

CAREER DECISION AND READINESS IN UNDERGRADUATE STUDENTS OF LAO PDR

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ABSTRACT

Background and Purpose: In Lao PDR, young people have been striving to earn higher degrees, especially in economics or business administration, in the hope of having more opportunities to be employed in the public sector. Meanwhile, they also assume a high risk of unemployment, since the government intends to limit the number of approved civil servants. As labor demand is smaller than labor supply, there will be labor surplus and, even worse, the labor market is moving away from its equilibrium. This raises the questions of why young people aspire to work in the government and how they react to this phenomenon.

Methodology: This research study involved a field survey which collected data from final year undergraduate students studying in the faculties of economics and business administration using a cross-sectional questionnaire. The survey was conducted from June to August 2018. A descriptive analysis was employed to identify determinants of education and career decisions together with level of career readiness.

Findings: The research findings from a sample of 571 undergraduate students, majoring in economics and business administration at four public universities in 2018, revealed that the most influential factors

affecting career preference are job security and prestige. As competition among government applicants increases, they seem not to be well-prepared in terms of employability skills.

Contributions: These research findings will be useful for the improvement of national policies relating to education and labor market development that aim to alleviate labor market inefficiency.

Keywords: career decision, readiness, employability skill, undergraduate, Lao PDR

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1.0 INTRODUCTION

Career mismatches are one of the most controversial issues in the Lao labor market. A career mismatch is when an individual has a job that differs from his or her educational degree. Some people, for example, are working at the Ministry of Foreign Affairs while holding a degree in business management. Nowadays, many young people in Laos prefer to earn a degree in economics or business administration rather than other majors. This is probably because these degrees provide programs that develop generic skills that apply to many tasks related to management.

Furthermore, Lao people consider being a civil servant an important position, as working with the government brings families honor and prestige. Therefore, many people want to be civil servants and believe that these majors will prepare them for various roles, especially those in administration.

The state of being shifted from equilibrium is a serious phenomenon in labor markets, specifically the public sector in Laos. Many fresh graduates from both private and public schools have been struggling gain employment in the public sector. As numbers of job applications continue to rise, job positions in this sector have been falling. There are numbers of denied applicants that are likely unemployed. On the other hand, many fresh graduates seek alternate careers that might not match their educational degree and therefore earn less than they would have in positions that matched their degrees (Robst, 2007). It will then take a substantial period of time for them to develop new skills and perform well in their new chosen career. When jobs are difficult to find, unskilled laborers, as well as skilled laborers unable to adapt their skills to meet new market demands, may struggle to find employment. This will lead to labor market inefficiency, specifically in the public sector.

Nowadays, higher education is perceived as key to career success. In Lao PDR, the number of students attending undergraduate schools is increasing annually. In the 2016-2017 academic year, the number of freshmen at public universities hit almost ten thousand, about a quarter of which was new entrants. The two most popular faculties were economics and business administration. There were over two thousand freshmen in these two faculties, which accounted for around 20% of total new enrollment in all public universities across the country. Some claimed that newcomers chose these majors just because it is easy to find a job or receive a high salary. Others also claim that they desire to work in public sector, even if they earn a low salary. Onphanhdala and Nguyen (2017) confirmed that 60% of final year students in the Faculty of Economics and Business Management, National University of Laos, in EY2016/17 desired to work in the government. This is similar to research findings about banking students from a study carried out by Chanthavong and Onphanhdala (2017).

Currently, there are over 180,000 workers employed by the government. However, due to budget constraints, the Government of Laos (GoL) intends to cut down new official intakes. In 2017, various departments asked the government to approve around 20,000 applicants, but the government accepted only 5,000 in total (Mengjie, 2018). Over the past few years, there was a high jump in new official approval. The GoL granted an intake of around 15,000 and 12,000 officials in FY2011/12 and FY2012/13, respectively, as Laos was a host of the Asia-Europe Meeting (ASEM) in 2012 (Laotian Times Administrator, 2016a, 2016b). Later, this number rapidly declined to 5,000 in 2014 and continued to decline further to 3,000 in 2018 (Mengjie, 2018). Amid limited positions in the government, the largest number of positions for new civil servants was granted to the Ministry of Education and Sports, with 1,850 officers. 90% of job positions at this ministry were for teachers and the rest were for administrative officers (Muan Admin, 2018). The Ministry of Health followed with 440 positions approved by the GoL. It can be seen that specific skills such as pedagogy and medicine are highly required rather than generic skills such as administration. In 2019, the quota for approved civil servants has decreased by half to 1,500 as the GoL concentrates on work performance and budget stabilization (Phouthonesy, 2019). Therefore, fresh graduates should prepare changing labor market trends in Laos.

Lack of skilled labor and career mismatching are two problems that lead to labor market inefficiency, which is a serious issue for Lao economic development. At present, policies related to education and the development of the Lao labor market provide general recommendations but do not yet address the specifics of this complicated situation. In other words, there is inadequate serious action from the government to solve this problem. In this

regard, it is important to investigate career decisions and readiness among undergraduates who are studying in economics and business administration faculties in order to examine the reasons that they chose these majors. Moreover, this research study will provide a more in-depth, comprehensive analysis of the influence of public sector employment on Lao young people. These research findings will be useful in the improvement of policies relating to education and labor market development for the country that aim to alleviate labor market inefficiency.

2.0 LITERATURE REVIEW

2.1 Career Decision

There are many factors that influence career decisions among undergraduate students. Cognitive personal factors include job stability, self-realization, a high income, learning opportunities and independence. Contextual factors include family tradition, firm sizes and the labor market. These factors sometimes have different degrees of influence (Haase & Lautenschlager, 2011). Studies on career choices in Laos are quite limited, and there are no conclusions about determinants of job selection in schools. Thus, this section will draw from past research undertaken in other contexts in order to develop a framework for factors influencing career choice.

Several studies have suggested that family environment is one of the strongest influences on student decision-making, especially in regards to choices about higher education and careers. Young people tend to listen to the suggestions and advice of elder members of their family. Additionally, for those whose families run their own businesses, the chance of inheriting the traditional family business is high (Swinhoe, 1967; Haase & Lautenschlager, 2011; Ozlen & Arnaut, 2013; Temel & Erkanli, 2017).

