ABSTRACT

Islamic banking and finance industry in Malaysia have been emergence since 1980s which provide facilities to the consumers such financing and deposit. Malaysian government is one of the components that make a lot of contribution to the Islamic banking and finance industry. One of the effort is recognized the higher education to conduct Islamic banking courses to meet the human capital for Islamic financial sector. However, job vacancies in Islamic banking sector still has a higher demand due to the shortage of qualified and skilled employees. Therefore, this study aimed to examine the employability skills that are required based on Islamic banking employers’ perspective. This study employed semi-structured interviews with three experts from different position in industry, but they are specialize in the same field. This study indicated that employability of new graduates not only depend on academic achievement alone, but also required several skills to equip themselves with the market requirements. Fresh graduates should encounter themselves with a soft skills and practices in order to fulfil the vacancies that offered by Islamic banking sector.

Keywords: Employability, skills, Islamic banking

1. Introduction

Islamic banking industry has been emerged since the establishment of the first Islamic bank in Malaysia, Bank Islam Malaysia Berhad in July 1983. The Islamic banking products and services highlight the Islamic value consistent with their business and operation. The development of the contract and innovation in Islamic banking have been contributed by the dynamism and flexibility of Shari’ah (Laldin & Mohd Parid, 2010). Therefore, Islamic banking also may provide similar facilities to its counterpart, conventional banking such as financing and deposit (Mohamad, Borhan, & Sulaiman, 2012; Rosland, Hasbulah, & Borhan, 2013).

In order to enhance the development of the Islamic banking and the ambition to become Islamic Finance Hub, Malaysian government acts as the main contributor through funding the Islamic banking sector, cater Islamic legal system and advisory body (Ariff & Rosly, 2011; Laldin & Mohd Parid, 2010; Sulaiman Abdullah & Joriah, 2013). Based on Malaysian 10th Planning, Malaysian government inspires Islamic banking and finance sector to the global market through strengthen the initiative of Malaysian International Islamic Financial Centre (MIFC) (Prime Minister Department, 2010). Malaysian parliament also have endorsed the Islamic Financial Services Act 2013 to regulate Islamic
finance institution such as Islamic banking and Takaful to ensure the Islamic banking and finance industry operate in line with Shari'ah principles. These show the serious commitment by the Malaysian government to support the Islamic banking and finance industry growth.

Malaysian government also has recognized the universities to conduct Islamic banking courses for undergraduate and postgraduate level. Higher education institution is crucial for meeting human capital needs for Islamic financial sector which may produce 50,000 graduates with Islamic banking and finance background (Khnifer, 2010; Sulaiman Abdullah & Joriah, 2013; Tahir, 2009). Therefore, public and private universities put their effort to develop Islamic banking and finance courses. As a result, Universiti Teknologi Mara is the first university in Malaysia that offered Islamic banking courses which was launched in July, 1999. Higher demand for Islamic banking profesional also give the significant impact to the other institutions to offer related courses such as Universiti Malaysia Kelantan (UMK), International Islamic University Malaysia (IIUM), Universiti Utara Malaysia (UUM), Universiti Malaysia Sabah (UMS) and International Centre for Education in Islamic Finance (INCEIF). These institution play important roles in order to develop knowledgeable and skilled human capital (Kosmo, n.d.; Laldin & Mohd Parid, 2010; Tahir, 2009).

Nevertheless, jobs vacancies in Islamic banking sector still has a higher demand due to the shortage of qualified and skilled staffs. At the same time, there are some of the workers are not graduated in Islamic banking and finance courses or do not have any knowledge regarding to Islamic banking (Khnifer, 2010; Sulaiman Abdullah & Joriah, 2013; Utusan Malaysia, 2014). In addition, many Islamic bank employers prefer to employ experience workers from conventional banking background (Khnifer, 2010). Therefore, one of the challenge in Islamic banking sector is to provide appropriate training and teaching for staff in order to increase the credibility and performance of the employees (Khnifer, 2010; Mohd Ghazali & Ismail, 2013; Sulaiman Abdullah & Joriah, 2013). Consequently, Islamic banking staff should have sufficient knowledge regarding to Islamic banking and it may increase the integrity of Islamic financial institution (Laldin & Mohd Parid, 2010).

