ARE FOREIGN TRAINED GRADUATES BETTER THAN LOCALS?

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Abstract

The purpose of this research is to determine: (i) what are the generic skills and traits of entry level job seekers considered important by employers, and (ii) whether employers’ prefer foreign trained graduates (FG) vis-à-vis local graduates (LG) and graduates from local twinning programmes (TG). Data was collected from Human Resource Managers, Administrative Managers, Chief Executive Officers, Managing Directors and Managers of public listed companies as well as from Small and Medium Enterprises (SMEs) in the northern region of Malaysia (Penang, Kedah, Perlis and northern Perak). The six generic skills and traits considered most important by employers are: communication skills (verbal and written); confidence/positive self-image; honesty/integrity; dependability/responsibility; computer/IT skills and flexibility/adaptability. The results also supported proposition (ii) with employers’ perceiving foreign graduates to be superior in terms of: communication skills (verbal and written); confidence/self-image; computer/IT skills; creative/innovative skills; analytical research skills and flexibility/adaptability compared to their local counterparts (LG) and graduates from local twinning programmes (TG). The implications and directions for future research are also discussed.

Key Words: employability, generic skills, generic traits, soft skills, overall performance perception (OPP)

INTRODUCTION

Based on a JobStreet.com survey conducted in Malaysia involving more than 100,000 JobStreet.com members who hold a bachelor’s degree, “graduates from overseas universities earn about 12 percent more than local graduates” (New Sunday Times, 2008b). The study focused on three most popular destinations for tertiary studies – Britain, Australia, and the United States and included twinning programmes. JobStreet.com’s regional communications head, Simon Si stated that “the salary difference between local and overseas graduates in Malaysia is mainly due to the communication skills of the latter” (New Sunday Times, 2008b). Malaysian Employers Federation’s (MEF) executive director, Shamsuddin Barhan confirmed the survey’s findings citing that overseas graduates performed much better than local graduates. He further mentioned that as the private sector is being driven primarily by performance and productivity, overseas graduates tend to command a higher salary (New Sunday Times, 2008b). According to him, overseas education system focused more on soft skills. For instance, when an overseas graduate encounters problems in the office, he or she is better equipped to solve them (New Sunday Times, 2008b). This view is shared by the Malaysian Association of Private Colleges and Universities’ President, Dr. Parmjit Singh, who stated that “the crux of the matter was mastery of English language. This is the biggest difference between overseas and local graduates. Overseas graduates will always
be perceived to have a better command of the language, both written and oral, which is a big issue expressed by employers in relation to local graduates” (New Sunday Times, 2008b). He further reiterated that overseas graduates are perceived to have a broader outlook than local graduates, thus making them more adaptable and having better ability to manage relationships, especially with the international community.

“A qualification which focuses solely on academic skills is just not attractive enough to today’s employers. Employers want graduates who have excellent academic as well as “rounded” qualifications” (New Sunday Times, 2008c). This view is shared by Aseambankers Equity Research’s head, Vincent Khoo who stated that they look for graduates who can analyze facts as well as possess the human touch (New Sunday Times, 2008c). He tends to favour graduates from UK whom he described as “generally good”. Hence, until we modify the prevailing perception that local graduates are incompetent, the issue of quality and academic excellence in higher education will forever be criticized to the extent that public universities may never be perceived to be at par with their foreign counterparts (New Straits Times, 2006).

As such, this study attempts to empirically explore what are the generic skills and traits of entry level job seekers most sought after by would be employers, and whether employers do indeed prefer foreign graduates over local graduates by analyzing their perceptions towards the generic competencies of fresh graduates in the northern region of peninsular Malaysia, comprising the states of Penang, Kedah, Perlis and northern part of Perak.

LITERATURE REVIEW

Studies on graduate employment have defined generic competencies as skills, abilities and attributes that complement the field of specialization of employees for work performance. Employers favour employees who possess generic competencies like inter-personal skills, leadership skills (Mason, 1992; Quek 1996a; Lee, 2000), teamwork (Ball, 1989; Kanapathy, 2001; Boud and Middleton, 2003), and oral and written skills (Schroder, 1989; Jacobsen, 1993; Lee et al, 2001). Besides, cognitive skills which include numerical skills, innovative skills, problem-solving skills, research skills (Day, 1988; Lam, 1994; Sear, 1994) and computer skills (Cheah and Yu, 1996; Lee, 2000; Eighth Malaysia Plan, 2001; Owen and Bound, 2001) are also considered as generic competencies for work performance.

