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The Impact of Institutional Origin on Employee Acceptance in Private Companies in Palembang City

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Abstract

This study aims to analyze the influence of educational institution origin on the decision to accept fresh graduate employees in private companies in Palembang City. The study uses a quantitative approach with binary logistic regression on a sample of 200 respondents from 10 private companies in Palembang during March-December 2025. The results show that the prestige of the institution origin contributes significantly by 28% to the employee acceptance rate (β=0.92, $p<0.01$), with leading public universities like Sriwijaya University (UNSRI) increasing acceptance chances up to 3.2 times compared to other private universities. Supporting factors include QS employability scores, program accreditation, and strong alumni networks. This study recommends that local private universities enhance industry collaborations and employability skills development, while fresh graduates from non-leading institutions should leverage alumni networks and build strong project portfolios.

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INTRODUCTION

South Sumatra Province, particularly Palembang City as the second economic center in the Sumatra region, has significant human resource (HR) needs for its continuously growing private industrial sector. According to Edurank (2025), Palembang has 13 leading universities with various accreditation levels, starting from flagship public universities like Sriwijaya University (UNSRI) ranked 1 locally, followed by quality private universities such as PGRI University of Palembang, Bina Darma University, Raden Fatah State Islamic University, Muhammadiyah University of Palembang, University of Palembang, Indo Global Mandiri University, Kader Bangsa University, Musi Charitas Catholic University, IBA

University, Tridinanti University of Palembang Sjakhyakirti Palembang, and Tamansiswa University of Palembang.

The HR department's primary responsibility is recruiting, and the process is the first stage in creating the association's competitive quality and recruitment strategic advantage (Hamza,2021). In the current global competition era, Palembang private companies face significant challenges in identifying quality candidates matching required competency standards. The fresh graduate recruitment process becomes a critical point determining long-term operational success. One indicator often used by Human Resource Development (HRD) teams for initial screening is the educational institution origin of applicants.

Initial observations by Ibtisam (2021) show that CV selection processes in Palembang private companies often experience "institution filtering," namely screening based on university origin before more in-depth evaluation of candidate technical competencies. This phenomenon potentially eliminates quality candidates from less renowned institutions but with specific field advantages. Signaling theory proposed by Spence (1973) states that diplomas or degrees from prestigious educational institutions function as "signals" of individual quality to employers or recruiting companies. This phenomenon is evident in large companies' preferences for graduates from flagship public universities like UI (Universitas Indonesia), UGM (Universitas Gadjah Mada), and ITB (Institut Teknologi Bandung), with QS employability scores of 2026 respectively 87.2, 75.9, and 68.6. However, at the local Palembang level, quantitative research regarding the influence of institution origin on employee acceptance in private companies remains very limited.

Signaling Theory developed by Spence (1973) in the context of asymmetric information economics. According to Hasibuan (2012) states that in conditions where principals (employer/company) have limited information about agent (candidate employee) quality, high-quality individuals seek to provide signals that distinguish them from lower quality ones. In the employee recruitment context, bachelor's degrees from prestigious universities function as signals of cognitive ability, work discipline, and candidate credibility. Employers, particularly during initial screening, use institution origin as a proxy indicator for candidate quality for economic reasons—reducing time and screening costs for hundreds of incoming applications. According to empirical research by Rivai (2012) shows that institution origin signaling effects are stronger at junior experience levels (fresh graduates) where work track records are still limited, large companies with high applicant volumes requiring fast filtering and technical positions requiring strong foundational knowledge from quality universities.

Employability, according to Confederation of British Industry (CBI) and Pearson (2016), is defined as the combination of skills, knowledge, and soft skills that enable individuals to identify and secure job opportunities and develop in their jobs. University rankings based on graduate employability, QS Employability Ranking (2026) measure employer reputation (30%), alumni outcomes (25%), employer-student connections (25%), graduate employment rate (15%), and employer partnerships (5%).

Universitas Indonesia (UI) occupies the top national position with an employability score of 87.2, followed by UGM (75.9) and ITB (68.6). At the local South Sumatra level, UNSRI holds a dominant position with significantly higher employability scores compared to local PTS.

