the broader socialization effect of higher education and the motivational, attitudinal and behavioural elements involved beyond academic knowledge as aspects of higher education relevant to work. Finally it must also be remembered that higher education is not directly relevant to employment through the kind of education and training it provides, but through the ways students make use of these educational provisions.

2.4 Graduate Employment and Unemployment

According to Brennan, Kogan, and Teichler (1996: 11) higher education impacts on graduate employment by the number of graduates it provides.

In the article ‘Types of graduate employment’ in Graduate Prospects report, six types of graduate employment were identified. The first type is ‘Trad jobs’ which are graduates in jobs traditionally requiring degrees, further divided into professional specialist occupations which require particular degree subjects and fast-track management and administrative jobs where degree subject is less important than evidence of general potential. It is traditionally evaluated by class of degree and elite provenance of degree.

The second type of graduate employment is ‘Gradual Graduate’ in which graduates are in trainee or experience building jobs which provide pathways to more traditional graduate occupations in the professions, management or administration. The third type is ‘The New Knowledge Workers’ which are mainly relatively new jobs where high information technology skills are required, in sectors such as Finance, Business Services and Communications.

The fourth type of graduate employment is ‘The New Persuaders’ which are often new kinds of jobs in Business Services, Communications and Customer Services, where high-levels of interpersonal and communication skills are required. The fifth type is

http://www.prospects.ac.uk
'Careers with Credentials' which are mainly in the public sector and social welfare posts where excellent interpersonal and management skills are called for. Finally the sixth type of graduate employment is 'McGrad Jobs' which clearly represent under-employment.

In Malaysia the number job-seekers holding degrees or diplomas increased from 5,634 in 1997 to 12,938 in 1998, and to 15,396 in 1999 (Jomo, 2001:232). Graduate unemployment is an important issue because firstly, the levels of government investment on its education policy have been extremely high, especially on higher education (In fact, education has been allocated about 10% of the budget under the Fifth Malaysia Plan). Secondly, the problems of graduate unemployment tend to generate other issues which their implications extend into human resources planning and management as well as politics (Seminar Pengangguran Siswazah, 1987).

According to Sumathi (2003), the economic difficulties faced by Malaysia are deepening the structural unemployment problems as Malaysia seeks to transform itself into a more knowledge-based economy. The setting up of Malaysia's Silicon Valley, 'Multimedia Super Corridor' and the recent launch of 'Bio Valley', indicates that the economy needs more 'knowledge workers' to support these new industries.

Consequently, the demand for graduates with backgrounds in information technology, engineering and sciences has shot up. Since most of our graduates from the universities have arts degrees and lack the skills needed for this economy, there has been a mismatch between graduate qualifications and the demand from employers. It is also stated in this article that in most cases, courses offered by the universities are based on perceived demand rather than what is required by the industry. Therefore, universities and employers should have regular forums and discussions to exchange feedback and reexamine courses to ensure students learn skills that will enable them to secure jobs after graduating (Sumathi, 2003).
Therefore to ensure that higher education remains constant with changes in the labour market, the problem of graduate unemployment needs closer scrutiny and careful monitoring.

In view with the increasing threat of graduate unemployment especially in the Arts and Social Sciences, it has been suggested that the obvious policy option to deal with the above situation is to cut down on the intake of students to the Arts and Humanities faculties while increasing the intake into Medical, Dentistry, Sciences, Agriculture and Engineering faculties (Fatimah et al., 1987: 477).

It has been said that to address the government's concern about the unemployment issue, the cabinet has allocated RM 100million under the economic stimulus package to boost the country's economy. In June 2003, Deputy Human Resources Minister Datuk Dr. Abdul Latiff Ahmad revealed in the Dewan Rakyat that 13 percent of the 31,000 jobless graduates, between July 1997 and June 2002, had first-class degrees but failed to gain employment due to their inability to communicate properly (Bernama, 19th August 2003).

As it is suggested Sumathi (2003), this shows that lack of communication and social skills have worked against many graduates in getting a job. According to this article, even though many multinational companies have set up their regional hubs in Malaysia, some of these companies are failing to hire local graduates because of their poor command of English.