The late Kathleen Cotton of the American Northwest Regional Laboratory in her School Improvement Series, entitled Developing Employability Skills divided employability skills (or generic competencies) into basic skills, higher order thinking skills, and affective skills and traits (The Sun 2006). Typically, the basic skills include oral communications (speaking, listening), reading, especially understanding and following instructions, basic arithmetic and writing. Higher-order thinking skills encompass problem-solving, learning skills, creativity, innovative thinking, and decision making. The affective skills and traits are dependability/responsibility, positive attitude towards work, conscientiousness, punctuality, efficiency, interpersonal skills, cooperation, working in a team, self-confidence, proactive, self-image, adaptability, flexibility, enthusiasm, motivation, self-discipline, self-management, appropriate dress, grooming, honesty, integrity and ability to work without supervision (The Sun, 2006).

Raymond, McNabb, and Matthaei (1993) surveyed both students and employers for perceptions of the most important skills for entry-level employees. Employers ranked (in order of relative importance) oral skills, dependability, interpersonal skills, written skills, and self-starter/ motivation as the top five skills and abilities essential for success. Interestingly, students responded similarly, perceiving oral skills, interpersonal skills, dependability, motivation, and written skills as the most important.

Quek (2005) attempted to empirically address the current state of generic competencies regarded to be critical for successful work performance among Malaysian graduate employees. Using the survey method, the study identified interpersonal skills, knowledge-acquiring skills and flexibility as being highly important in contributing towards the success in work performance. In addition, the graduate employees expressed value-acquiring skills, practical orientation skills and cognitive skills as being important for successful work performance. In 2006, Quah and Lim examined whether perceived skills and abilities of 180 final year accounting and management students in Malaysia are similar to those of prospective employers. Their findings revealed that both employers and students shared the same perceptions on the most sought after skills required of entry-level job seekers. Interpersonal skills and verbal communication skills were rated highest by both employers and students. Employers perceived enthusiasm and self-starter to be the most important abilities they sought from entry-level job seekers. On the other hand, students indicated that the ability to motivate/influence
and make decisions were the most important abilities, followed by the ability to organize and plan, managing projects, self-starter and managing people.

Attributes associated with flexibility like adaptability and resourcefulness that graduates indicated as being important for successful work performance are consistent with several other studies (Quek and Soon, 1999; Lee et al, 2001; Singh, 2001). According to Quek and Soon (1999), flexible employees are sought by employers since they are able to learn faster and adapt easily as a member of a workgroup to perform effectively in a changing work environment. It could also be argued that flexibility facilitates relearning in the workplace as work systems change to meet new market demands (Asma and Lim, 2000; Shah, 2001). In addition, computer skills and cognitive skills like numerical evaluation and research skills are highlighted as being important for successful work performance among graduate employees.

Based on the literature reviewed, this study defined generic skills and generic traits as encompassing the following:

Generic Skills: include attributes like analytical/research skills (Levenburg, 1996; Tanyel, Mitchell and McAum, 1999); computer/IT skills (Verville, 1995; Levenburg, 1996; Kryder, 1997; Thornburg, 1997); interpersonal/teamwork skills (Raymond, McNabb and Matthaei, 1993; Theeke, Sprague and Cono, 1993; Verville, 1995; Sheetz, 1995; Levenburg, 1996; Kryder, 1997; Messmer, 1997; Tanyel, Mitchell and McAum, 1996; Quek, 2005; Quah and Lim, 2006); communication skills, both verbal and written (Raymond, McNabb and Matthaei, 1993; Theeke, Sprague and Cono, 1993; Aiken, Martin and Paolillo, 1994; Sheetz, 1995; Levenburg, 1996; Kryder, 1997; Messmer, 1997; Thornburg, 1997; Tanyel, Mitchell and McAum, 1999; Quah and Lim, 2006); leadership/problem-solving skills (Aiken, Martin and Paolillo, 1994; Levenburg, 1996; Thornburg, 1997); and creative/innovative skills (Aiken, Martin and Paolillo, 1994; Tanyel, Mitchell and McAum, 1999).

Generic traits: encompass attributes such as dependability/responsibility (Davison, Brown and Davison, 1993; Aiken, Martin and Paolillo, 1994; Levenburg, 1996; Tanyel, Mitchell and McAum, 1999; Quek, 2005); enthusiasm/motivation (Raymond, McNabb and Matthaei, 1993; Sheetz, 1995; Quah and Lim, 2006); honesty/integrity (Davison, Brown and Davison, 1993; Levenburg, 1996); dedication/commitment (Verville, 1995); confidence/positive self-image (The Sun, 2006); and flexibility/adaptability (Quek and Soon, 1999; Lee, et al, 2001; Singh, 2001; Quek, 2005).

