

## EMPLOYABILITY AND MARKETABILITY OF THE GRADUATES OF ISLAMIC STUDIES IN ISLAMIC BANKING AND FINANCE: MALAYSIAN EXPERIENCE

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### İslam Bankacılığı ve İktisadı

#### Mezunlarının İş Bulma ve İstihdamı: Malezya Deneyimi

İslam bankacılığı ve iktisadına olan ilginin, dünya iktisat piyasasında, gittikçe artmasıyla birlikte bu sektörde çalışabilecek kalifiye elemanların istihdam edilmesine yönelik ihtiyaç da beraberinde artmıştır. Yüksek eğitim kurumlarının öğrenciye bilgi vermenin yanında onlara araştırma, proje yapma ve bu projelerinin sosyal yapı içerisinde entegrasyonu ve nasıl uygulayacakları ile ilgili becerilerinin geliştirilmesine yönelik çalışmaları müfredatlarına almaları mezuniyetten sonra öğrencilerin daha uygun iş olanaklarını elde ederek topluma en yüksek seviyede faydalı olmalarında çok büyük bir rol oynayacağı kesin olmakla birlikte bu noktanın ihmal edildiği görülmektedir. Yüksek eğitim kurumlarının ciddi anlamda rolünü sürdürebilmesi mezuniyet sonrasında yönelik çalışmalarını öncelikleri arasına alması hayati bir zorunluluktur. Aksi takdirde "yüksek lise" olmaktan öteye gidemeyecek olan yüksek eğitim kurumlarımızın işlevi dar kalıplar arasında kısır döngü ile sıkışıp kalmaya devam edecektir.

İslami bilimlere olan ilgi ve isteğin artmasının, hem İslam ülkelerinde hem de gayri-Müslim ülkelerde, İslam iktisadı sektörüne olan ilgi ve alakayla doğru orantılı olarak gelişme göstermiştir. Özellikle Malezya'da İslam iktisadı ve kurumlarına olan ilgi kayda değer bir şekilde gelişme gösterdiği için buralarda istihdam edilebilecek İslami bilimlerde uzman elamanlara ihtiyaç duyulmuştur. Bu ihtiyacı karşılamak için Malezya Yüksek Eğitim Kurumu eş zamanlı olarak İslam iktisadı ile ilgili üniversitelerde programlar oluşturarak kurslar açmıştır. Bu çalışmamız Malezya'daki Yüksek eğitim kurumlarında İslami bilimlerin İslam iktisadı ve finansmanı konusunda mezun olanların iş olanakları ve istihdamı konusunda oynamış oldukları rol incelenmeye çalışılacaktır.

**Keywords:** Islamic Banking; Islamic Studies; Globalization; Employability; Marketability; Higher Education.

### INTRODUCTION

With the rapid growth of the Islamic Banking and taking quite substantial portion of the economy, local and international sectors willing to invest in this newly developed system.<sup>1</sup> The investments and developments subsequently encouraged establishment of new companies and institutions which brought new business and

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<sup>1</sup> Ahmed, S., Islamic banking and finance: A review essay. *Journal of Monetary Economics*, 1989. 24 (1): p. 157.

job opportunities. This effort increased the attention of students to this field of studies.

Social bias, which is embodied among the society, affects the mind of students in choosing the field of Islamic studies that there might be very limited job opportunities in this field, however, the recent investigations showed that it is diametrically contradictory to the fact. What could be the key factor in ensuring this advantage?; which factors primarily play active role for students in selecting the Islamic sciences; in recent period, how much the Islamization project has impact on the development of this study; or with increasing the job opportunities in this field, how much function the government has instilled, if the state policy is not involved in, can there be still a field of interest? This paper attempted to investigate them with given emphasis on such questions and the answers are sprinkled into the research work.