The tough job climate in the country though, has not tampered graduates' expectations. Industry observers say that most of today's fresh graduates are becoming inflexible rather than being pragmatic. They are unwilling to consider career options which are outside their areas of specialization. Some commentators blamed the rise in the general affluence of graduates over the years for their casual attitude in finding a job quickly. Graduates nowadays don't need to find a job to support their family and since education is
still affordable in Malaysia, we do not have graduates graduating with huge loans. Therefore many graduates have become spoilt and very selective in their choices as to where they want to work, since there is no immediate pressure.

The worrying trend in graduate unemployment has prompted Malaysia’s policy makers to take the lead in tackling the issue. The government has taken several measures including some graduate training schemes that have proved to be quite successful since their introduction in 1999. The Information Technology and English language programmes have been highly effective and some 80 percent of the graduates who took these courses managed to find employment.

According to UNESCO (1981: 20), education is not, in itself, responsible for the unemployment problem among school leavers and graduates. Other causes which are responsible for this problem include labour market distortions such as over-valued exchange rates and distorted factor prices, in particular, the large income differentials between the educated and less educated. Political and social pressures have caused over-expansion of education relative to job opportunities, and the undue emphasis on educational qualifications in job selection leads to unrealistic aspirations. At the same time, problems caused by rural-urban migration is exacerbated by education, which helps to convert rural underemployment into urban open unemployment, as well as the general development strategy of Less Developed Countries (LDCs), which favour the modern, urban sector.

In United Kingdom, according to the latest official graduate destination statistics published in “What do graduates do?”\(^\text{19}\), the proportion of graduates unemployed six months after graduation remained around 5 percent between 1998 and 2000 but rose to just over 6 percent in 2001, thought to be attributable to the decline in the IT industry.

\(^{19}\) http://www.prospects.ac.uk/.../mature_students
In Africa, according to a recent research\(^\text{20}\), the number of unemployed graduates and post-graduates has reached ‘alarming proportions’. The Africa’s Industrial Development Corporation (IDC) Human Resources Development Manager Shubash Laloo said that although the number of people enrolling for degrees and subsequently qualifying has steadily increased over the years across all population groups, and continues to do so, the large number of graduates and post-graduates who remain unemployed has reached alarming proportions.

He also said that recent research undertaken within the financial sector showed that while the number of graduates in the sector had increased substantially from 75,178 in 1991 to 158, 891 in 2001 in the accountancy, business management and commercial disciplines, over 14, 498 were unemployed.

2.5 Graduate Recruitment Patterns

A dynamic organization needs high-level manpower, not in the form of individuals who can perform specific tasks, but in the form of individuals who can think and solve problems and who are sufficiently versatile to meet the needs of an ever-changing and competitive environment (Lee, 1987: 194).

In the article “Myths about graduate recruitment”\(^\text{21}\), it is stated that the most recent labour market information provides evidence that a degree on its own, without accompanying work experience, evidence of achievement, and/or transferable skills, is not enough. This is said to be true especially against a backdrop of increasing participation in higher education, and the provision of new and different choices of courses.

\(^{20}\) [http://www.business.iafrica.com/new/]
\(^{21}\) [http://www.propects.ac.uk]
It was also suggested in this article that the type of university chosen by students can affect a graduate’s job prospects. According to recent research, graduates from ‘old’ universities are more likely to get a job on graduation where they feel they are using their graduate skills and knowledge. However, graduates who have done a vocational course and gained useful work experience are the most likely to get early career satisfaction, irrespective of whether they attended an old or new university.

According to Geoffrey Squires (1990: 76-77), four aspects may affect the initial selection of graduates. The first aspect is expertise which is derived from the subject content of the graduates’ degree. This aspect is very important because there is a direct link between the degree subject and occupation. The second aspect is their general ability inferred from the class and source of their degree. This is not simply natural or pure ability, but ability which has been developed through the process of the curriculum. Thirdly are the personal qualities that refer to the various personal or social attributes and attitudes which emerge from inferences, biographical information or during an interview. Finally, there are the identifiable skills which they may or may not possess, such as numeracy, computing, communications and foreign languages, which to some extent cut across different degree subjects and may be acquired from the growing number of employment skills’ courses in higher education.