PROPOSITIONS

Based on the above discussion, this study proposes to examine the following propositions:

P1. What are the generic skills and traits of entry level job seekers considered most important by employers? Have foreign graduates (FG), twinning graduates (TG) and local graduates (LG) met these skills and traits?

P2. From the perspective of employers, local graduates (LG), graduates with twinning degrees (TG), and foreign graduates (FG) differ in terms of their generic competencies.

METHODOLOGY

Instrument Development

The survey questionnaire comprises of four sections as follows:

(i) Section A measured the importance of generic skills and generic traits as perceived by employers, using a five point ordinal scale, with (1) being “extremely unimportant” to (5) being “extremely important”;

(ii) Section B measured employers’ perceptions towards generic skills and generic traits of local graduates, graduates with twinning degrees, and foreign graduates using a five point ordinal scale with (1) being “strongly disagree” to (5) being “strongly agree”;

(iii) Section C measured employers’ perceptions of overall job performance of local graduates, graduates with twinning degrees, and foreign graduates using a five category ordinal scale, with (1) being “truly terrible” to (5) being “truly exceptional”. A ranking scale ranging from “most preferred”, “my second choice”, and “if possible, I don’t want to hire” was used to measure respondents’ preferences for their preferred type of graduates, and
Section D captured data on employers’ profile.

**Pilot Test**

Prior to the distribution of the actual questionnaire, the questionnaire was pilot tested on seven Masters of Business Administration (MBA) students, holding the post of Middle Management and above. The pilot test was to ensure that the questions were clear and easily understood by the respondents. In general, it was observed that the selected respondents had no major difficulties in filling out the questionnaire. However, a few minor changes were made to the questionnaire to improve its format and to facilitate analysis. The time taken to complete the questionnaire ranged from 10 to 15 minutes. To avoid biasness, the seven respondents involved in the pilot test were excluded from the final survey.

**Sampling**

Data was collected via online survey using a structured questionnaire. Human Resource Managers, Administrative Managers of Public listed companies and Chief Executive Officers (CEOs), Managing Directors and Managers of Small and Medium Enterprises (SMEs) in the northern region of Malaysia (consisting of Penang, Kedah, Perlis and northern Perak) were asked to respond to the online survey.

This sample was chosen for the specific reason that it represented employers’ of both sectors in the northern region of Malaysia. The public listed companies’ list was obtained from the Malaysian Employers’ Federation of Malaysia. This directory listed 207 members, with their corresponding e-mail addresses. The SMEs directory, consisting of 471 members and their e-mail addresses was obtained from the Small and Medium Industries Development Corporation (SMIDEC). The combined list totaled 678 persons. The number of usable responses received was 56, representing an 8.26% return rate. Owing to the sensitive nature of the subject matter, respondents were promised complete anonymity.

**Analysis**

The survey data were analyzed using the Statistical Package for Social Sciences (SPSS) version 13 software to churn out the required descriptive and inferential statistics.

In terms of descriptive statistics, the frequency and percentages of respondents checking the top 2 boxes were used to analyze the importance and employers’ perceptions of generic competencies of graduates. Non-parametric tests of difference (Kruskal Wallis) was used to test proposition 2.

**FINDINGS AND DISCUSSION**

As shown in Table 1, 60.7 percent of the respondents were Chinese, 64.3 percent of the respondents were from small and medium enterprises (SMEs) and 67.9 percent from manufacturing (including agro-based) sector. 66.1 percent of the respondents reported that their company employed graduates with commercial degree (accountancy, law, IT, Management, Engineering etc.), whilst 26.8 percent employed non-commercial degree (fine arts, humanities, Islamic studies, social sciences, education etc.) graduates.

When asked about the proportion of commercial and non-commercial degree holders being employed, 71.4 percent of the respondents reported their company employed more commercial than non-commercial degree holders. Only 5.4 percent mentioned their company employed equal proportion of commercial and non-commercial degree holders.

In terms of the type of graduates being employed, 83.9 percent of the respondents reported that their company employed local graduates (LG), 85.7 percent, graduates who obtained foreign degrees locally (TG) and 87.5 percent, graduates who obtained foreign degrees overseas (FG).