Aside from family members, young people also receive information from their peers. Information learned from peers and interpersonal communication affects decision making among young people (Ozlen & Arnaut, 2013). However, Swinhoe (1967) argued that choosing a career has no relation to peers, especially those who are in the same career.

In order to select a job, people naturally consider starting salary, stability of the position and their interest in the subject while studying at university. Organizations offer compensation for employees in terms of salary and other benefits as rewards for their efforts. New graduates expect a starting salary and the possibility for promotion when they first have a job (Sturges, Guest, & Mackenzie Davey, 2000; Haase & Lautenschlager, 2011; Omar, Zakaria, Ismail, Ley Sin, & Selvakumar, 2015). Therefore, starting salary and job promotion are two factors that many people take into account when making career decisions.

Graduates who first join an organization also have expectations about future job opportunities. Young people choose careers that offer secure income and assured status. In large companies, factors affecting career decisions are associated with prestige and social status (Haase & Lautenschlager, 2011). On the other hand, Ahmed, Sharif, and Ahmed (2017) found a weak relationship between career choice and future job opportunities. Nonetheless, students naturally want to plan their career path in order to have a secure future.

Some studies revealed that students who are satisfied with their university major will choose a matched career because they want to work and improve their career by continuing in the same direction. Ahmed et al. (2017) showed a strong relation between career choice and interest in the subject. This suggests that students who enjoy studying in their selected majors will have a decreased chance of being mismatched in their future career.

In summary, factors influencing career choices of undergraduate students can be addressed as follows: 1) job security, 2) parents and inheritance, 3) peers and interpersonal communication, 4) interest in job, 5) matching with major, 6) prestige, 7) job diversification, 8) starting salary, 9) job challenges.

2.2 Career Decision Readiness

Career readiness is the preparation of graduates before entering into the working world, equipped with the attitudes, knowledge and skills to be successful in their career (Tanius & Susah, 2015). As Care (1984) mentions, career advancement is a long-term project occurring over an individual's lifetime. There are opportunities for employability development before graduation, as shown in a simplistic model in Figure 1 (Harvey, 2002). People invest in higher education in the hope of pursuing professional achievement.

Employability is 'a set of achievements – skills, understandings and personal attributes – that make graduates more likely to gain employment and be successful in their chosen occupations, which benefits themselves, the workforce, the community and the economy,' (Yorke, 2006, p. 8). Pool and Sewell (2007) showed components of employability and their interaction, which are career development learning, experience, degree of understanding, generic skills and emotional intelligence. In order to enhance students' employability, Knight and Yorke (2003) presented four ways, which are work experience, entrepreneurship modules, career advice and portfolios, profiles and records of achievement. Harvey (2002) describes four factors contributing to employability development activities, including the development of employability attributes, work experience, self-promotional skills and willingness to develop. It is worth noting that to improve employability skills, students can take the opportunity before

graduation to apply for internships, hold part time jobs, apply for work, etc. because it will help them to be prepared to enter their future workplace.

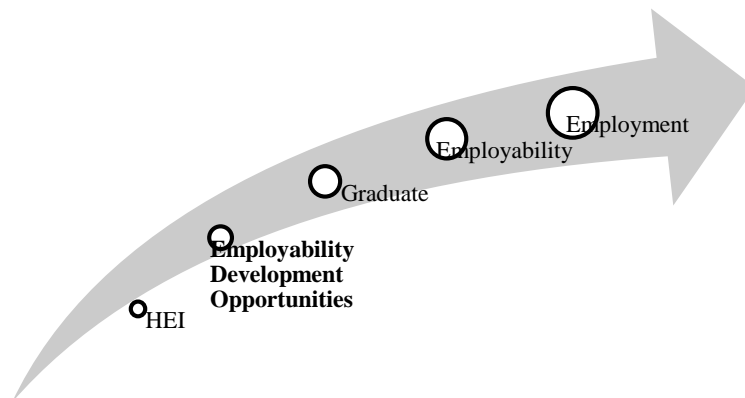


Figure 1: Magic Bullet Model of Employability

Source: Harvey (2002), *employability and diversity*

There are several skills that workers need to improve competency. Weligamage (2014) reviewed various studies about the employability skills of graduates. The article described various skills that employers expected from employees, utilizing a framework adapted from the 'Generic Attributes of Graduates of the University of Sydney' in 1997. They are time management, self-understanding, learning skills, teamwork skills, leadership skills, problem solving, working with diversity, career planning, workplace understanding and risk assessment management. In addition, Lowden, Hall, Elliot, and Lewin (2011) elaborate on graduate skills and attributes that are valued by employers, including self-management, knowledge of the business, literacy, ITC knowledge, communication skills and ability take initiative but also to follow instruction. However, employers and employees might not share the same point of view about employability skills (Oluwatayo, Opoko, Ezema, & Iroham 2016). Students seem to view coping with emotions, empathy and self-awareness as important employability skills (Al-Alawneh, 2014).

The World Economic Forum emphasized that skills for work change over time to meet market demand (Gray, 2016). This means that some skills that were necessary ten years ago might not be needed at present. Table 1 shows the top ten skills that will be required in 2020 in comparison to 2015. The skill that will change positions the most is *creativity*. It will become one of the top three skills that workers must have in the year of 2020. This skill, as well as complex problem solving and critical thinking, will create new ways of thinking and working and generate ideas to develop products as well as organizations (Saunders & Zuzel, 2010;

Oluwatayo et al., 2016). In today's world, this skill is necessary in order to be prepared to live and work in complicated situations.