In a constantly changing and developing global world, what kind of support could be given in order to increase the students' proficiency? Before graduation, the students should focus on not only obtaining sole knowledge but also on practice-oriented research and analysis. In this way, what kind of advantages will give for the students if they also master on side hard and soft skills? For example, in transferable skills, key skills, core skills, generic skills, personal skills, employability skills, capability skills, personal skills, how students can develop themselves more adequate in order to meet the requirements of the modern era? How these skills are effective in marketability and employability of the graduates.

Besides Islamic banking and finance, are there any other institutions or faculties offering courses to increase the opportunity of employability and marketability, for example, how much the dual legal system has given extra space for job opportunities for the graduates. Is it necessary also to change the current curriculum of the faculties to increase the rank of the university?

With the positive aspects of these developments, without doubt, possible negative sides are inevitable reality, for example, obtaining knowledge may only be limited to find a job. Because being unemployed is considered in the society as a deficiency which might cause students to jump into any kind of job without realizing their desire and skill on it. Therefore education should not be restricted to employment training, but focus on how to develop and strengthen their behaviour, personality, social relationship, scientific and cultural level; how to be beneficial to the country, the nation and humanity which is a vital phenomena. Thereby, integrity, academic freedom, respect, open-mindedness, accountability, professionalism, meritocracy, teamwork, creativity, social responsibility,<sup>2</sup> quality of excellence in teaching, researching, innovation, and publishing are highly significant without giving any gap for favouritism, nepotism and any kind of discriminations in the organizations.

With undertaking these values, how the impact of globalization on employability and marketability of the graduates of Islamic Studies will have favourable opportunity in the globe, will be investigated through taking into the consideration of role played by the organizations of Islamic banking and finance, Islamic research institutes, policy made by government: Islam Hadhari (Civilizational Islam), wawasan

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<sup>2</sup> Core values of the University of Malaya see on [http://um.edu.my/discover\\_um/mission\\_vision.php?intPrefLangID=1&](http://um.edu.my/discover_um/mission_vision.php?intPrefLangID=1&)

2020 (vision 2020) and Islamization of Knowledge, The Graduate Employability Management Scheme in Malaysia etc.

### Rise of Islamic Banking and Finance

The fundamental structure of Islamic finance is based on firmly the Qur'an and the teachings of the Prophet Muhammad (pbuh) and the interpretations of these sources of revelation by his Companions. For fourteen centuries, a variety of structure of it has been alive in Islamic civilization. However, it has emerged in the last decades as one of the most considerable and successful modern implementations of the Islamic legal system.<sup>3</sup> This new banking system desires to apply the Islamic law (*shari'ah*) to a sector of contemporary trade. Financier or shareholders who are responsive to *Shari'ah* principles require some supervision on this kind of venture.<sup>4</sup> Islamic law of transaction (*mu'amalat*) appear to prohibit the interest based transactions and banking. One of the reason that Western customers and academics were interested in contributing and researching respectively in Islamic banking because the system rejects the interest based banking.<sup>5</sup>

It is openly known that Islamic finance prohibits the charging of interest on loan, however it does not mean that Islamic law reject the notion of the time values of money. In addition to that money is treated in the West as a commodity in contrast to the Islamic finance that is a holder of risk. Islamic finance and banking are uncomplicated in affirming their distinctions with conventional forms. Despite the differences between Islamic finance and conventional finance there are many similarities.<sup>6</sup> In teaching and exploring these phenomena, Islamic law plays a significant role to identify its purposes through established Higher Education Institutions.

According to the figures and initial reports show that the future of Islamic finance and banking looks highly bright in contrast to capitalism, Islamic banking and finance situate highlighting on overall social and economic awareness rather than self greed and egoism.<sup>7</sup> These make it much more welcomed among the economic and social global agenda as well as the global financial crisis offered new opportunities for Islamic finance because of the crisis which caused enormous crash on the globe.<sup>8</sup>

Banknote based transactions and stock markets based on unsubstantial volatility transactions caused the world financial crises. The unrealistic capital among the finance sources could cause dramatic harm to any sectors. The resent world financial crises show that the banknote based transactions and unrealistic stock markets is not suitable for constant transactions. Hence the global finance sectors trended to Islamic Finance which deals with the fundamental principles of Islamic law in transactions such as *mudharabah* (passive partnership, profit-sharing), *musharakah* (active-

<sup>3</sup> Frank E. Vogel & Samuel L. Hayes, 1998, "*Islamic law and Finance: Religion, Risk and Return*", Kluwer law International, The Haque, London, Boston, (January 2, 1998), 2-4.