The lack of skilled and knowledgeable employees may due by the education and industry work in separate systems where the employers have not communicated their desires and expectations towards graduates, and complained that university does not develop employability skills of their graduates (Griffin & Annulis, 2013; Rosenberg et al., 2012). Based on Gwyneth, Ives, & Corke, (2013), a good education system could be provided by understanding stakeholders’ requirement and perspectives toward graduate. The nature of views also may be differ depends on the employers and to employees (Sung, Chi Man Ng, Loke, & Ramos, 2013). Therefore, in order to fill the gap regarding to the requirement of Islamic banking industry, this study examined the employability skills that are required based on employers’ perspectives. This study may contribute to the extent of Islamic banking and finance education institution which responsible to produce knowledgeable and skilful Islamic banking graduates in line with the industry and professional requirements. This study employed semi-structured interviews with three experts from different position in industry, but they are specialize in the same field.

This paper is divided into five sections. It begins with an introduction which containing a brief discussion of the paper. Second section is the literature review on employability skills and section three discusses research methodology. Result in this study is in the fourth section. The last section is the conclusion of this paper.
2. Literature Review

Rapid changes in technologies and economics require skilled and knowledgeable employees to adapt these changes. Skilled and knowledgeable employees are also important in order to encounter challenges in the workforce. Although employers have always required the best-skilled individuals, with increasing unemployment levels, growing competition for jobs and continuing economic depression and globalization, it is important for potential employees to be able to show their skills at all stages of their career and able to contribute themselves among variety of positions (Griffin & Annulis, 2013; Madar & Buntat, 2011; Miller, Biggart, & Newton, 2013; Omar, Bakar, & Mat Rashid, 2012; Thota, 2014). Meanwhile, the economic development also may contribute the unemployment rate due to the reduction in the number of jobs created and restructuring of firms (Omar et al., 2012).

To cope the unemployment crisis, many literatures suggested that the graduate should possess the employability skills. Lack of employability skills may contribute to the higher unemployment rate due to the employers are always looking to that skills in the early stage of employment and do not any longer recruit employees with higher CGPA (Dania, Bakar, & Mohamed, 2014; Rajan, 2010; Rao, 2014). Generally, employability is a terminology that is used to define skills and quality candidate posed when undertake vacancies which are offered by companies (Madar & Buntat, 2011) or the ability to be employed (Vanhercke, Cuyper, Peeters, & Witte, 2014). Meanwhile, employability skills can be defined as skills that can be transferred from one job to another job and is possible enough to cover careers available (Madar & Buntat, 2011), transferable skills that can be used in any organization and across all sectors (Omar et al., 2012; Sung et al., 2013), skills that are to render individuals more appealing for employers (Oria, 2012) or job readiness skills (Shafie & Nayan, 2010). Therefore, the development of employability skills is important in order to develop graduates’ employability skills and they will gain the first job after graduation and for their future career development (Haasler, 2013; Kulkarni & Chachadi, 2014).

The development of employability skills has significantly reinforced pressures to gain support from higher education systems to meet the employer’s need and requirement because one of the critical aspect of education is to generate and develop employable human power (Kulkarni & Chachadi, 2014; Oria, 2012; Pavlin & Svetlik, 2014; Pillai, Khan, Ibrahim, & Raphael, 2012). Graduate employability also is one of the measurement for the university performance (Tymon, 2011). In other words, university education is the main contributor the development of employability skills (Jackson, 2013).

In order to improve labour market outcomes for fresh university graduates, the higher education must ensure that their graduate have adequate employability skills. Fresh graduates who have just graduated from their higher education institution will be questioned whether they have adequate skills that required by the employers or whether there is a skills gap between skills that are demanded by the employers and the skills that presented by the graduates on career entry (Finch, Hamilton, Baldwin, & Zehner, 2013; Maxwell, Scott, Macfarlane, & Williamson, 2010; Suhaimi, Hasan, Husin, & Shah, 2012). University should ensure that graduates are well trained and have sufficiently skills to fulfil the demand of the employers and make them employable. Universities also should design appropriate curricula based on the development of skills that are desired and required by the employers and the students may have better position in the marketplace through better understanding the value employers place on employability factors (Finch et al., 2013; Jackson, 2013; Omar et al., 2012; Panagiotakopoulos, 2012; Rao, 2014; Suhaimi et al., 2012; Wickramasinghe & Perera, 2010). The present course should be altered to develop and increase their awareness towards employability skills.
The precise teaching and training methods from university also may influence, support and motivate the students to acquire the employability skills effectively. The lecturers are also responsible to ensure that students are well-equipped with employability skills (Gurcharan Singh & Garib Singh, 2008; Holmes, 2013; Ling, Qing, & Shen, 2014; Rao, 2014; Shafie & Nayan, 2010). Therefore, several program such as “Career Development” and “International Experience” may provide the graduates opportunities to understand the current employment situation and to develop plan for subsequent employment (Crossman & Clarke, 2010; Panagiotakopoulos, 2012).