Table 1: Top 10 skills for workers in 2015 and 2020

| In 2020 | | In 2015 | |
|---------|-------------------------------|---------|-------------------------------|
| 1. | Complex Problem Solving | 1. | Complex Problem Solving |
| 2. | Critical Thinking | 2. | Coordinating with Others |
| 3. | Creativity | 3. | People Management |
| 4. | People Management | 4. | Critical Thinking |
| 5. | Coordinating with Others | 5. | Negotiation |
| 6. | Emotional Intelligence | 6. | Quality Control |
| 7. | Judgement and Decision Making | 7. | Service Orientation |
| 8. | Service Orientation | 8. | Judgement and Decision Making |
| 9. | Negotiation | 9. | Active Listening |
| 10. | Cognitive Flexibility | 10. | Creativity |

Source: *The World Economic Forum (2016)*

3.0 METHODOLOGY

This research study entailed conducting a survey from June to August 2018 in order to collect data from final year undergraduate students studying economics and business administration at all public universities except the University of Health Science (UHS), since the UHS does not have economics or business administrative programs for undergraduates. The four public universities are the National University of Laos (NUOL), Champasack University (CU), Souphanouvong University (SU) and Savannakhet University (SKU). NUOL is the biggest and oldest university, established since 1996 and located in Vientiane Capital. CU was established in 2002, followed by SU in 2003. They are located in Champasack province (the southern part) and Luang Prabang province (the northern part), respectively. The latest university is SKU, established in 2009 and located in Savannakhet province (the largest province in terms of area, located in the central part of Laos).

A questionnaire for cross-sectional study was designed to collect information about career decisions and readiness from undergraduate students who preferred to be employed in either the public or private sector. It encompassed three parts, including 1) general information about students (educational degree, gender, job planning, expected starting salary, whether their family owns a business, and major satisfaction), 2) educational degree and career match 3) employability skills and level of career preparation.

Questions in the second and third parts were designed as closed-ended and employed a 4-point Likert scale where 1 is used for the negative endpoint and 4 is used for the positive endpoint. For example, expecting a high salary as a component motivating career decisions has the following choices: 1 = the least motivating/important, 2 = moderate/less, 3 = more and 4 = the most motivating/important. While 1 and 4 scales indicate almost complete influence, 2 and 3 scales are partial influence. The questionnaire also included open-ended questions asking the reasons for match or mismatch between degree and job preference.

Table 2 shows the data sample for this study, including the number of undergraduate students from economics and business administration faculties at four public universities. Based on available data from these universities, only NUOL statistics were available for the number of final year students in EY2017/18. For the other three universities, the statistics utilized were annual statistics about students in EY2016/17 reported by the Ministry of Education and Sports of Lao PDR. The number of 3rd year undergraduate students in EY2016/17 was used to estimate the number of final year undergraduate students in EY2017/18. The sample included in this study was expected to be 50% of the total population. There were 571 participants in total for this study and the response rate was around 94%.

Table 2: Target respondents of a survey

| | TOTAL |
|-------------------------|--------------|
| Population ^a | 1,212 |
| Expected sample (50%) | 611 |
| No. respondents | 571 |

Remarks: ^a Data based on EY2017/18 statistics about final year undergraduate students in the Faculty of Economics and Business Management (FEB) and referred to EY2016/17 statistics of 3rd year undergraduate students in the Faculty of Economics and Administration (CU), Faculty of Economics and Tourism (SU) and Faculty of Business Administration (SKU).

A descriptive analysis was employed to analyze the data, aimed at exploring factors influencing education and career decisions. In addition, it aimed to explore how well undergraduate students prepared themselves for working after graduation. The results are categorized into two groups based on preference for jobs in the private or in the public sector. By comparing between both groups, we can identify determinants of career decisions and level of readiness among final year undergraduates in economics and business administration faculties.

4.0 FINDINGS

4.1 Distribution of Undergraduate Students

Table 3 displays characteristics of respondents from four public universities. It is categorized into *public* and *private sector preferential groups*. Results show that more than half of respondents emphasized that they preferred work as government employees. This is similar to the research findings of Chanthavong and Onphanhdala (2017) and Onphanhdala and Nguyen (2017). The proportion of business administration majors is higher than economics majors because SU only has a business administration program. Around 60% of students were satisfied with their study programs in both groups. Research findings show that over 70% of respondents seem to have a plan for their future career but do not expect high payment for their first job.

Table 3: Distribution of respondents

| | TOTAL | | PUBLIC | | PRIVATE | |
|---|-------|----|--------|----|---------|----|
| | Freq. | % | Freq. | % | Freq. | % |
| Major | | | | | | |
| <i>Economics</i> | 212 | 39 | 100 | 35 | 112 | 43 |
| <i>Business Administration</i> | 336 | 61 | 186 | 65 | 150 | 57 |
| Gender | | | | | | |
| <i>Female</i> | 318 | 58 | 186 | 65 | 132 | 50 |
| <i>Male</i> | 233 | 42 | 101 | 35 | 132 | 50 |
| Satisfaction in major | | | | | | |
| <i>Most satisfied</i> | 346 | 63 | 190 | 66 | 156 | 59 |
| <i>Moderate</i> | 188 | 34 | 86 | 30 | 102 | 38 |
| <i>Less satisfied</i> | 13 | 2 | 5 | 2 | 8 | 3 |
| <i>Not satisfied at all</i> | 5 | 1 | 5 | 2 | - | - |
| Career planning | | | | | | |
| <i>Have a plan</i> | 404 | 73 | 215 | 75 | 189 | 71 |
| <i>No plan</i> | 120 | 22 | 54 | 19 | 66 | 25 |
| <i>To continue studies</i> | 28 | 5 | 18 | 6 | 10 | 4 |
| Expected starting salary¹ | | | | | | |
| (LAK) | | | | | | |
| <i>1,000,000 – 1,500,000</i> | 140 | 26 | 90 | 32 | 59 | 19 |
| <i>1,500,001 – 2,000,000</i> | 141 | 26 | 80 | 28 | 61 | 23 |
| <i>2,000,001 – 2,500,000</i> | 132 | 24 | 59 | 21 | 73 | 27 |
| <i>2,500,001 – 3,000,000</i> | 51 | 9 | 13 | 5 | 38 | 14 |
| <i>3,000,001 – 4,000,000</i> | 35 | 6 | 15 | 5 | 20 | 8 |
| <i>More than 4,000,001</i> | 50 | 9 | 26 | 9 | 24 | 9 |
| Families running own business | | | | | | |
| <i>Yes</i> | 177 | 33 | 94 | 33 | 83 | 32 |
| <i>No</i> | 314 | 58 | 160 | 57 | 154 | 59 |
| <i>Will do on my own</i> | 52 | 9 | 28 | 10 | 24 | 9 |

