# The Graduate Employment Paradox

## Educated, Employed — But Are Malaysians Getting the Right Jobs?

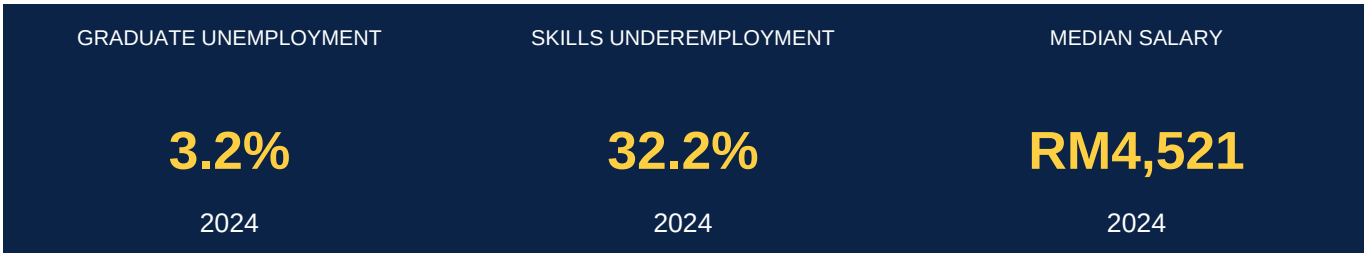
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Source: DOSM Graduates Statistics 2024. Skill-related underemployment is based on occupational skill categories.

## Abstract

Malaysia's graduate labour market shows improving headline outcomes, yet substantial occupational mismatch persists. DOSM's Graduates Statistics 2024 reports 5.98 million graduates, a graduate unemployment rate of 3.2%, and approximately 1.60 million employed graduates in skill-related underemployment. Meanwhile, the broader quarterly labour-market measure reports 35.2% skills-related underemployment among employed tertiary-educated people in Q2 2026. Using secondary descriptive analysis, this article examines how graduate employment, occupational allocation and earnings can improve unevenly. It argues that graduate outcomes should be evaluated through a multidimensional framework encompassing access to work, skill utilisation, earnings and mobility. The article does not establish individual-level causality.

## 1. The employment success story

Malaysia's graduate unemployment rate fell from 3.4% in 2023 to 3.2% in 2024, according to DOSM. Of approximately 5.98 million graduates, 5.14 million were in the labour force and 4.98 million were employed. These are meaningful improvements, but unemployment measures only the absence of work among people in the labour force. It cannot determine whether employment matches education, whether wages are sufficient, or whether the position provides progression. A graduate can be counted as employed while working in an

occupation that does not fully utilise their education.

## 2. The mismatch hidden within employment

DOSM's Graduates Statistics 2024 recorded approximately 1,600,400 employed graduates in skill-related underemployment, or 32.2% of employed graduates. This indicator uses occupation skill categories as a proxy for the match between educational attainment and occupational level. It should not be interpreted as evidence that one-third of graduates have no useful skills or that their degrees have no value. It indicates a mismatch according to the statistical classification. A related, but differently scoped, DOSM quarterly measure shows 35.2% skill-related underemployment among employed tertiary-educated persons in Q2 2026. The two percentages should not be treated as a direct time series: the populations, source products and reference periods differ.

## 3. Where graduates work

Among employed graduates in 2024, approximately 3.38 million were in skilled occupations, 1.54 million in semi-skilled occupations and 57,500 in low-skilled occupations. The service sector accounted for 77.6% of graduate employment, followed by manufacturing at 13.4%. These shares reveal where graduates are employed, but not whether the distribution reflects preferences, job quality or productive use of qualifications. A more complete assessment would link occupations to fields of study, wages, employer characteristics and career progression.

## 4. The earnings question

DOSM reports a 2024 median monthly graduate salary of RM4,521, with a degree-holder median of RM5,724 and a diploma-holder median of RM3,390. These are aggregate outcomes for the graduate population, not starting salaries for new graduates. Comparing them as if they were entry-level salaries would mislead readers because the groups include workers at different career stages. The salary figures also cannot, on their own, isolate the causal wage return to education: experience, occupation, region and selection into education may matter.

## 5. What employers' vacancies tell us — and what they do not

DOSM's Q2 2026 Labour Market Review reported 195,700 job vacancies across the economy, while 25.2% of filled jobs were classified as skilled and 66.1% as semi-skilled. These figures suggest that labour demand is not evenly distributed across skill categories. However, aggregate vacancy and employment shares cannot prove that graduate supply exceeds demand, because vacancies are a snapshot and many workers change jobs without appearing as vacancies. Sector-specific vacancy, qualification and wage data would be required to test mismatch mechanisms more rigorously.

## 6. Four lenses for understanding graduate outcomes

A useful graduate-outcomes dashboard should distinguish four dimensions. First, access: the proportion of graduates who find employment and the time needed to do so. Second, alignment: whether occupation and field of work correspond to qualifications and capabilities. Third, reward: earnings, wage growth, stability and working conditions. Fourth, progression: training, promotion, mobility and opportunities to move into higher-value roles. A

high employment rate can coexist with weaknesses in the other three dimensions; this is the central graduate employment paradox.

## 7. Implications for universities, employers and policymakers

Universities should track longitudinal outcomes rather than treating immediate employment as the sole measure of programme success. Employers can improve skill utilisation by redesigning roles, investing in training and clarifying advancement pathways. Policymakers should support more granular occupation-by-qualification and regional datasets, while assessing industrial upgrading and wage growth alongside graduate supply. None of these responses should assume that curriculum reform alone can resolve a shortage of suitable jobs; demand-side job creation and productivity are also central.

## 8. Methodology and limitations

This article is a descriptive synthesis of published DOSM aggregate statistics. It does not use microdata, estimate causal effects or measure individual overqualification directly. The 2024 graduate statistics and Q2 2026 labour-market review have different reporting populations and dates. The interpretation of skill-related underemployment relies on DOSM's occupational classification proxy, which may not capture all dimensions of job fit. Figures are rounded and should be read with their original definitions. A future empirical study could examine longitudinal graduate trajectories, occupation–qualification matches and wage progression using harmonised microdata.

## Conclusion

Malaysia's graduate employment gains should be recognised. Yet a successful transition into employment is not identical to successful use of graduate capabilities. The evidence points to the need for a broader public conversation: not simply how many graduates find jobs, but what jobs they find, how they are rewarded and whether they can progress. Better measurement is a prerequisite for better policy.

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