EMPLOYERS’ PERCEPTIONS OF THE EMPLOYABILITY SKILLS OF ISLAMIC BUSINESS ADMINISTRATION GRADUATES IN UNIVERSITI SAISN ISLAM MALAYSIA

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ABSTRACT

This paper tries to investigate the perception of the employers towards the employability skills of the new graduates in their recruitment process. The paper examines the employability skills of the Islamic business administration graduates in Universiti Sains Islam Malaysia. The study used qualitative methodology through in-depth interviews with 31 employers in Klang Valley. Findings revealed that employers expect graduates to have a range of broader skills and attributes that include teamwork, communication, leadership, critical thinking, work independently, intellectual, and problem-solving skills. Besides, technical skills such as software proficiency, project management, data analysis, and common operating systems are also advantaging for new graduates to get offered in their companies. This paper, therefore, concludes that developing graduate employability skills and attributes should be included in faculties teaching and learning strategically. Active collaboration between university and industry with employers having a more active role is likely to have a greater and more sustained impact on graduate employability. Lastly, the need to continually promote and expand opportunities for students to access work-based learning is critical. These experiential opportunities can be an effective way of providing university students with relevant employment skills, knowledge, and awareness of employer culture. 3U1I program may be implemented to enhance graduate employability.

Keywords: Employer’s Perception, Graduates Skills, Malaysia

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INTRODUCTION

The tremendous development of halal business and Islamic finance industry is encouraging the higher education institutions to offer Islamic business studies programs such as muamalat, Islamic banking and finance and shariah. The growth projections of the global Islamic finance industry are banded at least 10 per cent annually where the global Islamic financial services industry stood at US$2.293 trillion at the end of December 2016 (GIFR, 2017). The industry will grow by compound annual growth rate of (CAGR) of 15.27% by 2020. While for halal industry, the global halal industry is estimated to be worth around US$2.3 trillion, growing at an estimated annual rate of 20% (GIFR, 2013). The global halal market of 1.8 billion Muslims is no longer confined to food and food related products. The halal industry has now expanded beyond the food sector and broaden its services to many other sectors like pharmaceuticals, cosmetics, health products, toiletries, and medical devices as well as service sector components such as logistics, marketing, print and electronic media, packaging, branding, and financing. The market size of the halal industry in Malaysia is estimated to be US$1.9 billion in 2013.
Lack of skilled workers is identified as one of the challenges faced by the Islamic finance and halal industry. Having a skilled workforce with the necessary skills and knowledge is critical. More graduates’ students in Islamic finance and halal-related areas should be developed to train qualified people especially in research, development, innovation and commercialization of halal food, pharmaceuticals, and consumer products as well as Shariah-compliant services such as tourism and hospitality as well as in banking and Islamic finance companies. Islamic banking institutions (IBIs) reported a shortage of talent, where the industry targets a 200,000 workforce by 2020, however, until 2015 only a 17,621 workforce is available in the IBIs (Mohd et al., 2016). Therefore, the role of higher education institutions is needed to provide quality graduates in that field. As of 2015, based on a survey that has been done by the International Council of Islamic Finance Educators (ICIFE), a total of 89 Islamic business and finance programs have been offered by 14 higher education institutions in Malaysia. Out of these, 21 are PhD programs, 36 Masters, 27 Bachelors, and 5 Diploma programs. The survey also found that programs which are focusing on banking and finance are the majority constituting at least 37%. These are followed by Muamalat focused programs (25%), Islamic economics (20%), Islamic management (15%), and Islamic accounting (3%) (MIFER, 2015).

Although the amount of talent required in the IBIs is increasing and the number of student enrolment has increased, the Asian Institute of Finance stated that the talent shortage in IBIs currently constitutes 82%. Meanwhile a collaboration survey conducted by the Finance Accreditation Agency and Islamic Finance News has identified three sectors in most critical condition for talent development: Shariah expertise, Islamic finance, and knowledge and product innovation (Finance Accreditation Agency, 2014). Therefore, there is a question whether the programs offered by the universities fulfilled the demand of the industries. Graduate employability is an important aspect of the higher education industry. It evaluates the success and ability of the institution in producing work-ready graduates. Normally, employers prefer workers who have generic competencies like interpersonal skills, leadership skills, teamwork, oral and written skills (Lee et al, 2001; Atfield & Purcell, 2012). As several graduates from higher education increases in the labor market, the demand for employability skills that students learn during their time in universities and colleges also increases (Mason et al, 2006). Employability consists of a set of qualifications, skills, attitudes, and personal characteristics that enable the university graduate to seek and find a job and, crucially, to be successful in it (Matsouka & Mihail, 2016). Whereas Knight and Yorke (2004) define employability as a set of achievements, understandings and personal attributes that make individuals more likely to gain employment and to be successful in their chosen occupations.