4.2 Education and Career Decision

Table 4 shows reasons that undergraduates chose to study in economics or business administration faculties, based on a 4-point Likert scale. Overall, the strongest motivation is

¹ roughly exchange rate USD 1 = LAK 8,500

personal interest, followed by *family influence*. Around 40% of respondents reported that they chose their degree because of interest in the subject. *Family* also plays an important role in the decision making of young people. This is probably because families still have influence over young people and give advice about educational choices based on their experiences. This is similar to results of research studies carried out by Swinhoe (1967), Haase and Lautenschlager (2011), Ozlen and Arnaut (2013), and Temel and Erkanli (2017).

Table 4: Factors influencing undergraduate students' educational decisions

| | TOTAL | | PUBLIC | | PRIVATE | |
|----------------------------|-------|----|--------|----|---------|----|
| | Freq. | % | Freq. | % | Freq. | % |
| Family influence | | | | | | |
| <i>The Most</i> | 151 | 28 | 88 | 31 | 63 | 24 |
| <i>More</i> | 205 | 37 | 104 | 37 | 101 | 38 |
| <i>Moderate</i> | 150 | 27 | 75 | 26 | 75 | 29 |
| <i>The Least</i> | 41 | 8 | 17 | 6 | 24 | 9 |
| Peer influence | | | | | | |
| <i>The Most</i> | 48 | 9 | 25 | 9 | 23 | 9 |
| <i>More</i> | 193 | 35 | 109 | 38 | 84 | 32 |
| <i>Moderate</i> | 234 | 43 | 116 | 41 | 118 | 45 |
| <i>The Least</i> | 73 | 13 | 35 | 12 | 38 | 14 |
| Personal interest | | | | | | |
| <i>The Most</i> | 238 | 44 | 132 | 47 | 106 | 40 |
| <i>More</i> | 234 | 43 | 120 | 42 | 114 | 43 |
| <i>Moderate</i> | 67 | 12 | 28 | 10 | 39 | 15 |
| <i>The Least</i> | 8 | 1 | 4 | 1 | 4 | 2 |
| Ease of finding a job | | | | | | |
| <i>The Most</i> | 71 | 13 | 33 | 12 | 38 | 14 |
| <i>More</i> | 214 | 39 | 99 | 35 | 115 | 44 |
| <i>Moderate</i> | 204 | 37 | 117 | 41 | 87 | 32 |
| <i>The Least</i> | 60 | 11 | 36 | 13 | 24 | 9 |
| Expectation of high salary | | | | | | |
| <i>The Most</i> | 67 | 12 | 29 | 10 | 38 | 15 |
| <i>More</i> | 225 | 41 | 106 | 38 | 119 | 45 |
| <i>Moderate</i> | 209 | 38 | 116 | 41 | 93 | 35 |
| <i>The Least</i> | 44 | 8 | 30 | 11 | 14 | 5 |

Findings about career decisions among undergraduate students are shown in Table 5. In both groups, *personal interest* and *match with educational degree* have a strong influence over career decisions, which is similar to the research findings of Onphanhdala and Nguyen (2017). Their findings showed that *personal interest* in a subject significantly affects making a matching decision between educational degree and career. This means that young people seem to choose a career based on their degree. This will benefit them both in terms of self-development and career success.

Categorized into two groups, *secure job* and *prestige* are two factors that influence career decisions among respondents in the public preference group rather than the private group. This research finds that 56% of respondents in the public preference group find *secure job* to be the strongest factor impacting their career decision, which is twice as large as the private preference group. This implies that young people are concerned about their career path and want to secure their long-term future with permanent jobs offered by the government.

Family plays an average role in career decisions, especially in the public preferential group. Results revealed that 17% of respondents in the public group find *family inheritance* to be the most important motive determining their career choice, while only 11% of respondents in the private group had a similar opinion. From the point of view of Lao parents, working as a government employee increases social status and enables a longer, more successful career than other jobs; thus, family influence may lead undergraduate students to aspire to work in the public sector.

Table 5: Factors influencing undergraduate students' career decisions

| | TOTAL | | PUBLIC | | PRIVATE | |
|----------------------------|-------|----|--------|----|---------|----|
| | Freq. | % | Freq. | % | Freq. | % |
| Secure job | | | | | | |
| <i>The Most</i> | 220 | 40 | 162 | 56 | 58 | 22 |
| <i>More</i> | 261 | 47 | 103 | 36 | 158 | 59 |
| <i>Moderate</i> | 69 | 12 | 21 | 7 | 48 | 18 |
| <i>The Least</i> | 3 | 1 | 1 | 1 | 2 | 1 |
| Family influence | | | | | | |
| <i>The Most</i> | 79 | 14 | 49 | 17 | 30 | 11 |
| <i>More</i> | 184 | 33 | 94 | 33 | 90 | 34 |
| <i>Moderate</i> | 201 | 37 | 112 | 39 | 89 | 33 |
| <i>The Least</i> | 88 | 16 | 31 | 11 | 57 | 21 |
| Peer influence | | | | | | |
| <i>The Most</i> | 49 | 9 | 21 | 7 | 28 | 11 |
| <i>More</i> | 184 | 33 | 84 | 30 | 100 | 38 |
| <i>Moderate</i> | 246 | 35 | 142 | 50 | 104 | 39 |
| <i>The Least</i> | 71 | 13 | 37 | 13 | 34 | 13 |
| Personal interest | | | | | | |
| <i>The Most</i> | 256 | 46 | 129 | 45 | 127 | 48 |
| <i>More</i> | 244 | 44 | 130 | 46 | 114 | 43 |
| <i>Moderate</i> | 48 | 9 | 24 | 8 | 24 | 9 |
| <i>The Least</i> | 3 | 1 | 3 | 1 | - | - |
| Match with degree | | | | | | |
| <i>The Most</i> | 165 | 30 | 106 | 37 | 59 | 22 |
| <i>More</i> | 296 | 54 | 141 | 49 | 155 | 59 |
| <i>Moderate</i> | 82 | 15 | 35 | 12 | 47 | 18 |
| <i>The Least</i> | 8 | 1 | 5 | 1 | 3 | 1 |
| Prestige | | | | | | |
| <i>The Most</i> | 94 | 17 | 60 | 21 | 34 | 13 |
| <i>More</i> | 284 | 52 | 159 | 56 | 125 | 47 |
| <i>Moderate</i> | 159 | 29 | 61 | 21 | 98 | 37 |
| <i>The Least</i> | 13 | 2 | 5 | 2 | 8 | 3 |
| Job diversification | | | | | | |
| <i>The Most</i> | 131 | 24 | 62 | 22 | 69 | 26 |
| <i>More</i> | 315 | 57 | 160 | 56 | 155 | 58 |
| <i>Moderate</i> | 97 | 17 | 59 | 21 | 38 | 14 |
| <i>The Least</i> | 9 | 2 | 5 | 2 | 4 | 2 |

