Organizational Justice, Organizational Reputation and Self-esteem in Improving Employability in Malaysia

Hasnun Anip Bustaman¹, Mohammad Nazri Mohd Nor² and Azni Zarina Taha³

¹Senior Lecturer, Department of Business Study, Faculty of Business and Administration, MARA University of Technology Kelantan Bukit Ilmu, 18500 Machang, Kelantan hasnun@gmail.com

²Senior Lecturer, Department of Business Strategy and Policy, Faculty of Business and Accountancy, University of Malaya Jalan Universiti, 50603 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur nazrry@um.edu.my

³Senior Lecturer, Department of Business Strategy and Policy, Faculty of Business and Accountancy, University of Malaya Jalan Universiti, 50603 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur aznitaha@um.edu.my

Abstract

This paper reviews the recent perspectives of the employability background in Malaysia, which lately has been gaining strong attention from the academicians. This paper begins by highlighting the Malaysian government who has undertaken various initiatives to improve Malaysia employment rate within the six months after graduation and yet, the rate has remained constant since the last five years. The situation even deteriorates due to the increased attitudes of the graduates who are choosy and refused to apply for a job after graduation. The traditional approaches are likely drowning in lifting the employment rate to the higher standard. Thus, this study highlights the employer role as a new approach in dealing with the issue which has been discovered from the job seeker perspectives. This study promotes the organizational justice, organizational reputation and self-esteem as the determinant factors to face a new trend amongst the graduate labours. The concept is an important characteristic to the outsiders such as the customers, stakeholders, co-workers, members of general public and others. As graduate labour is one of the outsiders to the organization, the concept anticipates to influence them in applying job with an organization, simultaneously improving the number of graduate employability. To conclude, various parties have to cooperate with each other including the Malaysian government, higher education and employers for aspiration to improve the employment rate in the year 2020 as stipulated in RMK-11.

Keywords: Job Seeker; Organizational Justice; Organizational Reputation; Self-Esteem; Employment Rate.
1. Introduction

Human capital development is one of the government’s important investments in the country which can be noticed from vast allocations of annual budget. According to the records, the cumulative amount budgeted to develop human capital in the Ninth Malaysia Plan is totaled to RM16 billion and the number increased to RM18 billion in the Tenth Malaysia Plan. Most of the allocations was for the development of university’s facilities including the new lecture hall, refurbishment of the existing laboratory, new equipment for research purposes, hostels and others. The endeavors who provide conducive working environments and also supports learning activities are believed to be a contribution to the positive development of Malaysian undergraduates.

Other than that, the budget was also allocated for the development of the educational system to produce undergraduates with a world class standard. For example, National Graduate Employability (GE) Blueprint (2012-2017) was developed to serve as a guide to produce world class undergraduate (Ministry of Higher Education Malaysia, 2012). A budget of RM200 million was allocated to form a Graduate Employability Taskforce (Ministry of Higher Education Malaysia, 2012) to help improve graduate’s competency. Furthermore, the quality of the educational system has been strengthened through the establishment of the Malaysian Qualifications Agency (MQA) to implement the Malaysian Qualifications Framework (MQF) and develop an integrated quality assurance system. The development of the system mainly to monitor and regulate courses offered at Malaysian universities in order to achieve world class graduates. Obviously, the Malaysian government is willing to invest in the educational development to enhance the graduate’s competency as it believes that the progress of graduate’s competency would increase the national strength.

To further enhance the level of graduate’s competency, the Malaysia Institutions of Higher Learning (ILH) is constantly working to improve the academic programs. Among the programs that have been and are being implemented is the introduction of soft skills module starting from the academic year of 2007/2008 which aims to enhance students’ communication skills and level of language, especially English. Moreover, the ILH also introduced the Entrepreneurship Module to equip students with entrepreneurial skills relevant to the market so that the prospective graduates can be more independent in terms of their profession. In addition, students in Institutions of Higher Learning (ILH) were obliged to live the industrial practice for six months for critical courses and other courses for three months to give better exposure to the students regarding the actual work of the neighborhood and help them to improve better.

The government also never overlook to improve the quality of the teaching staff by increasing the number of academic staffs with Ph.D. The efforts have been intensified to increase the number of Ph.D. qualified amongst academic staff since 2010. The percentage of academic staff holding a Ph.D. in all public universities in 2009 was 35.9%. By the end of the plan period (2023), the Ph.D. qualified academic staff at the universities are targeted to be of 75%. To achieve this target, the educational programs were introduced to increase the number of Ph.D. holders from 18,000 in 2015 to 60,000 in the year 2023. A total of 2.26 billion was allocated in the Eleventh Malaysia Plan to provide scholarships to 16,800 academic staff pursuing studies at the Ph.D. level.

