

CLOSING THE GAP BETWEEN STUDENT WANTS AND EMPLOYER NEEDS

# Why aren't graduates earning more in a tight labour market?



New graduates, some human resource professionals say, want higher salaries and more responsibilities, while still achieving a work-life balance. TODAY FILE PHOTO

RICHARD HARTUNG



The surprise in the latest data from the three universities here on graduate employment is that more students did not have jobs and that they did not make more money. Indeed, the employment rate dropped and salaries were flat.

At a time when employers are lamenting the shortage of workers and screaming for more staff, it is hard to see why more graduates would not be employed and why salaries would not head upwards, unless students' skills or aspirations did not match companies' needs.

Overall, the employment rate among "economically active" graduates by November last year dropped to 89.3 per cent, down from 91 per cent in 2012 and 2011 and the average salary of S\$3,229 for fresh graduates in full-time permanent roles was "comparable" to salaries in 2012.

The data does not mean that the results from all the universities were all the same. Singapore Management University said 92.3 per cent of its graduates were employed, though what it called a record average salary of S\$3,455 was still only 1.8 per cent above the year before.

When asked about the reasons why employment and salaries are not higher, some academics and uni-

versity staff seemed mystified by the drops as well. Several questioned the accuracy of the data, some believe the increasing number of foreign students with potentially lower expectations influence salaries and others thought the larger pool of graduates might be a factor. While views vary, actual research into the reasons why employment is down and salaries are not higher is limited. A look at what companies want and what universities deliver, though, may shed some light on what happened.

## SERVING THE ECONOMY

One factor may well be that universities still churn out too many students in majors that are different from what employers — or the students themselves — actually want.

In an economy where the service sector accounts for more than 65 per cent of the gross domestic product and about 70 per cent of growth, more than 40 per cent of graduates are engineering or science majors.

The mismatch may mean that engineering graduates who wanted to study other subjects in the first place or who decide they want a career in another sector may accept lower salaries for a non-engineering job and services companies may not pay as well for the general skills an engineering graduate brings to their sector.

Another factor may be that too many students are too narrowly fo-

cused for jobs today that require broad-based knowledge.

As Nanyang Technological University President Bertil Andersson said when he launched new degrees in philosophy and other majors, we "need to inject greater innovation and creativity and equip our graduates to meet the rapidly changing needs of the society and industry. The more study options our students have, the more interfaces and opportunities there will be for interdisciplinary learning and knowledge, which will be important in the working world when they graduate."

The day when creativity and interdisciplinary skills are needed has already arrived at many companies, even though many students may still focus intensely on learning skills in one field.

Yet, the reasons behind the gap may well involve more than the practices at universities. Student expectations could play a part too. Talk to many new graduates from engineering or the sciences and they want to become bankers or marketers. New graduates, some human resource professionals say, want higher salaries and more responsibilities as soon as they join a company, while still achieving a work-life balance that may mean less intense work or shorter hours than their colleagues.

With research from Hudson showing that 40 per cent of workers have changed jobs in the past two years and 71 per cent are looking for a new job, employers may not expect new graduates to stay for long. Companies would be reluctant to recruit and train new graduates focused on work-life balance and possessing skills that do not fit the role, especially as they may not stay in the job for long.

## ADDRESSING THE ISSUE

While the situation may seem challenging, there are opportunities to close the gap. Along with looking at whether to increase enrolment in some majors or decrease others, the shift in emphasis towards creativity, team-building and interdisciplinary learning that is under way at the universi-

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ties needs to accelerate.

The schools could also do more career counselling to ensure that students develop realistic expectations.

Giving students the right skills for jobs now and for lifelong learning is essential. And the values education that is talked about for secondary school could be extended to university, with a focus on making sure students start their careers with passion rather than just show up for work.

As University of California Berkeley Chancellor Nicholas Dirks wrote recently, "as we provide for the development and cultivation of real world skills, all the while propelling the most important advances in science and technology, we must not lose sight of our more fundamental purposes, the contributions of the university to our collective and individual intellectual and moral well-being. Our society, and our future, will likely depend upon our capacity to do so".

Developing the intellectual capabilities that enable students to contribute to society in the longer term is essential. At the same time, universities do need to develop students to become creative critical thinkers so they can start out well in their careers today.

Along with more research into the reasons behind lower employment and flat salaries, in order to spur changes that help students achieve their potential, accelerating the shift towards creativity, collaboration and innovation in the curriculum that Prof Andersson described is vital as well.

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