According to a study conducted by Ministry of Education Malaysia’s Graduate Tracer Study (2018), show that a combined number of 51,000 students from both private and public universities graduate each year. Nearly 60% of these graduates remain unemployed one year after graduation, according to a study by the Ministry of Education Malaysia’s Graduate Tracer Study. The majority or 55% of these unemployed graduates are degree holders. Feedback from employers and industry players, there is a consensus that the gap between what is being taught in local institutions of higher learning and what the industry or job market expect is widening thus making Malaysian graduates less employable. The study shows that graduates from public universities are not equipped with the right level of technical and soft skills to compete in the job market (Ministry of Education Malaysia, 2018). However, only a little research that looks to the employability skills in undergraduate level especially in public universities (Nooriah & Zakiyah, 2015). Therefore, this study aims to investigate the employers’ perception of the employability skills of the Islamic business administration graduates in Universiti Sains Islam Malaysia (USIM).
Islamic business administration program known as Muamalat is the first program offered by the Faculty of Economics and Muamalat, USIM in 2001. The unique of this program is it unites revelational sciences (Naqli knowledge) and the rational sciences (Aqli knowledge) in every subject taught. The integration of Naqli and Aqli knowledge is based on the basic principle that integrating religious sciences with social and physical sciences will not only provide a more comprehensive understanding of current global challenges, but also offer a fresh alternative in approaching and solving them. Since its establishment until 2020, the program was produced about 1520 graduates. The employability rate is around 80% based on the unpublished report by the Centre for Alumni and Careers USIM. However, some of the graduates not working in their field of study. Hanapi & Nordin (2014) found that mismatch of skills is reported as another cause of unemployability of Malaysian graduates whereby it was reported in 2005 that about 30,000 graduates worked in a field that does not match with their higher educational qualifications.

This paper is arranged as follows. The next section explains the literature and the methodology used. Finally, research results and discussion, and conclusions are presented.

LITERATURE REVIEWS

The establishment of the universities is to equip students with knowledge that related to their field with the aim that students can use the knowledge learnt in their job. One of the functions of university is to provide people with knowledge and skills that are relevant to the labour market (Santiago et al., 2008). In addition to the knowledge, universities also need to provide students with relevant skills such as information technology, practical, communication, leadership, and interpersonal skill. Although the main type of knowledge provided by universities is of a theoretical nature, they are also responsible for introducing practical experience in courses and skills that is relevant to the labour market (Gurcharan Singh & Garib Singh, 2008). This is not easy, given that the requirements and priorities of the labour market are constantly changing and difficult to predict in the short term.

A study done in UK by Winterbotham, Vivian, Shury, Davies, and Kik (2014) revealed that more than 70% of employers anticipated told that staff will need to acquire new skills over the “coming year”. The study also shows that professional occupations (mostly filled by graduates) are those most affected by the need for “upskilling”. According to Khir (2006), graduates today are lacking in both technical knowhow and generic skills. Competence is the fusion of both domains of specific knowledge and generic skills, so efforts to increase graduates’ competence must cover both areas (Subramonian, 2008). In addition, lack of communication skills especially mastery of English, analytical skills, and technical skills including problem solving skills are among the problems faced by fresh graduates. Yee Ting Ngoo, Kui Ming Tiong, and Wei Fong Pok (2015) found that employers demand a more independent employees that can lead others instead of a follower, and a more management prone graduate. The soft skills of communication skills, critical thinking and problem-solving skills, ethics and professional moral skills, leadership skills, lifelong learning and informational management skills, and teamwork, while the technical skills of financial accounting, management accounting, taxation, auditing, and information system are suggested.