The reality is, Malaysia Institutions of Higher Learning (ILH) has been rapidly growing, and increasingly enhancing since a few decades ago (Malaysia Education Development Plan, 2013). In the period of ten years, increasingly striking student enrolments, increasing global recognition outshined in the various aspects of publication, research outcome, patents, and the qualities of the institution, as well as the impulsive growth in the number of the international
students. These achievements are the results from the efforts and innovation power of academic communities in Malaysia, a contribution from the private sector and large government's investment.

Ironically, the rate of employment among fresh graduates has not increased considerably since 2006 (Jayasingam, Fujiwara, & Thurasamy, 2016). The employment rate recorded annually in the last 10 years trapped at 65% to 75% as can be seen in Figure 1, which means the government's target of 80% employment after six months graduated is not yet achieved. Thus, it is timely to venture into the new perspective to achieve the country's inspiration. The present study emphasizes on the roles of employer in bridging the gap is something that is rarely discussed in Malaysian's perspective particularly related to the emerging of competent undergraduates. The next section will discuss the employer's roles in the new era of competent undergraduates.

2. Issues and Challenges

Sufficient human capital, as an employer, is indispensable to manage a company efficiently and effectively. Bearing this in mind, difficulty in filling job vacancies must be addressed promptly because the issue is capable to threaten the amount of workforce in an organization. Based on a recent study by Talent Corporation Malaysia jointly conducted with Institute of Labour Market Information and Analysis (2016), Malaysian employers were having difficulty in filling job vacancies in certain occupational field such as Electrical & Electronics engineering, Accountancy, Financial services, Telecommunication & Multimedia, Oil & Gas and Global Business Services. The fields are termed the Critical Occupational Lists (COL). Malaysian employers reiterate that they were struggling in filling job vacancy with people of the appropriate work skills, soft skills and interpersonal skills for COL fields. Consistent with the finding by Jobstreet based on a job market survey, the biggest recruitment agency in Malaysia articulated that Malaysian employers were having difficulty filling job vacancy for certain occupations (Jobstreet, 2013). Thus, the root cause of the difficulty must be scrutinized to propose precise and practical solutions to reduce difficulty in filling job vacancies.

222
According to ManpowerGroup (2015), lack of available applicants is one of the reasons for difficulty in filling the job vacancy. Availability of applicants depends on the demand and supply of graduate labour in the labour market. Graduate labour demands are higher than the supply because of rapid economic development in the country that correlates to the lack of available applicants. For example, Japan’s economic development expands rapidly which contributed to the demands of the graduate labour is higher than the supply. The occasion effected the country’s capability to fulfill the number of graduate labour required (Alec, 2017). According to ManpowerGroup (2013), 85 percent of Japanese employers admitted having difficulty in filling job vacancies in the country for the reason of lack of available applicants. The percentage indicates that Japan is the most difficult country to recruit graduate labours in the world.

The second factor for difficulty of filling job vacancy is the quality of graduate labour. A number of studies revealed that Malaysian employers emphasize on the graduate labor’s soft skills quality in hiring employee (e.g., Daud, Abidin, Mazuin Sapuan, & Rajadurai, 2011 and Jobstreet, 2013). The reason is based on Stanford Research Institute and Carnegie Melon Foundation surveys involving Fortune 500 CEOs revealed that 75% of getting and maintaining a job successfully is supported by individual’s generic or soft skills, while only 25% accounts for hard skills or technical knowledge (Malhi, 2009). "Like icing on a cake, these soft skills are now expected to complement current undergraduate education which can then be applied across a variety of system domains such as work productivity and community life," (Singh, Thambusamy, Ramly, Abdullah, & Mahmud, 2013). These generic skills, once considered value-added, are no longer an addendum to a graduate’s transcript but have become integral in recruiting undergraduate (Singh, Thambusamy, & Ramly, 2014). This means, although the number of graduate labours at the labour market is more than what the industry required but without the standard quality, it also contributes to the difficulty in filling job vacancy.