| High salary | | | | | | |
|------------------|-----|----|-----|----|-----|----|
| <i>The Most</i> | 145 | 26 | 66 | 23 | 79 | 29 |
| <i>More</i> | 254 | 46 | 120 | 42 | 134 | 51 |
| <i>Moderate</i> | 146 | 27 | 96 | 34 | 50 | 19 |
| <i>The Least</i> | 6 | 1 | 4 | 1 | 2 | 1 |
| Job challenges | | | | | | |
| <i>The Most</i> | 164 | 30 | 77 | 27 | 87 | 33 |
| <i>More</i> | 256 | 46 | 124 | 43 | 132 | 50 |
| <i>Moderate</i> | 111 | 20 | 71 | 25 | 40 | 15 |
| <i>The Least</i> | 20 | 4 | 14 | 5 | 6 | 2 |

On the other hand, *job diversification* and *challenges* are two factors that affect decision-making in the private group rather than the public group. Results revealed that 26% and 33% of respondents in the private group found *job diversification* and *challenge* to be the most influential factors in career decision, respectively. This implies that young people perceive private companies to have more job opportunities suitable for those who prefer diversification and challenging work environments.

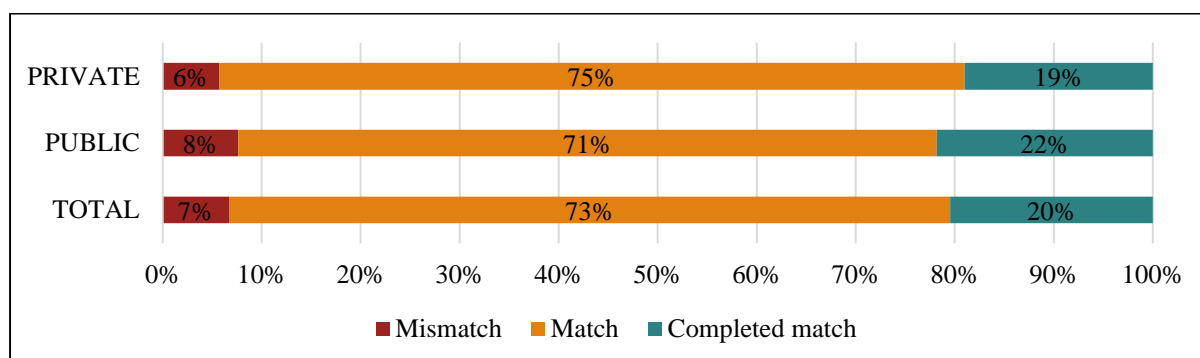


Figure 2: Matching between education and career choices

Results revealed that about 20% of respondents have a complete match between their educational degree and career decisions (Figure 2). Respondents mentioned that what they were studying were quite general skills, and some assumed that they could apply them to many tasks. For example, they believed that economics could apply to work in administrative fields. However, less than 10% of them found a mismatch between educational degree and planned career. After attending university, students might develop other interests and work in different fields that may have little connection with economics and business management, such as art or design.

4.3 Career Readiness

Table 6 displays information about the career preparation of respondents from four public universities. Almost 90% of them had an *internship experience* in both the public and private sector preferential groups. The most common internship tasks were administrative, such as dealing with documents, accounting, etc. Meanwhile, some of them mentioned that they were trainees at financial institutes working as tellers. However, there is still uncertainty about the degree of internship work undertaken, which cannot be concluded from these findings. When it comes to the working world, there is a difference between the public and private job preferential groups. In total, only 30% were working part-time while studying, while 27% were students from the public preference group and 32% were students from the private preference group. Those that were working part-time chose to do so because they wanted to have working experience, learn new things, develop themselves and earn more money, respectively.

Many students near to graduation are likely to seek information about jobs because, naturally, they want to plan ahead before entering the labor market. It is necessary for final year students to find job information. Research findings revealed that three-fourths of respondents looked for information about job applications, while the rest of them probably were not certain about their future career or might already have gotten their first job after doing their internship. The most popular source for job information is *job recruitment announcements*, especially among the private job preferential group. This is followed by information from *family, peers and acquaintances*. When we look closely at the public preferential group, it can be seen that *family, peers and acquaintances* are the most popular sources of job information. One possible reason is that parents may pass the tradition of being government staff to their children.

Job fairs, recruitment companies and career consulting programs play a similar role of providing information about job positions. Career advice programs seem to be the least popular source. This is probably because such programs are not available at other universities besides the NUOL. On the other hand, respondents benefitted from job fairs in order to receive information about jobs rather than independently searching for them. In other words, jobs find workers rather than workers looking for jobs.

As final year students, respondents probably realized that it would be helpful to apply for a job before graduation. Results show that, of respondents in the public sector preferential group, only 34% applied for a job and 24% had a job interview, which is lower than the private

sector preferential group. Meanwhile, the proportion of them who got jobs is smaller than 15%, and over half of them are under probation.