A study done by Omar, Mazlan and Hashim (2015) on the employability skills among Islamic banking student in Universiti Malaysia Kelantan highlighted that the level of employability skills among Islamic banking students are at a moderate level. Meanwhile, Tanius, Johari, Yulia, Siong and Pazim (2018) in their study regarding the performance of employability skills among new business graduates in Malaysia found that stakeholders rated the performance of the new graduate high and interpersonal skill as the most performed. The
result also revealed that they speak in a different language in which specific skills are the most important than the others.

Thus, universities and industries need to work together to achieve a good match between the skills that are acquired by students at university and those needed in the workplace. Cooperation between universities and industries is the key to ensuring that the level of education and training provided by both is complementary and satisfactory (QAA, 2014). Graduate employability is a big challenge for the universities nowadays where every parent that send their children to universities hope that their child will get better job as the cost to enroll in the university and take a degree is quite expensive. Furthermore, university graduates hold a high position in the economy and many countries deemed them as social elites and consequently as the work group to access high income with the potential to fulfill the career of knowledge worker. Nevertheless, a disparity exists among the graduates as to their labour market outcomes (Nooriah & Zakiyah, 2015).

According to Clarke (2008), there are three factors that contribute to employability namely individuals’ factors, labour market factors and organizational factors. Individuals’ factors are academic background including specialisation, CGPA, and quality of study program. Skills and experience are the second factor that influence employability. In addition, demographic factors such as age, gender, ethnicity, and marital status may influence employability. Last factor that contributes to individual factors is attitude and aptitude of the graduates. The result is in line with other researchers such as Cai (2012) and Bui & Porter (2010) revealed that in addition to the knowledge skills, employers also demand good personality from graduates. Among the important factors to be considered are the ability to adapt to the culture of the firm and the desire to learn continuously. Meanwhile, for labour market factors, demand and supply, job location, skill changes, and competition are the factors that contribute to employability. In terms of organisational factors that influence employability are job categories, technologies, and organisational practices (Clarke, 2008).

METHODOLOGY

This study applies qualitative methods through in-depth interviews in gathering data collection. Qualitative methodology was used to examine the employer’s perception on graduate’s employability skills. Qualitative research methods are designed in a manner that help to reveal the behavior and perception of a target audience with reference to a particular topic. There are different types of qualitative research methods like an in-depth interview, focus groups, ethnographic research, content analysis, and case study research (Mills & Birks, 2014). The study used stratified random sampling where a total of 31 employers were selected based on different types of organization that usually hired Islamic business administration graduates. The data was collected from June 2019 until February 2020 in Klang Valley areas. Through a structured questionnaire, the employers were asked regarding the skills that highly important for the graduates to secure jobs in their companies. The employers have also been asked the skills that the graduates have while they start working in their companies. The study used descriptive and content analysis in analyzing the data obtained from the respondents.

RESEARCH FINDINGS AND DISCUSSIONS

In terms of descriptive analysis, the finding shows that majority of the respondents are from services sector as shown in the table 1. This is in line with the total of business establishment in Malaysia which is 89% come from services sector (SME Report, 2019). The companies
involved in training and consultancy, hotel, travel agencies, management services and medical services.

Table 1: Frequency Analysis of the Sector of the Samples

<table>
<thead>
<tr>
<th>Sector</th>
<th>Frequency</th>
<th>Cumulative Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Institution</td>
<td>6</td>
<td>6 (19.35%)</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>6</td>
<td>12 (19.35%)</td>
</tr>
<tr>
<td>Services</td>
<td>19</td>
<td>31 (61.3%)</td>
</tr>
</tbody>
</table>

Most of the respondents are managers and head of the department. Table 2 shows the position of the respondents.