<sup>4</sup> Daud Bakar, 2008, "*Evolution of the Islamic Capital Market*", Islamic Finance, August/September 2008, published by IFA Media Sdn Bhd, Kuala Lumpur, (2008), 13.

<sup>5</sup> Gilliam, M.A.a.L., Principles of Islamic Banking: Debt Versus Equity Financing. *Middle East Policy*, March, 2002. 9(1): p. 125.

<sup>6</sup> Frank E. Vogel & Samuel L. Hayes, 1998, *ibid.*, 24-26.

<sup>7</sup> Asyraf Wajdi Dusuki, 2008, "*Islamic Finance: An Old Skeleton in a Modern Dress*", International Shari'ah Research academy for Islamic Finance (ISRA), Kuala Lumpur, (2008), IX-X.

<sup>8</sup> Annual Report (2008) of Islamic Research and Training Institute (IRTI), p. 12

partnership), *wakalah* (agent), *ju'al* or *ji'alah* (reward, performing a given task against a prescribed fee), *ijarah* (leasing), *salam* (payment in advance), *istisna'* (*salam* applied in manufacturing), *urboun* (depositing), *murabahah* (set profit sale), *qard* (interest free loan), *rahn* (pledge/security), *dhaman/kafalah* (guarantee), *hawalah* (assignment), etc. many of these concepts were established and effectively used in the very early time of the Islamic history.<sup>9</sup>

Recently, an alternative way of financial intervenes and venture management occurred and surprisingly grabbed considerable amount of the market of Islamic countries. The developing banking system already operates in more than sixty countries, among these, three of them, Pakistan, Sudan and Iran, have diametrically transformed their banking system into Islamic banking.<sup>10</sup> Still it has been developing and expanding its scope from Gulf States to other states such as Malaysia, Indonesia, Pakistan, India, Singapore, Middle East, some extent, Western countries, France, Germany, USA, UK, Switzerland, etc. In addition to that, the religious authority council of Russia announced that the first Islamic finance and insurance company will be introduced in 2010 in Russia.<sup>11</sup> Increasing the establishment of Islamic banking system is encouraged by the scholars in different countries, advised that "the potential organizers of an Islamic banking institutions in the United States should be encouraged."<sup>12</sup>

Islamic finance market continuously getting increased which has reached a size of approximately \$ 700 billion; not only in Islamic countries but also it is increased in other countries. According to the Islamic Financial services Board (IFSB) the last three years, the recorded annual growth is average of around 15 per cent,<sup>13</sup> for example, Bank Islam's growth shows dramatic increase from RM 80 million initially to RM 1.73 billion as at June 2009.<sup>14</sup>

### Legacy of Islamic Banking and Finance

Scholars and finance experts combined their efforts to develop Islamic Banking and Finance system which has been applicable since the time of the early revelations. They based its principles on Qur'anic basis which consider wealth as one of the five

<sup>9</sup> M. Umer Chapra & Tarikullah Khan, 2000, "*Regulations and Supervision of Islamic Banks*", Islamic Development Bank, Islamic Research and Training Institute, Jeddah, Saudi Arabia, (October 2000), 1-6; Frank E. Vogel & Samuel L. Hayes, 1998, *ibid.*, p. 181-232; Nik Norzrul Thani, M. Ridza. M. Abdullah, Megat Hizaini Hassan, 2003, "*Law and Practice of Islamic Banking and Finance*", Sweet & Maxwell Asia a division of Thomson Asia Pte Ltd. (2003), 33-76; Muhammad Taqi Usmani, 2002, "*An Introduction to Islamic Finance*", Kluwer Law International, The Hague, London, New Yor, (2002), 1-101; regarding contract components of Islamic Banking and Finance some certain fatawa have been issued by Institute of Islamic Banking and Insurance London, UK see in: Yusuf Talal DeLorenzo (Ed.), 1997, "*A Compendium of Legal Opinions on the Operations of Islamic Banks: Murabahah, Mudarabah and Musharakah*", Institute of Islamic Banking and Insurance, ICIS House, London, (1997).

