

Doctoral Dissertation

A Study of Employability of Foreign-Educated Graduates in Lao PDR

(Summary)

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Summary of the Dissertation

Introduction

While employability of international students is increasingly received attention, less is known about how they cope with education-to-work transitions and employment in their home countries upon returning. The current study aimed to investigate the employability of foreign-educated graduates (FEGs) in Lao PDR by examining their labor market outcomes compared with domestic graduates (DGs) to identify the impacts of study abroad on career outcomes in the home labor market. Economic and sociological theories, including human capital, signaling, social and cultural capital, were consulted to guide the investigation. It is a comprehensive study to investigate graduates' employability in three stages and incorporate employer perspectives to substantiate graduates' viewpoints. Specifically, it first identified graduates' learning outcomes at the time of graduation to compare between FEGs and DGs and, second, explored their experience of education-to-work transitions into the labor market. Third, this study analyzed four dimensions of labor market outcomes: job probability, wage, skill mismatch, and international job, to compare between the two groups. Finally, this research investigated employers' perceptions of recruitment and employment of FEGs and DGs. Three research questions (RQ) were designed to guide this study:

- RQ1. What are foreign-educated graduates' learning outcomes (i.e., knowledge, skills) and their transition experiences into the Lao labor market in comparison with domestic graduates?
- RQ2. Are foreign-educated graduates different from domestic graduates in their labor market outcomes after entering the Lao labor market? Why?
- RQ3. What are employers' perceptions of recruitment and employment of foreign-educated and domestic graduates in the Lao labor market?

Methodology

This study employed an explanatory sequential research design, whereby quantitative and qualitative data were collected and analyzed respectively to answer the research questions. First, self-reported questionnaires were utilized to collect data from employers and Lao graduates in Lao PDR. There were 198 employers from 101 companies/organizations in different industries, economic sectors, and locations completed the employer survey. Additionally, 915 graduates who completed higher education between 2006 and 2020 and are employed within and outside

those companies/organizations answered the graduate survey. They consisted of 379 FEGs and 536 DGs from various demographic backgrounds, academic disciplines, and work experiences. Both descriptive and inferential statistics were used to analyze the survey data to identify graduates' learning outcomes, labor market outcomes, and employers' perceptions. Then, semi-structured interviews were conducted with 22 employers and 32 FEGs who initially completed the surveys to gather in-depth information to explain key findings from statistical analysis. Results from both databases were combined and interpreted to answer the research questions and draw a conclusion for the study.

Key Findings and Discussion

(1) Learning outcomes and transitions from education to work

Studying abroad enabled students to acquire higher knowledge and skills and develop social networks to increase labor market chances in the home country. Compared to DGs, FEGs were more likely to possess a higher level of technical knowledge and skills of own discipline, ICT and computer skills, foreign language proficiency, and soft/non-cognitive skills such as intercultural competence, ability to work independently, and communication skills. To prepare for education-to-work transitions, DGs focused more on exploring application process and required skills and attributes in labor markets, while FEGs emphasized developing networks with co-national peers/alumni during their overseas education journey to strengthen the weakness in professional networks at home. Sufficient technical knowledge, non-cognitive skills, and strong social networks are required to succeed in finding (better) jobs and sustaining employability in the Lao labor market.

Although FEGs had a higher level of knowledge and skills compared with DGs, there was no significant difference in their job probability in the Lao labor market. More than 70% of 266 FEGs and 496 DGs found their first job within three months following graduation. Qualitative findings revealed that graduates quickly accepted their first job offers, despite skill mismatch, to accumulate work experience to enhance existing human capital to negotiate for better career outcomes later. Notably, personal connections and networks brought distinct advantages to their job searches. FEGs were more likely to use personal connections such as parents, relatives, and family connections, to succeed in getting their first employment relative to DGs. Such connections were used to access internal information on jobs, strengthen the trust of human capital, and verify individuals' abilities to persuade employers' hiring decisions, especially in the public sector. FEGs also utilized social networks established abroad with

trustworthy peers/alumni as channels to approach potential employers and as referrals for academic credentials and quality of foreign human capital, which was prevalent in the private sector. This is linked to the fact that 40.4% of 198 employers used social networks (e.g., friends, relatives) when seeking new employees, and nearly 29% rated references from the third person as the important factor in recruitment decisions.