In a study done by the Higher Education Council of England on ‘How much does higher education enhance the employability of graduates?’ some conclusions regarding the graduate labour market were drawn out. The survey concluded that work experience during courses appear to be a highly positive influence on employability. The extent to which graduates are exposed to employability skills training and the form this takes, varies considerably depending on the subject of his or her degree and the institution where it was

22 http://www.propects.ac.uk
obtained. The survey also indicated that employer involvement in course design and delivery is positively associated with the quality of initial employment found by graduates.

According to the article "The changing graduate recruitment market"\(^{23}\), two major developments are influencing graduate recruitment—the huge increase in graduate output from universities and some fundamental organizational and operational changes in employment.

The history of graduate recruitment in the late 1990s and early 2000s underline the unpredictability of the graduate labour market in United Kingdom. According to graduate market trends, employment amongst IT graduates, for example, which has enjoyed a rapid rise in recent years, fell by just over 7 percent from 2000 to 2001 and has been overtaken by business and management studies, media studies and building, as courses offering the highest employability rates\(^ {24}\).

In the article "The graduate labour market", it has been explained that world events since September 2001 have had a negative impact on the world economy. This has inevitably filtered through to the graduate labour market. Recent surveys have shown that the number of graduate vacancies has dropped in the last few months. However, despite this mixed picture of the graduate labour market, the research done has consistently shown that graduates fare better in the labour market than non-graduates, and many employers still find difficulties in filling their vacancies.

Research from the Higher Education Careers Services Unit (CSU)\(^ {25}\), based on analysis of advertisements in CSU’s graduate vacancy publication, ‘Prospects Today’ and reports in Graduate Market Trends, have found a large decrease in vacancies in 2001 to March 2002 compared with the same period of a year previously. The drop was mainly due

\(^{23}\) [http://www.swan.ac.uk/careers/jobmarket](http://www.swan.ac.uk/careers/jobmarket)
\(^{24}\) [http://www.prospects.ac.uk/...mature_students](http://www.prospects.ac.uk/...mature_students)
\(^{25}\) [http://www.prospects.ac.uk](http://www.prospects.ac.uk)
to decreases in opportunities in finance, IT, engineering and technology services, and management consultancy.

The article also states that despite the economic and recruitment slowdown, the situation may not be as gloomy as first appear. Some recruiters are experiencing problems filling all their graduate vacancies as shown in the latest annual survey on recruitment from the Chartered Institute of Personnel and Development (CIPD). Although the research is not aimed specifically at graduate employers, three quarters of the 747 organisations surveyed are experiencing difficulties in recruiting, compared with just over half in 2000. This figure rises to a staggering 89 percent in the public sector.

According to Aitken (1994), the graduate labour market has in recent years been demonstrating the classic symptoms of a mismatch between supply and demand. Furthermore, it is apparent that the graduate labour market is one in which it lacks natural clearing mechanisms. Aitken says that students leaving higher educational institutions in 1993 selected their courses in the late 1980s, against a backdrop of very different labour market conditions. This may help to explain why the type of courses acquired by the graduates do not tandem with the market needs or demand when they come out of universities.

Aitken also says that success in tight job market is influenced by subject choice, academic performance, socio-economic and demographic factors. Therefore it is important that potential entrants to higher education are provided with as much information as possible to enable them to assess the extent to which courses will enhance their labour market prospects.

According to Chew and Lee (2001: 2), the rapid expansion of education in the Malaysia has created as many problems as it has solved. Apart from the problem of escalating cost, the country experiences simultaneous manpower surpluses and shortages
due to the hasty indiscriminate expansion of education. Questions have been raised as to whether the curricula and orientation of the educational system are relevant to the changing needs of the economy and society.