Table 6: Respondents' experiences on career readiness

| | TOTAL | | PUBLIC | | PRIVATE | |
|--|-------|----|--------|----|---------|----|
| | Freq. | % | Freq. | % | Freq. | % |
| Have you ever done an internship? | | | | | | |
| <i>Yes</i> | 479 | 88 | 246 | 87 | 233 | 89 |
| <i>No</i> | 67 | 12 | 37 | 13 | 30 | 11 |
| Have you ever done a part time job while studying? | | | | | | |
| <i>Yes</i> | 158 | 30 | 76 | 27 | 82 | 32 |
| <i>No</i> | 374 | 70 | 201 | 73 | 173 | 68 |
| Have you ever searched for a job? | | | | | | |
| <i>Yes</i> | 405 | 79 | 206 | 79 | 199 | 79 |
| <i>No</i> | 107 | 21 | 55 | 21 | 52 | 21 |
| Which source of job information is important? | | | | | | |
| Job fair | | | | | | |
| <i>The most</i> | 111 | 28 | 45 | 22 | 66 | 33 |
| <i>More</i> | 160 | 40 | 76 | 37 | 84 | 42 |
| <i>Moderate</i> | 100 | 25 | 64 | 31 | 36 | 18 |
| <i>The least</i> | 31 | 8 | 19 | 9 | 12 | 6 |
| Consulting Career Program | | | | | | |
| <i>The most</i> | 38 | 9 | 17 | 8 | 21 | 11 |
| <i>More</i> | 182 | 45 | 95 | 46 | 87 | 44 |
| <i>Moderate</i> | 144 | 36 | 71 | 35 | 73 | 37 |
| <i>The least</i> | 39 | 10 | 22 | 11 | 17 | 9 |
| Recruitment company | | | | | | |
| <i>The most</i> | 63 | 16 | 27 | 13 | 36 | 18 |
| <i>More</i> | 191 | 48 | 100 | 49 | 91 | 46 |
| <i>Moderate</i> | 111 | 28 | 58 | 28 | 53 | 27 |
| <i>The least</i> | 37 | 9 | 20 | 10 | 17 | 9 |
| Family, peer and acquaintances | | | | | | |
| <i>The most</i> | 84 | 21 | 40 | 20 | 44 | 22 |
| <i>More</i> | 210 | 52 | 118 | 58 | 92 | 47 |
| <i>Moderate</i> | 96 | 24 | 43 | 21 | 53 | 27 |
| <i>The least</i> | 12 | 3 | 4 | 2 | 8 | 4 |
| Job recruitment announcement | | | | | | |
| <i>The most</i> | 126 | 31 | 61 | 30 | 65 | 33 |
| <i>More</i> | 191 | 47 | 89 | 43 | 102 | 51 |
| <i>Moderate</i> | 76 | 19 | 48 | 23 | 28 | 14 |
| <i>The least</i> | 11 | 3 | 7 | 3 | 4 | 2 |

| | | | | | | |
|--|------|----|------|----|------|----|
| Have you ever applied for a job? | | | | | | |
| <i>Yes</i> | 221 | 40 | 96 | 34 | 125 | 47 |
| <i>No</i> | 329 | 60 | 190 | 66 | 137 | 53 |
| <i>If 'Yes', how many times? (mean score)</i> | 2.90 | | 2.59 | | 3.17 | |
| Have you ever done a job interview? | | | | | | |
| <i>Yes</i> | 165 | 31 | 64 | 24 | 101 | 39 |
| <i>No</i> | 362 | 69 | 205 | 76 | 157 | 61 |
| <i>If 'Yes', how many times? (mean score)</i> | 2.13 | | 2.06 | | 2.18 | |
| Did you get a job? | | | | | | |
| <i>Yes</i> | 76 | 18 | 31 | 15 | 45 | 22 |
| <i>No</i> | 335 | 82 | 177 | 85 | 158 | 78 |
| If you get a job, was it under probation or as a full time worker? | | | | | | |
| <i>Under probation</i> | 33 | 67 | 9 | 53 | 24 | 75 |
| <i>Full time worker</i> | 16 | 33 | 8 | 47 | 8 | 25 |

4.3.1 Level of career preparation

Figure 3 shows the level of career preparation among economics and business administration students. It can be seen that *learning by doing*, *learning from adolescent experiences* and *understanding workplace etiquette* are the tasks for which undergraduates are most prepared because practicing helps young people increase their competency faster than theory. Moreover, *learning from adolescent experiences* plays an important role in career readiness, which is consistent with the influence of family on education and career decision mentioned earlier. For undergraduates, it seems that language proficiency is not well prepared, except *English language proficiency*. The findings also reveal that *employability skill development* is an important competency for finding work. The level of career readiness among economics and business administration students is average, which is similar the research findings of Rayner and Papakonstantinou (2015).