<sup>10</sup> Aggarwal, R.K. and T. Yousef, Islamic Banks and Investment Financing. *Journal of Money, Credit and Banking*, 2000. 32 (1): p. 93.

<sup>11</sup> See in <http://www.haberrus.com/ekonomi/1501-Rusya%5C'da-2010-yilinda-ilk-Islami-sigorta-kurulacak.html>

<sup>12</sup> Taylor, J. M., Islamic Banking-the feasibility of establishing an Islamic bank in the United States. *American Business Law Journal*, 2003. 40(1): p. 413.

<sup>13</sup> Gökben Altaş "İslami Finans Sistemi", *Sermaya Piyasasında Gündem*, tsparkb, issue: 69, (May 2008), p. 23

<sup>14</sup> Annual Report 2009 of Bank Islam Malaysia Berhad, p. 7.

essentials<sup>15</sup> of the *shari'ah* to be protected and used wisely. God says in the Qur'an: "And do not give away your property which God has made for you a (means of) support to the weak of understanding, and maintain them out of (the profits of) it, and clothe them and speak to them words of honest advice."<sup>16</sup>

Charitable endowment confirmed and considered as a trust, "Believe in God and His messenger, and spend (in charity) out of the (substance) whereof He has made you heirs. For, those of you who believe and spend (in charity), for them is a great Reward."<sup>17</sup> God cautions Muslims to fulfil their contracts and to keep their promises, "O you who believe! Fulfil the obligations"<sup>18</sup> and "and fulfil the promise; surely (every) promise shall be questioned about".<sup>19</sup> All transactions and trade should be made willingly by the parties involved, "O you who believe! Do not devour your property among yourselves falsely, except that it be trading by your mutual consent"<sup>20</sup>

In historical context the Islamic banking and its development engaged a number of phases whereby the first phase launched in 1983 lasted 1993 and the second phases began in 1994. As it is considered that Malaysia is now in the middle of liberalizing its policy on the implementation of Islamic banking in order to enable people direct the sector. In support of this developments, a number of legislations were enacted namely Islamic Banking Act 1983, Banking and Financial Institutions Act 1989, Central Bank of Malaysia (Amendment) Act 2003, other related legal legislations, Central Bank of Malaysia and Securities Commission's directives and as well as to the court's structure.<sup>21</sup> Takaful companies (Islamic insurance) is also enacted by the Parliament of Malaysia with a special Act namely the Takaful Act in 1984 to allow the setting up of Takaful companies. The first Takaful Company was established as Syarikat Malaysia Sendirian Berhad, a subsidiary company of Islamic Banking and Finance Institute (BIMB). The second one is Takaful National which registered in November 1993; the third one is Maybank Takaful, started functioning in July 2002,<sup>22</sup> and up to now increasingly many Islamic Takaful banks have been introduced.

In a very short period of time, Malaysia has accomplished a remarkable growth in developing Islamic institutions locally and internationally. The notable developments in Islamic Financial system made Malaysia as a leading centre in the world with its 89 Islamic unit trust funds, 85 percent of Bursa Malaysia's counters are *Shari'ah* approved counters and 46 percent of the corporate bond markets are Islamic bonds or *sukuks* including 12 Islamic banks, three foreign Islamic Financial Institutions, seven are Islamic subsidiaries of banking groups and several Islamic windows

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<sup>15</sup> Five essential goals of the High Objectives of God (Maqasid al-Shari'ah): religion, life, intellect, lineage and wealth.