In the article "The changing graduate recruitment market"²⁶, it has been stated that since the early 1960s in United Kingdom, when higher education first began to expand, there has been continuous development and change in entry level requirements. The classic examples of this situation are teaching and chartered accountancy entry requirements which have moved from GCSE entry level to all graduate professions.

According to the article, about 70 percent of the graduates in UK were employed in the service sector - financial services, public services, social or welfare and arts and media. 15 percent were employed by industry and the others were in areas such as transportation, distribution, hotel and catering while 20 percent of graduates are in contract work, varying from three months to three years duration.

Evidence from the research done shows that almost all graduates have found employment three years after their graduation, which they themselves classify as graduate level work. Only 6 percent of them were self-employed.

The article also states that recruitment by the traditional national or international companies and by the public sector into traditional graduate management trainee jobs, has not kept pace with the increase in output of graduates. These companies are looking for graduates with a combination of good intellectual abilities and a range of transferable skills and qualities gained from vacation work and active involvement in extra-curricular activities.

According to Fatimah (1987: 583) public sector establishments can produce almost any output of public services that the parliament approves. On the other hand, the private

²⁶ http://www.swan.ac.uk/careers/jobmarket
sector establishments tend to operate on a more competitive basis or on an economic rationale.

Based on the survey on higher education and employment in Malaysia (Fatimah et al., 1987: 394, 398-401), there is a marked difference in the pattern of employment between local and foreign graduates. While local graduates have predominantly worked in the public sector, foreign graduates have more frequently been employed in the private sector.

The survey shows that local universities supplied a greater proportion of graduate employees to the public sector than the private sector. Among graduates employed in the public sector, 83 percent were local graduates. Contrastingly, in the private sector, local graduates only comprised 49.5 percent.

According to Jasbir (1987: 148), the flow of local graduates into the public sector is largely a result of government sponsorship of its scholars. Graduates from foreign universities who had mostly studied at their own expense tended to flow into the private sector. Among such graduates, those from India (96.9%), Taiwan (96.6%) and Canada (93.5%), obtained private sector employment. Meanwhile, more than 70 percent of graduates from Australia, the United States of America and Singapore were also employed in the private sector. According to the study, it would appear that local graduates tended to move into government service while graduates from foreign universities tended to opt for employment in the private sector.

According to Fatimah et al. (1987: 394-395), the survey on higher education and employment in Malaysia shows a preponderance of Malays in the public sector, while Chinese seem to dominate the private sector. 60 percent of Malay graduates are in the public sector while 81.7 percent of Chinese graduates are employed in the private sector.
The Indians too are employed largely in the private sector. However, a higher proportion of Indians than Chinese graduates are employed in the public sector.

Ethnically, the employment of the graduates reflected what was traditionally assumed. Malay and Indian graduates sought jobs in the service sector more frequently than Chinese graduates. Chinese graduates however, were more frequently employed in manufacturing and commerce than Malay graduates. There were 23.4 percent and 18.9 percent Chinese graduates in manufacturing and commerce respectively compared to 4.5 percent and 13.2 percent Malay graduates in the same fields (Fatimah et al., 1987: 447).

Ethnic differences are quite significant in the pattern of employment. The differences could be due to the availability and accessibility of public and private sector scholarships and bursaries to certain ethnic groups. The Bumiputeras graduates, particularly the Malays in Peninsular Malaysia accounted for 76.8 percent of the total number of recipients of scholarships and other awards. The Chinese graduates accounted for a further 17.3 percent and the Indian graduates 5.8 percent. Contractual agreements to serve upon completion of study may therefore be an important mode of securing jobs among the Bumiputera graduates. In fact, the largest proportion of Bumiputera graduates found their first job through this means. According to the survey, more Bumiputera graduates than non-Bumiputera graduates found their first employment through scholarships and bursary bonds (Fatimah, 1987: 133 & 145).