According to Hasibuan (2012) defines recruitment as efforts to find and influence workers to apply for job vacancies in the company. The recruitment process stages in Palembang private companies generally include: identifying job openings, setting selection criteria, advertising positions, receiving applications, initial screening (focus of this research), testing and assessment, interview, and final decision (Dzahabiyyah,2022). In previous research, it was found that the selection process does not fully conduct psychological screening for all applicants, making institution origin-based filtering increasingly important as a proxy to identify desired candidate types (Muntu, 2017).

Empirical research shows mixed influences regarding the significance of institution origin in the hiring process. In a Study by Rencanamu.id (2021) found that large companies with high applicant volumes heavily rely on institution origin during CV screening stages. In a Study by Ali & Muhammad (2019) research shows that graduates from renowned PTN have a 15-25% wage premium and 20-30% higher job placement rates compared to non-accredited PTS graduates. Conversely, startups and new innovative companies tend not to prioritize institution origin but focus on portfolios, technical abilities, and cultural fit. In a Study by Atikawati & Udjang (2016) research found that recruitment influence is not significant on final employee performance if the selection process is not conducted strictly.

This research aims to analyze the significant influence of institution origin on the probability of fresh graduate employee acceptance in Palembang private companies using logistic regression analysis, to identify specific institution origin factors most influencing HRD hiring decisions, and provide strategic recommendations for local PTS educational institutions to enhance employability and acceptance rates of their graduates in the Palembang private job market.

METHOD

This research develops a conceptual model connecting institution origin characteristics (university prestige, employability ranking, program accreditation) with fresh graduate employee acceptance probability. Control variables include GPA, internship experience, and alumni networks estimated to also influence hiring decisions. This research uses explanatory quantitative research design with a cross-sectional approach. Data collected in one time period (March-December 2025) from multiple company respondents, without follow-up period.

This research uses explanatory quantitative research design with a cross-sectional approach. Data collected in one time period (March-December 2025) from multiple company respondents, without follow-up period. The unit of analysis is individuals (employees) who work in Palembang private companies. The sampling technique used is purposive sampling, with the criteria for respondents being

employee who are actively working in private companies with minimum 50 employee and graduated within last 2 years. The sample size was determined using the formula by Hair et al. (2020), this study successfully collected data from 200 respondents, which met the minimum sample size requirement.

RESULTS AND DISCUSSION

The respondents are described in the table below, including the following:

Table 1. Demographic Characteristics

Variabel	Category	n	%
Age (years)	21-23	120	60.0
	24-25	65	32.5
	>25	15	7.5
Gender	Male	105	52.5
	Female	95	47.5
GPS	<3.0	45	22.5
	3.0-3.49	89	44.5
	3.5-3.99	52	26.0
	4.0	14	7.0
Internship Exp	None	35	17.5
	1-3 months	68	34.0
	4-6 months	65	32.5
	>6 months	32	16.0
Intitution Origin	PTN UNSRI	68	34.0
	PTS Accred A	72	36.0
	Other PTS	60	30.0
Acceptance Status	Pass	85	42.5
	Fail	115	57.5

Source: Processed Data (2025)

Table 1. shows research sample demographic characteristics. Sample mean age = 23.1 years (SD=1.8), Mean GPA = 3.24 (SD=0.48), Mean internship experience = 4.3 months (SD=2.6). Gender distribution nearly balanced (52.5% male, 47.5% female).

Table 2. Crosstab Institution Origin and Acceptance Status

Asal Institusi	Lolos	Gagal	Total	% Penerimaan
PTN UNSRI	45	23	68	66.2%
PTS Akreditasi A	27	45	72	37.5%
PTS Lainnya	13	47	60	21.7%
TOTAL	85	115	200	42.5%

Source: Processed Data (2025)

Table 2. shows crosstab of institution origin with acceptance status. PTN UNSRI graduates have the highest acceptance rate (66.2%), nearly 3x higher than other PTS (21.7%). Difference in rates between PTS Accred. A (37.5%) and other PTS shows accreditation factor still relevant in hiring decisions.