<sup>16</sup> Qur'an: 4/5

<sup>17</sup> Qur'an: 57/7

<sup>18</sup> Qur'an:5/1

<sup>19</sup> Qur'an: 17/34

<sup>20</sup> Qur'an: 4/29

<sup>21</sup> Zulkifli Hasan, 2007, "The Impact of Globalisation to the Islamic Financial Institutions in Malaysia: Shariah and Legal Frameworks", *Shariah Law Reports*, (2007), 2, April to June, 36.

<sup>22</sup> Nik Norzrul Thani, M. Ridza. M. Abdullah, Megat Hizaini Hassan, 2003, *ibid.*, p. 20.

of conventional banking institutions.<sup>23</sup> Beside the governmental support, internal compliance has triggered the remarkable developments. For this, the function of human resource management (HRM) is vitally needed to put into practice their intellectual and physical facilities more effectively. "All of the enthusiasm, satisfaction, quality and the experience of the organization's employees as well as their sense of fair treatment can affect the firm's productivity, customer service, reputation and long-term survival."<sup>24</sup>

The technological advances in the modern time created enormous speed to reach the fruit of the work through making a short cut between sources of knowledge and researchers spending less effort. The advantages of the fast technological apparatus also persuaded researcher and students to obtain complete idea for their research to be more comprehensively interactive with the other part of the world that allowed people to exchange knowledge, ideas, services as well as their concrete results to contribute extra input in their findings.

In terms of effect of globalization in economical life, Malaysia has introduced dual banking system that of the Muslims demand to have banking and financial system which is based on the *shari'ah* values. Establishment of Islamic banking system needed legal and educational basis, thereby teaching Islamic banking in higher education system is spontaneously introduced. Widespread academic and professional attentions fostered universities to offer Islamic Banking system and experts bodies to deal with it in details. A number of University and research institutes began to specialize in Islamic Banking and Finance. Countless of seminars, conferences, research centres and PhD dissertations drew attention to Islamic banking and finance in Islamic Countries, Malaysia, Indonesia, Gulf states: Saudi Arabia, Bahrain, Dhaka, Qatar, Kuwait, Pakistan, Turkey, Sudan, Nigeria, Egypt, Tunis, Geneva, as well as western countries: United States, United Kingdom, France, Canada. In addition to that Chinese, North and South Asian, Japanese bankers and businesses are joining the Islamic Banking and Finance Services Board.<sup>25</sup> There are about four *fiqh* academies of major significance. One of the important one is Islamic *Fiqh* Academy in Jeddah that was formed under the sponsorship of the Organization of the Islamic Conference (OIC).<sup>26</sup> The scholars within the institutions cope with the difficulties occur using the vital tool of *ijtihad*. The institution of *ijtihad* is to play a significant role within the Islamic law as well as in individual Islamic financial institutions.<sup>27</sup> Following the establishment of International Islamic Financial Market (IIFM) through a signed agreement with Malaysia, Indonesia, Sudan and the Saudi-based Islamic Development Bank (IDB), it established the Islamic Research and Training Institute (IRTI) in 1981 in order to discharge its functions in areas of research and

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<sup>23</sup> Zulkifli Hasan, 2007, *ibid.*, 36.

<sup>24</sup> Hashim, J., Islamic revival in human resource management practices among selected Islamic organizations in Malaysia. *International Journal of Islamic and Middle Eastern Finance and Management*, Emerald, 2009. 2(3): p. 252

<sup>25</sup> Abdulkader Thomas, 2008, "Fueling interest in Islamic Finance", *Islamic Finance*, August/September 2008, published by IFA Media Sdn Bhd, Kuala Lumpur, (2008), 10.

<sup>26</sup> Frank E. Vogel & Samuel L. Hayes, 1998, *ibid.*, 48.

<sup>27</sup> *Ibid.*, 48; for more about *ijtihad* see Frank E. Vogel 2000, "Islamic law and Legal System: studies of Saudi Arabia", Brill, printed in the Netherland, (2000), 34-82.

training, later in 1983, it became an operational institute.<sup>28</sup> After mutual developments in this field, the model required professionals to work with it. *Shari'ah* scholars have to be educated in this field and deepen their thinking to explore effective understanding of the concept.