There is also evidence from the survey that the demands of the public sector are somewhat different from the demands of the private sector. The private sector tends to be more selective and discriminating with clearer demands of what it expects from its graduates. Therefore graduates who seek employment in the private sector must face up to the challenge of this sector. These graduates must stop asking what the employment sector
has to offer them and instead ask what it is that they have to offer to the employment and
development needs of society (Fatimah et al., 1987: 474-475).

The survey shows that the public sector tended to place far greater importance on
academic record than the private sector. This may be explained by the fact that public
sector recruitment follows a more rigid structure in which academic credentials play a more
important role. On the other hand, private sector recruitment follows a more flexible
structure and the establishments are at all times willing to recruit those who have the
appropriate affective characteristics even if they do not posses the best academic
credentials (Fatimah et al., 1987: 591-592). Public sector also gives importance to
proficiency in Bahasa Melayu. In contrast to this, the private sector placed more
importance to proficiency in English language. Meanwhile, past relevant experience was
given more importance than academic record in the private sector (Jasbir, 1987: 188).

Factors like physical appearance, past experience, participation in cultural and
sports activities, student leadership and even marital status and sex play a more important
role in the private sector selection process. In fact, it would appear that all the selection
criteria matter more in the private sector and this suggests that the private sector is more
discriminating and demanding in its selection procedures and criteria (Fatimah et al., 1987:
444).

According to Jasbir (1987: 192), given the difference in organizational behaviour,
one would expect the public sector organizations to accord relatively greater importance to
most of the four roles (impacting specific skills; imparting general skills; developing the
ability to think rationally and systematically; creating awareness of and sensitivity to
societal needs and problems) than the private sector organizations. The private sector, being
more concerned with their survival, might have a narrower concept of investment in
education. In particular, one could expect the private sector to place relatively greater
importance on the role of imparting specific skills since this would imply lower on-the-job training costs for the organization.

According to Woodhall (1981:41) employers use educational qualifications in selecting employees, partly as a method of identifying those with desired characteristics and attitudes and partly because education develops those characteristics and attitudes employers seek from employees. When employers use educational qualifications extensively in selecting and recruiting employees, extremely distorting effects can occur on both the demand for education and the curriculum used in schools. More and more students seek higher qualifications just to improve their relative chances of a better paid job. Various writers call this tendency among students as 'credentialism' or 'the diploma disease'. In their views, this will lead to a serious waste of resources as more and more students seek to improve their chances in the 'race' and 'competition' of securing jobs, while employers upgrade the educational qualifications of jobs constantly.
2.6 Recruitment and Employment

2.6.1 Recruitment

Recruitment is the process of locating and encouraging potential applicants to apply for existing or anticipated job openings. Efforts are made to inform the applicants fully about the qualifications required during this process to perform the job and the career opportunities the organization can offer its employees. The organisation’s Human Resources policies, the availability of personnel and the requirements of the job to be staffed will determine whether or not a particular job will be filled by someone from within the organization or outside the organization (Sherman, Bohlander & Snell, 1998: 137).

According to Kleiman (2001:100) recruitment is a process used by an organization to locate and attract job applicants in order to fill a position. An effective approach to recruitment can help a company successfully compete for limited human resources. In order to maximize competitive advantage, a company must choose the recruiting method that produces the best pool of candidates quickly and cost efficiently.

Recruitment can also be defined as the process of attracting applications from suitable applicants and directing activities towards locating potential employees (Foot & Hook, 1999: 52). The process of recruitment and selection are closely related. Both recruitment and selection are directed towards obtaining suitably qualified employees. Recruitment activities lay the foundation for the selection process by providing the group of applicants from whom the selectors may choose (Foot & Hook, 1999: 52).

Recruitment and selection also refers to the processes by which organizations solicit, contact and create interest in potential new appointees to vacant positions in the organization. Then in some way the organisations establish their suitability for appointment (Bratton & Gold, 1994:147).
A recruiting program has five goals. It aims to achieve cost efficiency, attract highly qualified applicants, help to ensure that individuals who are employed stay with the organization, assist a company’s efforts to comply with non-discrimination laws, and help creating a more culturally diversified workforce in the organization (Kleiman, 2000:100). Meanwhile, according to Foot and Hook (1999: 52), the aims of recruitment are to obtain a pool of qualified candidates for vacant positions, to use and be seen to use a fair process, to make sure that all recruitment activities contribute to organisation’s goals and desirable organisation image, and to carry out recruitment activities in an efficient and cost-effective manner.