Chi-Square Test Results

Chi-Square test results show $\chi^2 = 24.68$, df=2, p=0.001 (p<0.05), indicating significant association between institution origin and acceptance status. Cramér's V = 0.351 shows moderate association strength. Institution origin is not independent of acceptance decisions; which institution candidates graduated from significantly affects CV screening pass/fail.

Table 3. Logistic Regression Analysis Results

Variabel	B	SE	p	OR	95% CI	
Constant	-2.145	0.654	0.001	-	-	-
PTN UNSRI	1.163	0.428	0.007	3.20	1.39	7.36
PTS Accred. A	0.588	0.374	0.116	1.80	0.86	3.77
GPA	0.612	0.298	0.040	1.84	1.03	3.30
Internship Exp	0.089	0.052	0.087	1.09	0.99	1.21
Alumni Network	1.456	0.521	0.005	4.29	1.54	11.95

Source: Processed Data (2025)

Table 3. presents binary logistic regression results. Model shows good goodness of fit (Hosmer-Lemeshow: χ^2=5.23, p=0.267). Nagelkerke R-square = 0.284 indicates model explains 28.4% variance in employee acceptance. Classification accuracy = 69.5%.

UNSRI graduates have 3.2 times greater chances to pass CV screening compared to other PTS graduates (β=1.163, p=0.007), after controlling for GPA, internship experience, and alumni networks.

Having connections with target company alumni produces OR=4.29 (p=0.005), even larger than PTN UNSRI effect. This shows internal networks as effective strategy to overcome institution origin bias.Significant effect (OR=1.84, p=0.040) shows higher GPA can partially compensate for less renowned institutions. Internship Experience shows positive trend (OR=1.09, p=0.087) but not statistically significant in initial CV screening.

Research results confirm the main hypothesis that institution origin has significant and positive influence on fresh graduate employee acceptance rates in Palembang private companies. This effect is consistent with Spence (1973) signaling theory, stating that under information asymmetry conditions, diplomas from prestigious institutions act as positive quality signals for candidates. Palembang private company HRD uses institution origin (particularly UNSRI reputation) as proxy indicator for cognitive ability, work ethics, and networks. Influence mechanisms include: 1) screening bias through cognitive heuristics; 2) signaling effect from institution reputation; 3) network effect from working alumni; 4) UNSRI industry reputation known as industry-oriented.

PTS with A accreditation shows OR=1.80 (95% CI: 0.86-3.77, not significant, p=0.116). Although positive effects visible, does not reach statistical significance. A accreditation important as minimum condition, but not main determinant in CV screening acceptance. PTS need additional strategies for competitive advantage. Alumni networks produce OR=4.29 (p=0.005), even larger than PTN UNSRI effect (3.20). Fresh graduates from non-flagship PTS with target company alumni connections have nearly same acceptance chances as UNSRI graduates without connections. Most effective strategy is building alumni relationships for internal referrals or recommendations bypassing initial filtering stage. GPA shows significant effect (OR=1.84, p=0.040), meaning GPA 3.5 vs GPA 3.0 increases acceptance odds by 84%. High GPA can partially compensate for less renowned institutions, although effect smaller than PTN institution origin effect. Internship experience shows positive trend (OR=1.09, p=0.087) but not significant in initial CV screening. Longer internship duration not always quality experience indicator, and in CV screening stage, HRD focuses on institution "brand" rather than experience details.

CONCLUSION

This research has analyzed the influence of educational institution origin on fresh graduate employee acceptance in Palembang City private companies. Institution origin has significant influence (p=0.007) and large magnitude (OR=3.20) on employee acceptance rates. Sriwijaya University graduates have 3.2 times greater chances to pass CV screening stage compared to other PTS graduates. Program accreditation shows positive but not statistically significant effect, indicating accreditation important as minimum condition but not sufficient for competitive advantage. Target company alumni

networks are most effective compensation strategy (OR=4.29, p=0.005), even exceeding PTN institution origin effect. High GPA can partially compensate for less renowned institutions (OR=1.84, p=0.040), while internship experience shows marginal effects. Regression model explains 28.4% variance in acceptance decisions, indicating institution origin important factor but not sole determinant—other factors also contribute significantly.

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