Most recently, a study on this issue inclined to relate this with the third factor which is applicants’ choosiness attitude. A survey by Jobstreet (2013) delineates more than 30 percent of Malaysian employers believe undergraduates are being too choosy in selecting the potential companies. Meanwhile, an empirical study by Jayasingam, Fujiwara, & Thurasamy (2016) had confirmed that Malaysian undergraduates have this type of choosiness attitude. The Ministry of Higher Education (MOHE) Malaysia advises that undergraduates should not be choosy about employment (Kosmo, 2012). The Ministry realised that this attitude among Malaysian undergraduates was spreading. Based on the latest study, 60 percent Malaysian undergraduates are with choosiness attitude (Jobstreet, 2016). The worst part was that they are even willing to be jobless rather than taking a job that are not attractive (Nursyamimi, 2015). The influence of graduates’ level of choosiness was also reflected in a survey conducted by ManpowerGroup, (2013) among employers within the Asia Pacific region. Clearly, it is a reality in Malaysia and Asia Pacific Region that nowadays undergraduates are choosy in selecting their organization.

Since choosiness attitude is an issue amongst Malaysian graduates in recent times and related to difficulty in filling job vacancy (ManpowerGroup, 2015), Jayasingam, Fujiwara, & Thurasamy (2016) proposed to investigate choosiness attitude based on organizational characteristics such as compensation and benefit, work place and office environment, company brand and reputation, company size, culture, history, contract condition, job position, responsibility in the organization and more. The researchers believed that the organizational characteristics are capable to attract choosy applicants to apply and accept job offers and subsequently improves employability rate. Studies on organizational characteristic effected job seeker to apply job with organization had long been executed that is known as job seeker’s attraction. For example, organizational characteristics such as corporate social responsibility (Greening & Turban, 2000), flexible working hour (Thompson, Payne, & Taylor, 2015), smoke
free policy (Park et al., 2010), organizational culture (Catanzaro, Moore, & Marshall, 2010), organizational reputation (Cable & Turban, 2003; Turban & Cable, 2003) and others are proven capable to attract applicants to apply job with an organization.

3. Roles of Organizational Reputation, Organizational Justice and Self-Esteem to Job Seeker Attraction

As for Malaysian undergraduates, most of them rates company’s reputation as the main criteria to make decision (Mynewshub, 2016). Fundamentally, undergraduates should be concerned about a company’s reputation because it signifies the “bonding signals” that communicate an organization’s competitive position as an employer under the conditions of imperfect information (Cable & Turban, 2001). This means, undergraduates with limited knowledge of an organization will make decision to apply and accept job offer based on the reputation of a company because it spreads positive value to them. The empirical research has confirmed that employers’ reputations are a distinct, important component of potential employees’ employer knowledge (Cable & Turban, 2003; Turban & Cable, 2003). For example, friends’ evaluations of firms affect potential employees because they “validate” organizations as suitable employers, and Cable & Turban (2001) suggested that when peers evaluate an organization positively, their opinions serve a legitimizing function. Therefore, the organization’s reputation does contribute significant impact to a job seeker’s attraction.

Fundamentally organizational justice is related to organizational reputation (Skarlicki, O’Reilly, & Kulik, 2015) and the concept is important to both employees and potential employees (Skarlicki & Kulik, 2005). Recent studies have shown that people from outside organization emphasized on organizational justice. For example, the way a hotel management treats its staff significantly predicts guests' respond to the organization (Zoghbi-Manrique-de-Lara, Aguiar-Quintana, & Suárez-Acosta, 2013). Furthermore, when employees treat one another in an uncivil manner, customers make negative inferences about the entire company and its other employees (Porath, MacInnis, & Folkes, 2010). Other studies identified biases in organization was a significant impact to outsiders' responses (Blader, Wiesenfeld, Fortin, & Wheeler-Smith, 2013). The study also examined how social media can engage outsiders to respond to organizational wrongdoing (Kulik, Pepper, Shapiro, & Cregan, 2012). Finally, researchers discovered an organizational justice gossip that spread beyond the company fence to customers, significantly effects the outsiders (Beersma & Van Kleef, 2012). Justice is a universal concept which seems like an important characteristic even to the outsiders in the recent studies. Such as an important characteristic to outsiders, the concept anticipated to influence potential applicants (outsiders) in selecting a place of work.