Recruiting can be done by either employing someone within the organization or outside the organization. Computerized record systems and job posting and bidding can be utilized to recruit suitable candidates within the organization. Whereas, several methods can be used when a company decides to recruit candidates from outside the organization (Sherman, Bohlander & Snell, 1998: 139).

One of the methods is through advertisements. This is one of the most commonly used methods in attracting applicants. Newspapers, trade journals, radio, television, billboards, posters, and electronic mail are also utilised. Advertising has the advantage of reaching a large number of possible applicants.

The next method is public employment agencies. They provide personnel most frequently for clerical and blue-collar jobs. Using public employment agencies to fill these types of jobs is time and cost efficient. Individuals who are unemployed must register at one of the state agency. Consequently, public employment agencies will refer those applicants with the required skills and who are available for employment to employers if there are job openings (Sherman, Bohlander & Snell, 1998: 140). This method is efficient because jobs can be filled fairly quickly as potential applicants are already registered with
the state agency and because they are unemployed, they are available for work immediately (Kleiman, 2000:102).

Another method of recruiting outside the organization is through *private employment agencies*. These agencies tailor their services to the specific needs of their clients by charging a fee. Depending upon who receives the service most, the fee may be paid by either the employer or jobseeker or both. It is common for these agencies to specialize in serving a specific professional field or occupational area (Sherman, Bohlander & Snell, 1998: 140).

*Executive Search Firms* are another method of recruiting outside the organization. In contrast to public and private employment agencies which help jobseekers to find employment, executive search firms or also called as ‘headhunters’, help employers find the right candidate for a job. These firms seek for candidates with the qualifications that match the requirements of their client firms who are seeking to fill a vacant position in their companies (Sherman, Bohlander & Snell, 1998: 141).

In the meantime, *educational institutions* are another source of young applicants with formal training but relatively little full-time work experience. Usually, high schools are a source of employees for clerical and blue-collar jobs. Community colleges with their various types of specialized training usually provide candidates for technical jobs. These institutions can also be a supplier of applicants for a variety of white-collar jobs including those in the sales and retail fields. Whereas for technical and management positions, colleges and universities are usually the main source (Sherman, Bohlander & Snell, 1998: 143).

The next method is *employee referrals*. The recruitment efforts of an organization can also be aided by employee referrals or recommendations made by current employees in the organization. Besides the methods mentioned above, there are also other recruiting
methods like unsolicited applications and resumes, professional organizations, labour unions, temporary help agencies, employee leasing and on-line recruiting. (Sherman, Bohlander & Snell, 1998: 143-147).

2.6.2 Employment

According to The Social Science Encyclopedia (Kuper & Kuper, 1985: 249), employment as the dominant institution through which people earn their living is largely the result of the Industrial Revolution.

Generally, employment is the process of devoting human life and energy to production. Employment can be seen as the labour input to the economy, the performance and organization of work by people in an economic system.

In economics, the term 'employment' is usually used in a restricted sense, to describe the creation of goods and services that fall within whatever convention is in use to define the National Product. Unpaid domestic or voluntary services and remunerated activities such as crime, gambling or prostitution which are not considered productive are conventionally excluded by economics.

The term 'employment' derives from the capitalist and wage-labour mode of production. It refers to the contractual arrangements which bring workers together with materials and equipment which are not their own property. Being a productive activity, employment entitles the performer to income-wages in the capitalist mode. It also entitles the worker to recognition and self-esteem for doing something worthwhile. For wage-labour economics, employment can be roughly measured as the number of people holding jobs. Employment is the minimum of labour supply and labour demand. Labour supply in this context is equivalent to the labour force, which is the total numbers willing to perform paid work, consisting of people in employment plus those available for employment but
unable to find job, that is, the unemployed. Therefore, the classic criterion for unemployment is unsuccessful job search (Kuper & Kuper, 1985: 247-248).