Table 2: Frequency analysis of the position of the respondents

<table>
<thead>
<tr>
<th>Position</th>
<th>Frequency</th>
<th>Cumulative Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Head of Department</td>
<td>10</td>
<td>10 (32.2%)</td>
</tr>
<tr>
<td>Manager</td>
<td>13</td>
<td>23 (42%)</td>
</tr>
<tr>
<td>Executive</td>
<td>8</td>
<td>31 (25.8%)</td>
</tr>
</tbody>
</table>

Employers were asked to indicate the skills and capabilities they considered important when recruiting new graduates. Table 3 captures the top 10 skills and capabilities they consider important. Interestingly most respondents give similar views on the priority’s skills that are important for the graduates before they enter the job market. The survey confirms that most employers view personal ability and soft skills are important as their degree qualification. In the era of 4th revolution, IT skill is essential for all students to master before they graduate. The finding shows that all respondents view computer literacy skills as a must. This is in line with the previous studies that show computer/IT skills are important to the graduates to master (Ang, 2015; Noor Suhaili, 2013; Quah et.al., 2009). Basic computer skills refer to the ability to perform fundamental tasks on a computer. This can include understanding certain software, applications, programs, tools and more. Computer skills fall into two categories: software and hardware. Hardware refers to the computer's operation, whereas software involves the use of various programs and applications.

In addition, team working, intellectual ability, work independently, numeracy, and character/personality skills are also important skills needed by employers. Abd Hair, Ishak, Arawati, and Zafir (2012) used focus group discussions with employer associations as a research methodology. They found that from the employer’s perspective, they need self-confident graduates with holistic types of abilities, skills, and polite personalities. Other past graduate employability studies (eg Greenan, Wu, Ramlee & Neube, 1998; Lankard, 1994; Mobley, 1998) found employers select employees with positive attitudes, effective skills, problem-solving skills, decision-making skills, team working, enterprising, interpersonal and able to lead. Basic skills (literacy & numbers, relevant & up-to-date knowledge), practical skills (problem-solving, attitudes, information technology & computers) personal skills (autonomy and judgment, intelligence and attention, learning, self-assessment, seizing opportunities) social skills (communicate, foreign language, environmental & work culture adaptation, national identity) (Oliva & Treelle, 2003).
Table 3: Top 10 Most Important Skills and Capabilities When Recruiting New Graduates

<table>
<thead>
<tr>
<th>Skills</th>
<th>Total Number of Employers</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Communication Skill</td>
<td>29</td>
<td>93.55%</td>
</tr>
<tr>
<td>Team Working Skill</td>
<td>30</td>
<td>96.77%</td>
</tr>
<tr>
<td>Analysis and Problem-Solving Skill</td>
<td>29</td>
<td>93.55%</td>
</tr>
<tr>
<td>Computer Literacy Skill</td>
<td>31</td>
<td>100%</td>
</tr>
<tr>
<td>Language Skill</td>
<td>26</td>
<td>83.87%</td>
</tr>
<tr>
<td>Numeracy Skill</td>
<td>28</td>
<td>90.32%</td>
</tr>
<tr>
<td>Intellectual Ability</td>
<td>30</td>
<td>96.77%</td>
</tr>
<tr>
<td>Work Independently</td>
<td>30</td>
<td>96.77%</td>
</tr>
<tr>
<td>Ability to Acquire New Knowledge</td>
<td>29</td>
<td>93.55%</td>
</tr>
<tr>
<td>Character/Personality</td>
<td>28</td>
<td>90.32%</td>
</tr>
</tbody>
</table>

80% of the respondents agreed that they do not faced any difficulties to recruit the right people for any given job as shown in table 4. 71% of the respondents agree that they receive overwhelming application from the candidates that have good resume even for a clerk position. It shows that the competition to getting a job is getting harder nowadays.

Table 4: Response from the Respondents on Recruiting New Employees

![Pie chart: Have difficulty in recruiting new employees](image)

Figure 1 shows the unemployment rate in Malaysia from 1999 to February 2020. The average of the unemployment rate is about 3.4%. However, due to pandemic Covid-19 that have been affecting people around the world including Malaysia, the unemployment rate sharply increases to 4.7% in July 2020 (The Edge Market, 2020). Many industries affected especially tourism and airlines because most countries closed their border to curb the spread of Covid-19.
In terms of skills required by the employers, more than half of the respondents agree that most of the graduates have soft skills such as team working, practical, theoretical, problem solving, numeracy, and basic computer literacy. The findings show that graduates have those skills when they enter job market, but the skills need to be improved. 13 respondents (45%) agree, and 10 respondents (32%) highly agree with the statement that graduates have enough practical skill. All students who take Islamic Business Administration program need to undergo practical training for 6 months at the end of the semester (semester 8) to complete their degree. Students are compulsory to do practical training in the companies that is related to their studies. Lowden et. al (2011) and Hall et. al (2009) found that work-based learning such as placements and internship as an effective approach to promote the employability of graduates. It’s not only seemed to offer an effective applied method of inculcating appropriate awareness, skills and abilities in graduates but can also promote productive collaboration and partnerships between faculties and employers, and building greater understanding between these stakeholders (UKCES, 2009).