(2) Career outcomes after entering the labor market

Although FEGs had a smooth transition into the home labor market upon returning, they experienced a higher risk of skill mismatch. FEGs had a higher probability of being overeducated compared to DGs. Among FEGs, those with Chinese qualifications had a higher chance for overeducation because they were the highest among participants with postgraduate degrees and often assigned to work tasks that largely required language skills over specialized knowledge. Qualitative analysis added that many FEGs were employed in occupations not closely related to their field of education, so they had to be more patient and flexible to reintegrate into local working circumstances to apply the knowledge and skills articulated abroad. This resulted from flexibility in recruitment and employment of a company/organization, in which employers and graduates collectively agreed upon job offers despite education-job mismatch.

Considering wages, there was no significant difference in the monthly wage range between FEGs and DGs. However, those FEGs working in non-governmental organizations and the private sector, mainly foreign-owned and joint-venture (Lao-foreign) companies, earned wage premiums. Furthermore, FEGs were found to have more international jobs than DGs such as more opportunities to use foreign languages at work and travel abroad for business. In fact, employers were more likely to assign FEGs to work tasks that require foreign language skills and collaborate with colleagues/clients from overseas.

(3) Employers' perceptions of foreign-educated and domestic graduates

This study revealed that only 37% of 165 employers actually considered having graduated abroad important when recruiting graduates. Most employers treated FEGs and DGs equally at recruitment and rigorously examined their knowledge and skills through a series of procedures such as screening test, interview, and probationary period, to ensure their employability. Given study abroad, foreign qualifications were particularly valued when employers need graduates equipped with good oral communication skills, planning and organizing skills, and taking responsibility. The need for such skills could be influenced by the prior experience employers

have with FEGs because the higher share of FEGs in the company is, the probability foreign qualifications are valued increases. Nevertheless, employers appeared not to expect decision-making skills and ability to be tolerant and open to different perspectives from FEGs. Employers explained that most FEGs were overconfident regarding technical knowledge and skills, self-centered, and not open to other perspectives. This manifests the signaling effect from experience employing FEGs on employers' recruitment decisions.

The host country of study abroad and the language of instruction in academic programs had positive and significant effects on the decision to recruit FEGs. Qualitative analysis explained that employers wanted to capitalize on FEGs' country-specific human capital, mainly specific technical knowledge, foreign language skills, and intercultural skills, to benefit operations in the domestic market and connect with partners/clients from foreign countries where graduates were educated. Given salary, only 28.5% of 165 employers, mainly in Lao private and joint-venture (Lao-foreign) companies, offered FEGs wage premiums compared with DGs at the recruitment. However, after subsequent employment, many employers discovered that FEGs could not work as productively as employers expected. In the end, 41.3% of 167 employers reported that FEGs and DGs were not different in terms of knowledge and skills they possess and perform at work.

Conclusion

Studying abroad enables students to acquire better learning outcomes than studying at home, but that cannot guarantee graduates optimal career outcomes in the Lao labor market. This study showed no significant difference in the job probability between FEGs and DGs, while FEGs had a higher chance of being overeducated than DGs in their current job. FEGs tended to utilize personal connections and networks as social capital to strengthen the trust of their human capital signaled by formal qualifications and skills to succeed in obtaining employment. The results also revealed that only a small number of employers actually valued foreign qualifications in recruitment decisions, which were attributed to their experience with former FEGs and needs for specific skills. Therefore, holding a foreign degree alone is no longer adequate to obtain employment unless it is actually and sufficiently supplemented by desirable skills. Most employers were unwilling to pay FEGs high salaries at the recruitments, but possibly for salary increase later if they fulfill job requirements productively and efficiently. This reflects the human capital theory that investing in education increases individuals' productivity and earnings, but such the relationship may not be straightforward in the case of student mobility.