2.6.3 Employment in Malaysia

In Malaysia, total employment has grown from 4.0 million in 1970, 4.4 million in 1975, 4.8 million in 1980 to 6.1 million in 1988. The proportion of those employed in the primary sector declined from 50 percent in 1970 to 47 percent in 1975, 41 percent in 1980 and 32 percent in 1988. Conversely, the secondary sector has grown from 15 percent in 1970 to 18 percent in 1975, 21 percent in 1980 and 23 percent in 1988. Employment in the tertiary sector also showed improvement as it increased from 35 percent in 1970 to 45 percent in 1988 (Jomo, 1990: 78-80).

In the meantime, percentage of labour force holding administrative and managerial positions declined from 1.2 percent in 1957 to 1.1 percent in 1985. In Malaysia, the professional and technical personnel are identified as members of the new ‘middle class’, while ‘clerical and related’ or ‘white-collar’ workers are often socially identified as part of the ‘lower middle class’. Therefore, it is clear that the new middle class has expanded from 5.7 percent in 1957 to 14.1 percent in 1985 with professional and technical personnel increasing from 2.8 percent in 1957 to 6.5 percent in 1985. The clerical group grew from 2.9 percent in 1957 to 7.6 percent in 1985. Meanwhile, the percentage of labour force involved in agriculture fell from 56.4 percent in 1957 to 34.9 percent in 1985. In the meantime, the percentage of ‘production workers’ increased from 18.9 percent in 1957 to 29.8 percent in 1985.

This shows that since independence, the percentage of peasants has fallen, while productive workers and ‘unproductive’ wage earners and the salaried middle class have all
increased, both relatively and absolutely. These important changes reflect the capitalist development path of an increasingly diversified and open economy (Jomo, 1990: 81).

However, the rate of employment expansion fell behind the labour-force growth rate during most of the 1960s, before overtaking it in the 1970s. Thus, the unemployment rate declined throughout most of 1970s until 1982, after which the unemployment rate rose once again, exceeding 9 percent in 1987. The decline in unemployment during the decade before 1982 is largely due to the growth of labour-intensive export-oriented industrialization, the construction boom of the late 1970s and early 1980s, the public sector under the NEP and the growth of other services. Meanwhile, lower primary-commodity prices, higher interest rates, disruption of the financial market (with the reversal of the real property market from 1983 and the stock-market collapse in 1985), cut down in public spending and the official emphasis on capital-intensive heavy industries (generating relatively little employment) all unfavourably affected employment growth in the 1980s.

With full employment by the mid-1990s in Malaysia, real income gains increased before 1998. The recession that occurred in mid-1997, therefore come as a shock to an economy that had grown accustomed to plentiful job opportunities and labour shortages (Jomo, 2001:218).

Employment in the manufacturing, construction and non-government services grew most in the latter half of the 1990s. Employment generated by construction fell most sharply in 1998, while manufacturing, agriculture and financial and business services were also hard hit. Severe job losses were experienced by the manufacturing sector in 1999 as well (Jomo, 2001:219).

According to official estimates, even though unemployment in Malaysia rose, it did not increase as much as in Indonesia, Thailand and South Korea. The official
unemployment rate for 1998 was 3.2 percent. This was a high percentage compared to 2.6 percent for 1997 and 2.5 percent for 1996 (Jomo, 2001:224).

During this time, the job market for graduates became more competitive due to the economic slowdown. The number of registered job seekers with degrees or diplomas increased from 5,634 in 1997 to 12,938 in 1998 and to 15,396 in 1999. The number of registered unemployed graduates was 4,592 in September 1998, which were much more than 2,150 in September 1997.