In anticipating the important of organizational reputation and organizational justice to present study, other form of relationship must be taken into consideration. Accordingly, this present study looks at mediating impacts of the organizational reputation to the relationship between organizational justice and job seeker attraction. Previous studies showed organizational reputation as mediator of the relationship between organizational characteristics such as organizational pro-environment (Behrend, Baker, & Thompson, 2009), corporate social performance (Jones, Willness, & Madey, 2014) and media richness (Baum & Kabst, 2014) to the job seeker attraction. According to Lievens & Slaughter (2016), it is an excellent work to include mediator to the direct relationship. Present study finds that conceptually organizational justice relates to organizational reputation (Skarlicki et al., 2015), while reputation have strong influence to job seeker attraction (Cable & Turban, 2001, 2003; Turban & Cable, 2003). In other words, the organizational justice related to organizational reputation, in turn influence job seeker attraction. Thus, present study anticipates that the organizational reputation mediated the relationship between organizational justice and job seeker attraction (Edwards & Lambert, 2007; Mackinnon, Krull, & Lockwood, 2000; Shrout & Bolger, 2002).
Finally, the present study seeks to understand how the self-esteem influences the relationship between organizational reputation and job seeker attraction. Turban & Keon (1993) found that potential applicants with low self-esteem were more attracted to positive identity organization. Cable & Turban (2001) acknowledged the findings and translated it via a proposition. The proposition articulates the relationship between organization reputation and job seeker attraction is moderated by self-esteem. The reality is Turban & Keon (1993) did not study reputation (perceptions) per se because they manipulated elementalistic organizational reputation characteristics such as reward structure, management centralization, organizational size, and geographical dispersion (Lievens & Slaughter, 2016). Explicitly, the proposition was never been tested using a validated measurement but rather using manipulative factors were used to generate the proposition. This means, the self-esteem is a potential concept in improving the impact of organizational reputation and job seeker attraction but not yet empirically tested.

4. Study Prospect in Malaysia

A study on employment rate is frequently on the rise to blame the government and higher institutions for failure to achieve Malaysian employment rate even though a recent study found that the claim is not relevant anymore. Exploring the other factors are excellent solution for prolong issues like improving the employment rate. Unfortunately, not many studies in Malaysia are interested to explore in the new perspective and come out with the fresh idea and propose to the government or other parties to solve this issue. The reason is a study on the employment rate is only fixed at the government role and higher institution. Therefore, this study is a way to disseminate an information that a study on employment rate has to explore beyond the government and higher institution, to investigate the role of employers through the job seeker perspective.

Numbers of literatures emphasizing on the role of employer from the job seeker perspective are published every year in and outside of Malaysia. Table 1 provides some example of the latest literatures from outside of Malaysia that are related to roles of employer from the job seeker perspective. Malaysia has different cultures, values and ways of life which has to be explored locally, so that it does not only depend on offshore literature in solving the local issues. Moreover, being different from others means that Malaysian needs and preferences are also different that it requires a study to be conducted at a local perspective.

<table>
<thead>
<tr>
<th>No.</th>
<th>Researchers</th>
<th>Topics</th>
<th>Organizational Characteristics</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.</td>
<td>Landay &amp; DeArmond (2019)</td>
<td>Applicant gender and recruiter and organizational characteristics</td>
<td>Organizational Reputation and Recruiter competence</td>
</tr>
<tr>
<td>3.</td>
<td>Harrison &amp; Stone (2018)</td>
<td>Effects of organizational values and employee contact on e-recruiting</td>
<td>Organizational Value and Employee contact</td>
</tr>
</tbody>
</table>
Locally, research in the subject matter has to be more intensified in order to solve the prolong issues and to achieve one of the key pillars in the RMK-11. Indeed, the Malaysian government realizes the issues has been outstanding for so long and set a target in RMK-11 to eradicate it once and for all. However, lack of new ideas from the executors and academicians resulted in a similar initiatives and activities which has been undertaken for the past three years. Consequently, there has been no positive significant change on employment rate within the period. Therefore, this paper urge academicians to venture into the subject and propose some ideas to the Malaysian government with the hope that there is an improvement to the employment rate.

5. Conclusion

In a nutshell, various parties have to cooperate with each other including the Malaysian government, higher education and employer for aspiration to improve the employment rate in year 2020 as stipulated in RMK-11. The endeavors have to simultaneously undertake the situation to ensure optimum impact from the initiatives and activities. Definitely, the Malaysian government has to be a coordinator in maneuvering the activities and initiatives especially involving the employers and job seekers. Finally, with the excellent coordination and cooperation from various parties, through holistic approach, the improvement of employment rate will be achieved.

References

Alec, M. (2017). Japan needs more workers and it can’t find them.