On the other side, some employers are confidence that new graduates are able to gained appropriate skills in university and applicable to the working environment (Hinchliffe & Jolly, 2011). They may provide some training and appropriate workplace condition to their employees to promote their employability skills and at the same time they may attract, motivate and retain employees in return for their continuous commitment, productivity and achieve companies’ goals (Ling et al., 2014; Sung et al., 2013). Employers are also looking the capable employees that posed basic employment knowledge and work experiences to reduce the cost of training and orientation fees (Madar & Buntat, 2011; Omar et al., 2012).

In addition, there is very important to create and maintain relationship and cooperation between industry, students and academia to understand industry requirement and enhance the employability skills. Industry and education system should be interrelated because the output (graduates) of the education system is the input (employee) of the (Dania et al., 2014; Rao, 2014; Rosenberg, Heimler, & Morote, 2012; Suhaimi et al., 2012). The cooperation can be jointly project, assignment, providing talks to graduates and providing a longer practical training duration (Gurcharan Singh & Garib Singh, 2008). However, there are some challenges for academicians and practitioners to construe employability skills into curricula and its appropriate implementation to the students (Warraich & Ameen, 2011). There are potential problems where the type of tasks that are given to the students are mismatch to their specifications (Pillai et al., 2012).

University may exercise industry placements, internship program or on-the-job training to assist the development of employability skills among graduates and for making connections between theory and reality (Griffin & Annulis, 2013; Maxwell et al., 2010; Panagiotakopoulos, 2012; Pillai et al., 2012; Wickramasinghe & Perera, 2010).

### 3. Methodology

To further this research, the method a series of interviews was carried out with several experts associated with the Islamic banking sector. They consist of three specialists, namely; 1) Industry Player (IP); 2) Industry Advisory (IF) and; 3) academic expert. The results of these interviews enlighten significant findings in improving the academic module in line with the demand and market requirements.

### 4. Result

**a) Findings from the perspective of Industry Player (IP)**

The informants in the IP category are individuals who have more than 20 years of experience in banking and finance. Now, he is assuming the position as one of the senior leaders in an Islamic financial institutions in Malaysia.

Interview on the IP indicates a few things that still need to be improvised by Islamic banking graduates in placing themselves in this challenging industry. According to the IP, academic qualifications do not provide a guarantee that the student is able to do a good job. But he do not deny...
that academic qualifications are also important as a benchmark in the employee selection process during an interview. Nevertheless, high academic qualifications are not the main backup to a candidate who has been selected as an employee.

This is because based on personal experience, the IP allotted that students who are excellent in the field of Islamic banking will not last long to serve with the selected banking institution. These excellent students who scored 3.50 CGPA and above usually will only serve in the banking sector in a relatively short period of time. Normally a candidate who has such academic excellence is more likely to work in the selected banking sector in a brief period of less than 5 years. Many of the candidates will begin to shift their career towards a more significant field that is equivalent to their academic qualification.

According to the IP, many of them are inclined to devote themselves in academic career as a lecturer or pursuing their studies at a higher level such as the Masters and PhD levels. They seem to make the job sector in these banking institutions as a stepping stone towards a more appealing career field. Therefore the IP contends, in the selection of new graduates to meet the needs of the banking sector, the basic qualifications that could be considered is 3.00 CGPA and above.

In addition, the IP explained that the newly employed graduates need to foster a creative attitude in carrying out the work entrusted to them. Creative is defined as the ability to fulfill the duties and requirements of future loss and responsibility which must be implemented by all workers. Most new graduates employed are difficult to adapt the requirements of the work due to lack of exposure while studying at university. Exposure is defined in terms of the needs of self and self-discipline. The ability to communicate well in English, ability to adapt to the culture of the organization and the ability to adapt the scheduling tasks well.

According to the IP, such exposure is not feasible in the lecture hall during their studies at university. Therefore the IP recommends that the period of practical training undertaken by students at university must be within a significant period of between 4 months (minimum) to 8 months (maximum). As the exposure in industrial environments is important to provide actual knowledge to the students in order to equip themselves with the real working environment. According to another IP, a student who undergoes an effective industrial training period can promote self-esteem, mental and emotional readiness in dealing with a critical situation when the adjustment process in the field of career would be passed later. This is a bonus to the graduates themselves who can be regarded as an added value to encounter the competition and to secure the position in this competitive Islamic banking sector.