<table>
<thead>
<tr>
<th>Table 1 : Respondents’ Profile</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ethnicity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Malay</td>
<td>21</td>
<td>37.5</td>
</tr>
<tr>
<td>Chinese</td>
<td>34</td>
<td>60.7</td>
</tr>
<tr>
<td>Indian</td>
<td>1</td>
<td>1.8</td>
</tr>
<tr>
<td>Public Listed</td>
<td>19</td>
<td>33.9</td>
</tr>
</tbody>
</table>
Of the 12 generic skills and traits measured (proposition 1), all were rated as important for entry level job seekers. Communication skills and confidence/positive self-image (both 100%) topped the list, followed by honesty/integrity (98.2 percent), dependability/responsibility (96.4 percent), computer/IT skills (94.6 percent), flexibility/adaptability (91.1 percent), analytical/research skills (87.5 percent), interpersonal/teamwork skills (85.7 percent), dedication/commitment (85.7 percent), leadership/problem-solving skills (83.9 percent), enthusiasm/motivation (83.9 percent), and creative/innovative skills (76.8 percent) [Table 2].

LG were considered at par with their FG and TG counterparts in terms of computer/IT skills (75%). Whilst LG scored higher in terms of interpersonal/teamwork skills (66.1%), they were considered lacking in terms of leadership/problem-solving skills (35.7 percent), flexibility/adaptability (37.5 percent), creative/innovative skills (41.1 percent), communication skills (42.8 percent), dependability/responsibility (46.5 percent), confidence/positive self-image (48.2 percent), and enthusiasm/motivation (48.2 percent) (Table 2).

On the other hand, the results (Table 2) indicate that majority of employers are satisfied with six (6) out of the twelve (12) generic competencies of FG as compared to TG and LG. These competencies include: communication skills (89.2%), confidence/positive self-image (83.9%), creative/innovative skills (75%), analytical/research skills (73.2%), flexibility/adaptability (69.7%) and leadership/problem-solving skills (55.4%).

Table 2 : Percentages of Respondents Checking the Top 2 Boxes for Importance and Employers’ Perceptions Towards Generic Competencies of Graduate Employees
The results (Table 3) indicate that employers are more satisfied with foreign graduates as compared to local graduates in terms of the following generic competencies: communication skills (chi-square value, 17.27 at p < 0.01), confidence/positive self-image (chi-square value, 12.52 at p < 0.01), leadership/problem-solving skills (chi-square, 8.93 at p < 0.05), and creative/innovative skills (chi-square, 18.07 at p < 0.01).

Table 3 : Kruskal Wallis Statistics of Employers’ Perceptions of Generic Competencies of Graduates

<table>
<thead>
<tr>
<th>Attributes</th>
<th>Local Graduate (Mean Rank)</th>
<th>Twinning Degree Graduate (Mean Rank)</th>
<th>Foreign Graduate (Mean Rank)</th>
<th>Chi-square Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Communication skills (verbal and written)</td>
<td>75.03</td>
<td>73.23</td>
<td>105.24</td>
<td>17.27**</td>
</tr>
<tr>
<td>Confidence/Positive Self-image</td>
<td>69.42</td>
<td>84.18</td>
<td>99.90</td>
<td>12.52**</td>
</tr>
<tr>
<td>Honesty/Integrity</td>
<td>86.53</td>
<td>85.04</td>
<td>81.94</td>
<td>0.31</td>
</tr>
<tr>
<td>Dependability/Responsibility</td>
<td>85.36</td>
<td>82.99</td>
<td>83.68</td>
<td>0.09</td>
</tr>
<tr>
<td>Computer/IT Skills</td>
<td>80.80</td>
<td>85.77</td>
<td>86.93</td>
<td>0.71</td>
</tr>
<tr>
<td>Flexibility/Adaptability</td>
<td>77.38</td>
<td>83.36</td>
<td>92.77</td>
<td>3.63</td>
</tr>
<tr>
<td>Analytical/Research Skills</td>
<td>77.38</td>
<td>83.36</td>
<td>92.77</td>
<td>3.63</td>
</tr>
<tr>
<td>Interpersonal/Teamwork Skills</td>
<td>91.88</td>
<td>78.32</td>
<td>83.30</td>
<td>2.69</td>
</tr>
<tr>
<td>Dedication/Commitment</td>
<td>90.30</td>
<td>82.58</td>
<td>80.62</td>
<td>1.50</td>
</tr>
<tr>
<td>Leadership/Problem-solving Skills</td>
<td>74.61</td>
<td>80.13</td>
<td>98.76</td>
<td>8.93*</td>
</tr>
<tr>
<td>Enthusiasm/Motivation</td>
<td>78.80</td>
<td>85.21</td>
<td>88.06</td>
<td>1.26</td>
</tr>
<tr>
<td>Creative/Innovative Skills</td>
<td>69.68</td>
<td>79.13</td>
<td>104.69</td>
<td>18.07**</td>
</tr>
</tbody>
</table>

Note: *p < 0.05,  **p < 0.01

Overall, the survey results suggest that employers in the northern parts of Peninsular Malaysia indicated that all the generic skills and generic traits in this study are important to them when recruiting fresh graduates for entry-level job as exemplified in Table 2. Top on the list are communication skills (verbal and written) and confidence/positive self-image, followed by honesty/integrity, dependability/responsibility, computer/IT skills, flexibility/adaptability, analytical/research skills, interpersonal/teamwork skills, dedication/commitment, leadership/problem-solving skills, enthusiasm/motivation, and creative/innovative skills as the least important for hiring graduates. These findings are consistent with the previous studies and literature cited. The finding on communication skills is consistent with the study by Quah and Lim (2006), which showed both employers and students rated verbal communication skills as the most sought after skills at entry level jobs in Malaysia, among others.