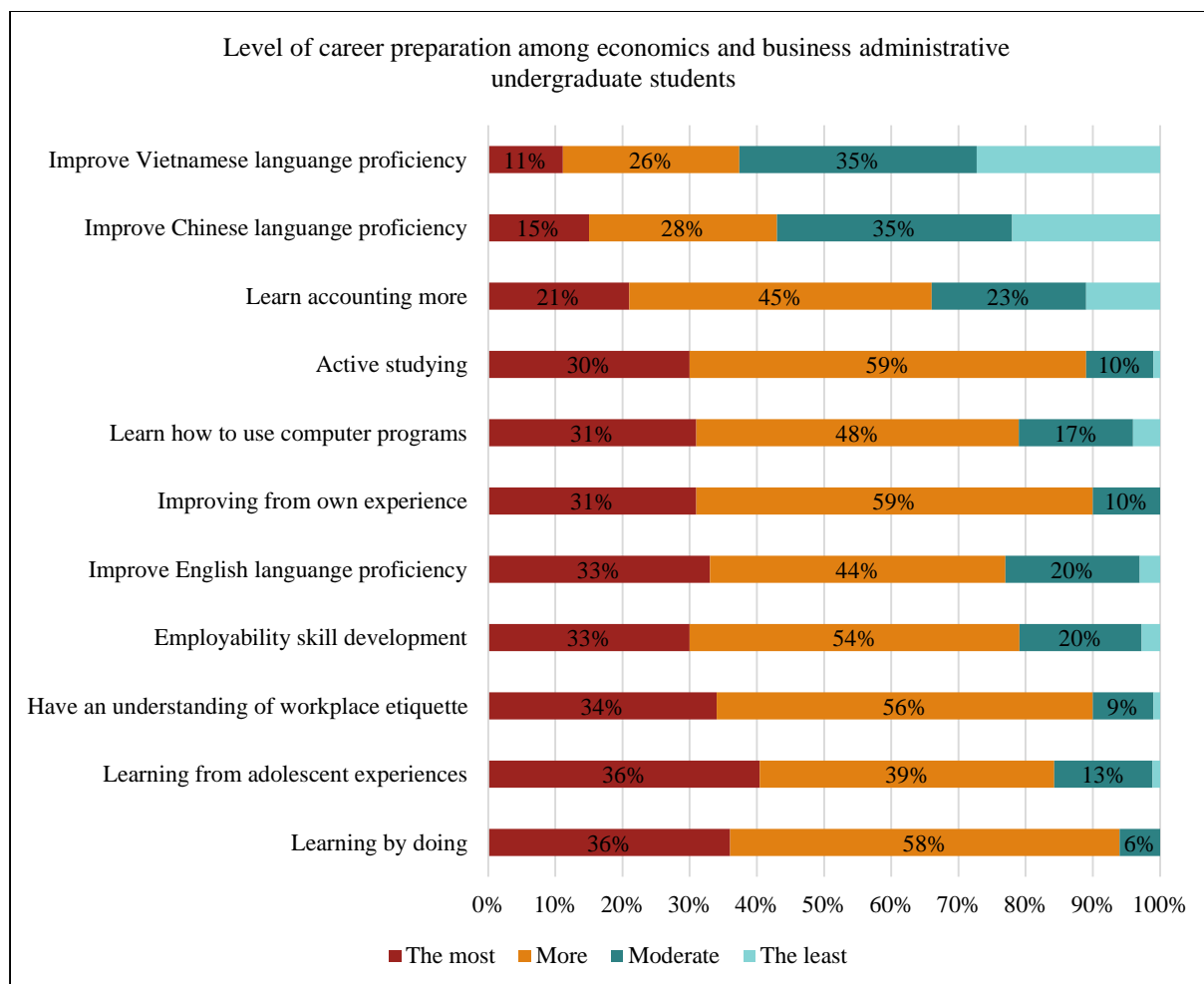


Figure 3: Level of career readiness among economics and business administrative students

4.3.2 Perception of students of employability skills

Figure 4 depicts the degree to which economics and business final year students of Lao public universities found particular employability skills to be important. There are three sub-groups, as follows: *general abilities*, *professional abilities for work* and *career planning and confidence*.

Generic abilities

It can be seen that *communication skills*, *English language proficiency* and *Lao language proficiency* play a crucial role in *generic abilities* and that respondents perceived communication to be more important than other skills. This is because good communication can help both employers and employees understand a shared vision for work in an organization. However, it is surprising that *creativity* was not the first choice of respondents, given that

creativity is the top skill workers will need in the year of 2020 suggested by the World Economic Forum (Saunders & Zuzel, 2010; Gray, 2016; Oluwatayo, 2016).

Professional abilities

From employees' perspective, *knowledge and professional skills* and *problem solving* are particularly necessary skills for work. These skills are highly recommended by career consulting programs aiming to meet requirements of employers. In today's world, employers tend to consider applicants who have outstanding employability skills rather than technical skills because many employers believe that they can employ workers and train them to develop technical skills in six months to a year (Saunders & Zuzel, 2010).