Whereas 16 respondents (52%) agree, and 6 respondents (19%) highly agree that graduates have basic numeracy skills. They can use basic excel in solving mathematical problems. Numeracy skills are basic mathematical skills that include a range of abilities to understand and analyse numerical information and to make the right conclusions and decisions. They also include the ability to express ideas and situations using numerical or mathematical information. Numeracy skills are important for business students especially to the students who are involved in finance and accounting area.

In terms of team working, 14 respondents (45%) agree, and 16 respondents (52%) highly agree with the statement that graduates have an ability to work in a team. The result shows that group assignment is helping a lot for students to acquire teamwork skills. Besides, involvement in co-curriculum activities may help students to enhance their team working skills. Through co-curriculum activities also may enhance student’s leadership skill. Therefore, to
produce quality students, both curriculum and co-curriculum activities must go hand in hand. The result is in line with the study done by Ngoo et al. (2015) that found employers demand a more independent and leader instead of a follower, and a more management prone graduates. Thus, the soft skills of communication skills, critical thinking and problem-solving skills, ethics and professional moral skills, leadership skills, lifelong learning and informational management skills, and teamwork are important in produce high quality graduates.

16 respondents (52%) agree, and 11 respondents (35%) highly agree with the statement that graduates have basic computer literacy. They can use basic software such as productivity software, presentation software and communication tools such as video conferencing, instant messaging, and email management. However, there are a handful of students who are still less proficient in using some important software such as excel and accounting software where 4 respondents (13%) argue that some graduates have little knowledge in using database management. This is maybe due to the low interest of the graduates to learn IT. One of the respondents mentioned that:

“I have found that she is unable to process data using excel and she needs to do more exercise in excel.” Head of Department, Company A

The result shows that 48% of respondents agree and only 16% of respondents highly agree that graduates have analysis and problem-solving skills. Whereas the remaining 36% of respondents mention that this skill needs to be improved. Respondents suggested that more problem-based learning could be used in the class compared to just traditional learning and teaching strategies. The result also shows that personal attribute such as self-confidence, character, or personality, hardworking, and intellectual also plays an important role in enhancing the ability of graduates to get jobs. They found that some graduates have a low confidence level and shy to give their opinion in public even they have a good suggestion. This is maybe due to the background where most students come from religious schools. To address this issue, faculty can encourage students to participate in industry-organized competitions such as pitching competitions and investment games. There is a skill that needs to be given more attention by the faculty, which is decision-making skill where only 10 respondents agree, and 6 respondents highly agree that the graduates have this skill. The faculty may apply problem-based learning and case study teaching method to enhance this skill. Table 5 shows the summary of major findings.
CONCLUSION AND RECOMMENDATION

The job market nowadays is so competitive that we need to do more than just present our background and qualifications. Graduates tend to fail because they never display or communicate their employability skills, only presenting their factual credentials. Employers not only rely on hard skills, but the most important skill is soft skills that can distinguish one candidate from another. Therefore, the close engagement between university and industry is important to enhance graduate employability. The need to continually promote and expand opportunities for students to access work-based learning is also critical. These experiential opportunities can be an effective way of providing university students with relevant employment skills, knowledge, and awareness of employer culture. 3 years in university and 1 year in industry (3U1I) program may be implemented to enhance graduate employability. It also suggested for universities to have collaboration with professional bodies and society through the establishment of university-industry link cooperation that will become a catalyst for soft skills enhancement.

This study is focusing on the employability skills among Islamic business administration graduates only. It is suggested for future studies to broaden the sample to other Islamic business studies, including Islamic finance and banking, Islamic accounting, Islamic economics, Islamic marketing, and halal to enlarge the research findings. It also suggested looking at both side university and the employer in reducing the gap between what the employers demand and what the university can supply.
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