Thus, according to the IP, in realizing this, the university should not take an indifferent attitude in this respect. A strong industry network and beneficial "win-win" impact on the three parties namely, students, universities and industry should be taken into consideration. It is important to address the problem of dropouts or unemployment among new graduates.

In this case, the IP also added that regardless of market conditions out there, it all depends on the graduates to adapt to the environment, customers and colleagues in addition to achieve the vision and mission set by the organization. Therefore, the graduates market reliability depends on the mentality of the graduates to adapt the knowledge learned in the lecture hall which are required to meet the needs in the industry and the competitive current market.

Based on these interviews, the study found some things that should be noted by all graduates in preparing themselves before entering the job market. Among them are the academic requirements that are equivalent to industry needs, mental and emotional preparation, to be creative and willing to face
any challenge in completing the tasks entrusted to them. However, the need is deemed to be the most challenging is the process of industrial training. The question that may need to be considered together is, how a good form of exercise can be formulated to provide benefits to all parties? Is the training industry relevant with the university academic courses taken during their studies?

b) Findings from the perspective of the Industry Advisory (IF)

The next interview attempted to uncover the opinion of an informant who is titled as the Industrial Advisory (IF). He is well-experienced in Islamic banking and finance industry for more than 20 years and held various positions and involved in the decision-making process at the enterprise level. He is now retired but still serving on contract in one of the relevant organizations which an advisory and consultant agency in the field of Islamic banking and finance in Malaysia.

Based on interviews conduct with the IF, a few things have been identified in respect of Islamic banking graduates in Malaysia. According to the IF, the main thing that determines the employability among graduates is the ability to communicate. Ability to communicate in this context is the ability of graduates to master a second language, the English Language. The ability to speak and write well in English is an added value to the new graduates in placing themselves in the career arena. Having a good command of English will enable graduates to win the competition for a place in the interviews.

According the IF, based on her experience in interviewing the new graduates who applied for a job in the banking and financial sector, most of them are not able to speak in English well. In fact, some of them are only able to write in English but could not throw the ideas and opinions in this second language fluently. Surprisingly, graduates with lower control in both aspects of communication and writing in English possess good academic qualifications. Therefore, the IF argues the gap of the English Language mastery must be overcome. However, one question needs to be answered. Who is responsible for addressing these issues. It is important that graduates not to be "abandoned", those graduates who are not ready to be in the job market.

In this case, the IF believes the system of teaching and learning at the University should be modified and adapted to meet current market requirements. Teaching methods conducted by the lecturers at the university should be improved by applying the English language more widely and effectively. In addition, the involvement of students in each activity must be accompanied by the use of English more often. The use of the English language is more widespread, whether formal or informal attempts to contribute confidence in the face of climate graduates actual banking organization. As most of the documents and communications that take place within the banking organization is English. Thus, the weakness of graduates in mastering the English language will be difficult for them to do a good job.

From another viewpoint, the IF also stressed that new graduates must be ready in all respects before entering the real job arena. Among those confirmed by IF are mentally and emotionally preparedness of graduates in adapting to organizational culture. The graduates must be able to switch the mindset of a student thought to the thought of member of an organization. Honesty and responsibility in carrying out the tasks on time is a necessity that must be followed to meet the requirements of organization. This is one of the challenges for new graduates who entered the labor market.

In addition, according to the IF, graduates employability is also highly correlated with leadership qualities. This leadership can be assessed when the graduates submit relevant extra-curricular activity certificates collected while studying at the university. Their involvement in extra-curricular activities provides a significant impact in the selection for employment. According to another IF, academic qualification is a must, yet it is undeniable that students involvement of extra-curricular...
activities is also one of the items which is considered an essential in indicating the quality graduates for employment. The graduates who are active in extra-curricular activities while at university will easily and quickly adapt to the environment of the organization and able to face the challenges of the tasks that are relied upon. They also will have a strong identity traits as well as creative and innovative in carrying out the tasks as defined in the Standard Operating Procedure of work (SOP).

The IF also believed an integrated teaching curriculum at the university should be strengthened to enable graduates to mature themselves in the work arena. Curriculum, along with the standard of recognition by professional bodies should be formed. This is so that graduates have the knowledge and the disclosure of information, and the current conditions prevailing in the market. If graduates have additional qualifications recognized by professional bodies, they can put themselves one step ahead compared to other graduates in the market. In fact, it is a bonus for graduates themselves to develop the career in the field of banking and finance sector in the country.