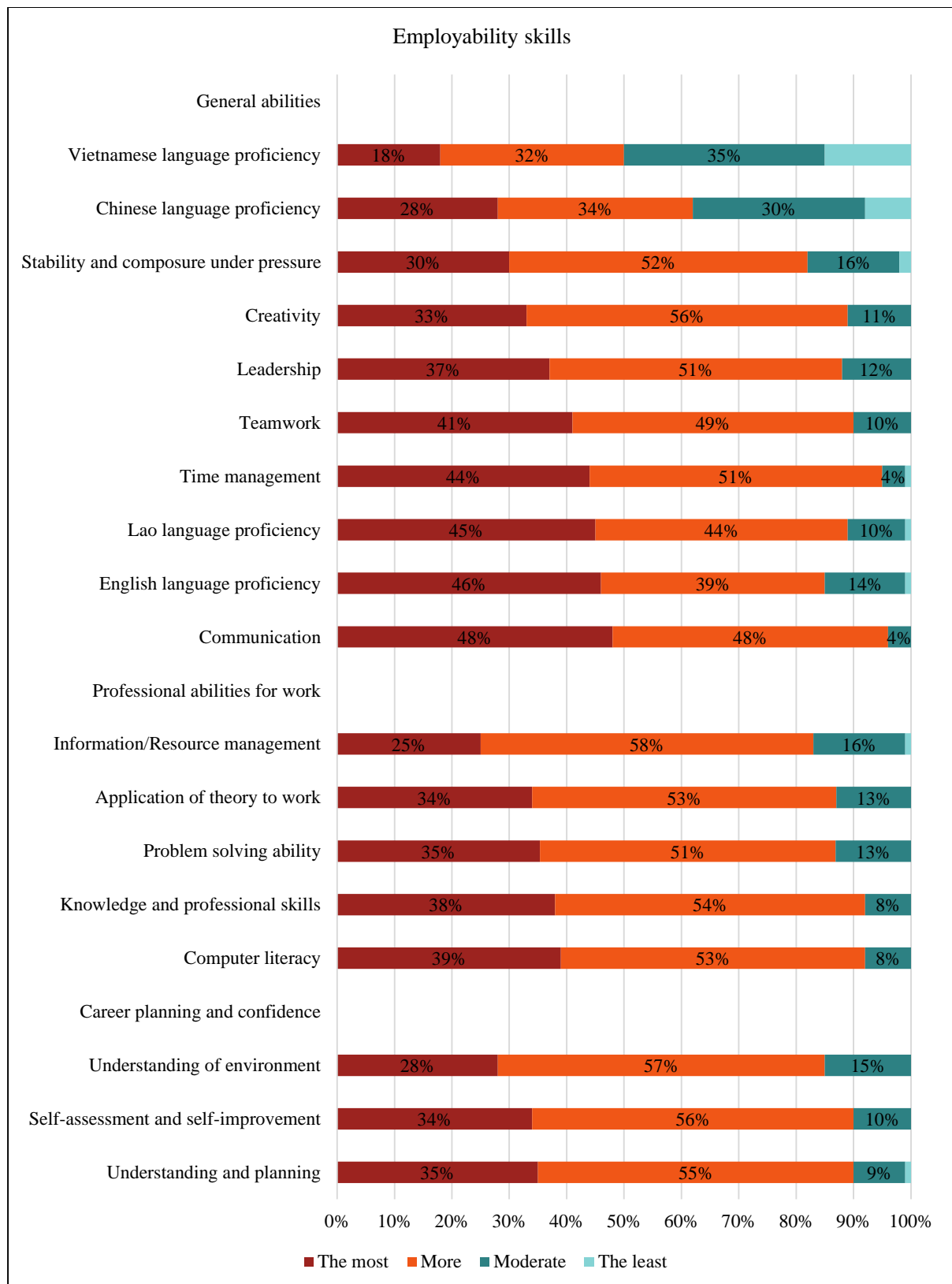


Figure 4: Employability skills

Career planning and confidence

It is important to have a good plan for choosing a career. Career planning and confidence help workers to adapt to workplace environments, evaluate themselves and improve their own performances. This is similar to the research findings of Tanius and Susah (2015).

5.0 CONCLUSION

Labor market inefficiency in Lao PDR is a result of career mismatch and unskilled labor surplus. Labor demand is smaller than labor supply, especially for those who aspire to work in the public sector. This has become one of the major obstacles to Lao economic development. Labor market inefficiency affects wages, employment, businesses, workers and living conditions. Though the government has tried to address this, the labor market has yet to reach equilibrium.

According to our research findings, we can conclude that half of economics and business administration undergraduates want to be civil servants because working as government staff can provide a permanent job and bring prestige to individuals and their families, even if it offers a low salary. In contrast, final year undergraduates who preferred to work in the private sector found challenge and diversification of work to be their primary motivations. When it comes to their education and career decisions, both the public and private preferential groups share a similar pattern. A mismatch between educational degree and career was lower than 10% in both groups as they consider their future profession. During university life, more than 80% of undergraduates gained work experience through internships but only a quarter had a part-time job. As a final year student, it is natural to want to plan ahead before having a real job. Students who prefer the public sector received job information from family and peers, whereas students who prefer the private sector looked for this information from job fairs, consulting programs and recruitment advertisements. The proportion of undergraduate students from the public preferential group that applied for jobs, had experience with job interviews and got a job is much lower than those in the private preferential group. This is why workers are working under probation more than three years without any salary and waiting on long lists for civil servant approval.

It is obvious that job positions in the government are limited due to budget constraints. As fresh undergraduate students struggle to gain government positions, they are at risk of being left unemployed. It is important for them to prepare themselves before entering into the labor market. Meanwhile, the level of career readiness among economics and business administration students is moderate. They developed their skills through practice and found *workplace*

etiquette is necessary competency. Regarding perceptions of employability skills, creativity, leadership, teamwork and problem solving were not students' priorities in order to develop themselves, which is quite different from employers' expectations suggested by Lowden et al. (2011). As a potential limitation of this study, to examine employers' perception of employability skills in the comparison between the public group and the private group in Lao PDR will be our interesting area for future research.

There are several problems concerning labor market developments in Laos, and changes are necessary to address these challenges.

For the government, this research suggests that there should be more specific policies relating to education and labor market development. There are many ways to enhance students' competitiveness. For example, one way is to integrate work attachments or internship programs into degree programs. This will provide more opportunities for students to earn work experience during their time at university. But those internship programs should be selected to include variation in quantity of work and reported learning benefits (Knight & Yorke, 2003). Another way is to design and offer career advice earlier, from secondary school through the university level. In addition, staff giving advice should have a strong understanding of occupations and the state of the labor market. This will enable them to give appropriate recommendations to students about preferable careers and majors to help avoid career mismatch. Additionally, training programs about job skills for students are a possible way to improve their employability.

For private organizations, this research suggests that internship programs should be widely operated in order to enable students to gain work experience. Additionally, an organization can select qualified employees in-house from interns to lower the costs and time spent on recruitment. This can be seen as a win-win situation. Furthermore, private companies should be more open to hiring employees who do not have experience or hold different educational degrees from their requirements. Workers who are qualified should be able to perform well and have the capacity to learn new skills. This can help to reduce the number of unemployed new graduates.

For students, this research suggests that young people should develop other skills beyond their academic profession or educational degree, including employability skills, life skills, etc. Work experience is an important component of improving their working profile and preparing themselves to enter the labor market, and students should try to gain work experience through internships and part-time jobs in order to increase their competitiveness. Furthermore, it is necessary to improve employability skills and language proficiency beyond professional

knowledge learned in class. Lastly, understanding trends in the labor market can help students understand which skills are needed. This will increase the chance of being selected over others by employers in both the public and private sectors.

From an economic point of view, labor market inefficiency is an urgent signal of Lao economic weakness in terms of human resource development. This will affect employment, wages, business, and living conditions of individuals and the Lao economy as a whole. The Lao government should respond to this problem by regularly assessing the labor market in order to forecast market trends and formulate more specific policies to alleviate labor market inefficiency. It is worth noting that this is not one person's responsibility but something to be undertaken together. This will allow market mechanisms, both demand and supply, to adjust themselves and eventually reach equilibrium.

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