As shown in Table 2.6 white-collar workers (professional and technical, clerical, others) were most likely to register themselves as unemployed. Whereas workers involved in agriculture were the least to register themselves as unemployed. The number of officially registered unemployed in the age group of 20-24 increased more relative to other age groups between 1997 and 1998. One factor that should be observed in interpreting this is that mid-1998 saw two cohorts of Malaysian university graduates encounter the job market because of an earlier reduction of non-medical university from four to three years. This untimely change doubled the number of fresh graduate job applicants from these universities, unfortunately at a time of low or negative generation of employment (Jomo, 2001:231-233).
<table>
<thead>
<tr>
<th>Table 2.6: Malaysia: Registered Unemployed by Occupational Group, 1994-2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total job-seekers</td>
</tr>
<tr>
<td>26,445      25,546      21,747      23,762      33,345      37,315</td>
</tr>
<tr>
<td>Production related workers</td>
</tr>
<tr>
<td>9,198       8,210       6,989       8,156       9,845       8,828</td>
</tr>
<tr>
<td>Agriculture</td>
</tr>
<tr>
<td>132         98          87          67          95          88</td>
</tr>
<tr>
<td>Services</td>
</tr>
<tr>
<td>584         674         574         437         823         678</td>
</tr>
<tr>
<td>Clerical</td>
</tr>
<tr>
<td>13,589      13,181      11,219      11,066      14,712      18,637</td>
</tr>
<tr>
<td>Professional and technical</td>
</tr>
<tr>
<td>2,149       2,629       2,237       2,797       5,281       6,150</td>
</tr>
<tr>
<td>Others</td>
</tr>
<tr>
<td>793         754         641         1,239       2,589       2,934</td>
</tr>
</tbody>
</table>

‘Table 2.6, continued’

<table>
<thead>
<tr>
<th>Total job-seekers</th>
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<tbody>
<tr>
<td>2000*       2001*       2002*       2003*       2004*</td>
</tr>
<tr>
<td>36,380      34,072      39,222      37,397      27,514</td>
</tr>
<tr>
<td>Production related workers</td>
</tr>
<tr>
<td>8,814       7,604       7,819       7,658       1,129</td>
</tr>
<tr>
<td>Agriculture</td>
</tr>
<tr>
<td>83          84          119         104         374</td>
</tr>
<tr>
<td>Services</td>
</tr>
<tr>
<td>533         555         694         591         728</td>
</tr>
<tr>
<td>Clerical</td>
</tr>
<tr>
<td>17,350      17,517      20,280      20,484      10,507</td>
</tr>
<tr>
<td>Professional and technical</td>
</tr>
<tr>
<td>6,132       6,038       7,617       6,494       13,118</td>
</tr>
<tr>
<td>Others</td>
</tr>
<tr>
<td>3,468       2,274       2,693       2,066       1,658</td>
</tr>
</tbody>
</table>

Note: * Until end of July only


Later, the 1999 employment figures propose some creation of new jobs as well as abatement of job losses, with a net increase in employment, reflecting the end of the recession and the beginning of recovery in Malaysia (Jomo, 2001:219).

The stronger economic growth and rising demand for labour with recovery in private investment activities and better export performance are expected to result in better employment prospects and lower retrenchments. The labour market for 2004 was, therefore, envisaged to remain stable with the unemployment rate marginally declining from 3.6% in 2003 to 3.5% in 2004, below the generally accepted 4% unemployment rate for full employment level (Ministry of Finance, 2004).
2.7 Summary

This chapter summarises that a wide range of academic and professional courses are provided by the Public and Private Higher Educational Institutions in Malaysia. It also states that higher education has a close relationship with employment as it channels people to the world of work. In Malaysia, graduate unemployment has become a worrying trend and the government has been taking several measures to tackle this problem.

While banking employment in Turkey showed an increasing trend, employment in the banking industry in South Coast showed a declining trend. In UK, the employment in banking remained static between 1991 and 2001 while in America the banking industry employed about 1.8 million workers in 2002. On the other hand, employment in the finance, insurance, real estates and business services in Malaysia rose in the early 2000s after a contraction in employment during the 1997-1998 financial and economic crisis experienced by the country and the East Asian region. Mergers and acquisitions of financial institutions were among the factors that caused retrenchment, which also contributed to the rise of unemployment in Malaysia.