In addition, the survey results also suggest that the perceived strengths of local graduates lies in their computer/IT skills as well as interpersonal/teamwork skills and honesty/integrity, while their critical perceived weaknesses are leadership/problem-solving skills, flexibility/adaptability, creative/innovative skills, communication skills (verbal and written), confidence/positive self-image, and enthusiasm/motivation. As for the twinning degree holders, their perceived strengths include computer/IT skills and analytical/research skills,
with leadership/problem-solving skills as their most serious weakness followed by communication skills and creative/innovative skills.

Generally, the results imply that majority of the employers are satisfied with computer/IT skills as well as analytical/research skills of all the graduates be it local, twinning degree or foreign graduates. These findings are consistent with the government’s policy which emphasizes the increasing importance of technology as an enabler for Malaysians to secure employment and higher incomes (Seventh Malaysia Plan, 1996 – 2000; Eighth Malaysia Plan, 2001 – 2005; New Sunday Times, 2002).

Foreign graduates seem to rank higher in the two generic competencies much sought after by employers due to their communication skills (verbal and written) and confidence/positive self-image. Hence, this confirms the grave concerns of employers with regard to the fact that local graduates are seriously lacking in both oral and written communication skills in English language.

IMPLICATIONS AND RECOMMENDATIONS

The critical implication of the study is that in the eyes of employers, FG performed better than TG or LG in terms of most of the generic competencies being studied. This is because these graduates are more proficient in both oral and written English, in addition to possessing more self-confidence, a positive mindset as well as being more creative and innovative in their jobs. These are the factors that contribute to their successful or exemplary job performance. Needless to say, this explains why generally Malaysian employers tend to favour foreign overseas graduates over twinning or local graduates in their recruitment drive.

In order for local graduates to close the gap on their foreign counterparts, it is recommended that:

• Local universities should continually review their curriculum so that it is more student centered and market relevant. Traditional modes of learning and examination (e.g. rote learning, spoon feeding) should be replaced with alternative methods of teaching and assessments.
• Local graduates should be encouraged to actively involve themselves in project work assignments using English language as the medium of communication, both oral and written. This will not only help them to improve their communication skills, but also boost their confidence, positive self-image as well as creativity and innovativeness;
• Companies should focus on competency-based performance evaluation systems emphasizing on the core competencies of communication, self-confidence and creativity and innovativeness among local graduates employees so as to enable them to achieve exemplary performance, not just good performance; and
• Lastly, training and development programmes in companies should be designed and implemented effectively to upgrade the communication skills, self-confidence and creativity and innovativeness of local graduate employees.

LIMITATIONS OF THE STUDY

Whilst this study has attempted to empirically prove whether employers’ do indeed prefer foreign graduates to local graduates, some limitations must be noted. The generalizability of survey findings are always a concern and this study is no exception. Whilst we are confident that the data portray the characteristics of the population, the extent to which these findings can be generalized to all employers should be interpreted with caution owing to the low response rate. A higher response rate would have permitted the results to be generalized with greater confidence.

Another limitation concerns the sensitive nature of this study. Some respondents, probably out of the fear of the results being traced back to them might have provided socially desirable answers or have intentionally omitted answering certain more sensitive questions, leading to response bias.

SOME SUGGESTIONS FOR FUTURE RESEARCH

To ensure representativeness of the sample, the study should be replicated to cover a larger sampling frame and the findings should be corroborated to those obtained in this study.
If this study is replicated, the research should focus on identifying the relationships between the generic competencies and perceived overall job performance of graduates for the purpose of determining the significant “drivers” of perceived overall job performance of graduates.

CONCLUSION

In the final analysis, this empirical research helps to shed some light on the competitive advantage of foreign overseas graduates over local graduates as perceived by employers from public listed companies and SMEs. This explains why employers are more willing to recruit foreign overseas graduates and pay them higher salaries as compared to local graduates. Therefore, it can be concluded that employers’ preference for foreign overseas graduates is not a myth, but a reality!

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