However, the IF also advises the graduates to seek opportunities to increase knowledge in the field of Islamic banking and finance such as by consistently attending courses organized by professional bodies in order to provide added value to the existing academic qualifications. The agencies that provide professional course are INCEIF Center, ISRA and IBFIM. Graduates are urged to be more sensitive to grab the opportunities to attend courses organized by the authorities. At the end of the conversation, the IF stressed that graduates employability does not only depend on academic qualifications. Graduates who have both the main features are valuable assets to any Islamic banking and finance organization in the country.

Therefore, based on interviews with the IF, the study found that the main problem identified in the market reliability is the graduates’ English language proficiency level. The ability to communicate and write well in English is a criteria that must be met in order to qualify a graduate to be employed in the banking and finance sector. In addition, the degree of readiness of graduates to enter the job sector must also be addressed from various aspects. Academic qualifications, leadership and commitment to abide by the rules and requirements of each organization should be taken into consideration.

c) Findings from the perspective of the Academic Specialist (AS)

This study is also confirmed by interviewing a professor who is holding the post of academic experts particularly in the field of Islamic banking and finance. He involves in academia for more than 20 years and works in a leading public university in Malaysia. He is appointed asShari’ah advisor to several Islamic banks and Islamic financial institutions in Malaysia and directly involved in the drafting curricula for Islamic Economics, Banking and Finance and Muamalat Administration courses.

Based on the findings by the AS in respect of Islamic banking and finance graduates, this study indicates several information. One of the most important element that have been highlighted is the talent and ability in the preaching of Islamic banking and finance is not just academic knowledge but also in the form of applications in line with the market requirements.

However, according to the AS, graduates who attend courses related to Islamic banking and finance should pay more attention to the changes in the current market environment. Science is taught in the classroom is just simply to provide an introduction to the students about the basics set forth in the Islamic banking and finance. Therefore, according to the AS, students must have a creative mind in interpreting everything taught in the classroom. Creative thinking is the combination of theoretical
aspects taught in classrooms and the current issues that are occurring in Islamic banking and finance industry. For example, the depreciation of the currency and the growth of Islamic banking market is taught in the classroom. But the extent to which the graduates take the initiative to apply theory with actual market conditions is highly recommended. This is to avoid the graduates are not too stereotypical or rigid with the theory and unable apply to the current economic situation.

In addition, the AS also expresses his views on the trend of thought of some graduates to date. According to the AS, some graduates now have the "shortcuts" attitude. Shortcut means that the students only study to pass the exam. To some extent, they do not give any consideration to the careers in line to the academic courses as some of them do not intend to be directly involved in the field of Islamic banking and finance professional career. Instead they just follow the course as they do not acquire the course which they initially apply. Then, the AS argues that this kind of graduate will only waste their time, energy and money. At the same time, they directly have closed their career opportunities in the future. It is very detrimental if the qualification is not used to meet the crucial needs of the market in finance and Islamic banking.

The AS also asserts that, academic qualification is a benchmark as graduates to compete in the employment arena. He disagree to say that academic qualifications are secondary in determining the employability of graduates. Insisting that the academic abilities infused with passion to preach Islamic banking and finance is a criterion that should be considered in determining the employability of graduates. Interest may be assessed based on graduates' involvement in the activities of the writing of articles, papers, and articles that related to the issues in Islamic banking and finance.

In addition, the AS also states that graduates will also depend on the ratio of graduates discipline itself. Discipline is defined in the context of graduates’ ability to complete tasks assigned by the lecturers as well as the ability to work in a group. According to him, graduates with high discipline in fulfilling the commitment such as to complete academic assignments while study in the university, are able to apply these skills to sustain the working culture in the organization. This commitment may be taken into account by the organization as the qualification acquired by the students during the training industry.

Therefore, based on these interviews, this study indicates that academic excellence, discipline, commitment and mastery of more than one language are the elements that affect the employability of Islamic banking and finance graduates. The summary of findings as the framework below.
5. Conclusion

As the conclusion, employability of graduates not only depend on academic achievement alone, but also required several skills to equip themselves with the market requirements. In order to face the challenging market environment, fresh graduates should encounter themselves with a soft skills and practices such as communication skills that vital in other language as English is a must. In other viewpoint, the graduates should accommodate their skills with updated profesional qualification and environment to suit with the competitive market employment. From the other side, higher education institution should encourage their graduates to involve in extra-curricular activities to enhance their soft skills such as communication skills, leadership skills, adaptability skills and social skills. At the same time, they also need to improvise their teaching and learning methods to ensure the graduates are well-develop in order to encounter the real working conditions.

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