### Ethical Investment

To provide modern requirements of Islamic finance and transactions, the institutions and sectors needed more qualified and educated staff in Islamic studies especially Islamic banking and finance. When Dow Jones Islamic Market Index launched in 1999 many investors required the way to invest in compliance with the Islamic law. For further development of Islamic banking it required apparatus considered to deal with the complicated web of monetary transactions.

Ethical investment received wide recognition in the West, for instance, since the mid 1970's corporate social responsibility (CSR) and ethical investment have been a significant development which is an evident that a research carried out by EIRIS (Ethical Investment Research Services) currently there are more than 50 retail ethical investment funds exist in the UK.<sup>29</sup>

In addition to that, different school of thought (*madhhab*) in Islamic Jurisprudence, the Islamic finance and banking takes stand to adjust its regulations in accord to these schools and teachings in order to correspond for the global demands. It is a well know concept that there are two main branches of schools of thought in Islamic Jurisprudence, mainly the Sunni and the *Shi'ah* branches which the Sunni branch includes four main schools (*madhahib*), the *Hanafi*, the *Maliki*, the *Shafi'i* and the *Hanbali*, besides this, *Shi'ah* contains also many schools. These *madhahib* differ on matters related to the Islamic jurisprudence. One of the main roles of the *Shari'ah* Advisory Council has the authority to decide the best opinion suits the public benefit of the people related to Islamic finance as well as it controls the rulings whether it is compatible with the objectives of the Islamic law. In addition to that the institutions are required to establish the *Shari'ah* Committee in order to advice them any matter pertained to Islamic banking and finance. Introduction of several Acts related to Islamic Banking and Finance<sup>30</sup> encouraged beneficial competition amongst the companies. Therefore, conventional banks inclined to open Islamic counter to offer Islamic banking products in a variety of models and packages because of demands of the people in Interest Free Banking which is known now as Islamic Scheme Banks that offer more profit than normal conventional products.

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<sup>28</sup> Nik Norzrul Thani, M. Ridza. M. Abdullah, Megat Hizaini Hassan, 2003, *ibid.*, pp. 23-31.

<sup>29</sup> Asyraf Wajdi Dusuki, 2008, *ibid.*, p. 74.

<sup>30</sup> Islamic Banking Act 1983 (7 April), Banking and Financial Institutions act 1989, Islamic Security Commission 1993, Central Bank of Malaysia Act 2003, Islamic Banking Scheme (1 September), besides these, there are other related legislations, which are highly significant in the implementation of Islamic banking, include National Land Code 1965, Hire Purchase Act 1967, the Stamp Act of 1949, National Land Code 1950, Moneylenders Act 1951 etc. see in Zulkifli Hasan, 2007, *ibid.*, 38-41.

### Employability of the Graduates

Graduate employability has recently become the most significant concerns of the world in political and social agenda. At the same time, graduates of Islamic studies are also one of the main concerns of the society as well as the government institutions not only in Islamic countries but also in the world at large. Hence, Islamic teachings and ethics are unavoidable phenomenon in the global agenda. Academic institutions, Islamic Banking which is a fast growing market in the globe, governmental organizations, especially parents are attentively ponder on these graduates. Higher education institutions, the global market and governmental institutions for their needs investigate to employ much qualified graduates. Therefore competitiveness is remarkably important for the market.

In terms of Islamic Studies, a wrong hearsays among the society that the most jobless are those who hold a degree of Islamic science, however, the following investigation shows that the least percentage of unemployed graduates are from Islamic studies. The statics of National Economic Action Council (NEAC) shows that the 24,728 unemployed graduates who registered with the Government's training schemes early this year were from five main areas of study—arts (31.1 per cent), economics (11.3 per cent), accounting (9.2 per cent), business administration (8.8 per cent) and Islamic Studies (8.6 per cent).<sup>31</sup>

In order to improve the graduate employability the dual major system should be introduced in Islamic studies as Malaysian Human Resource Minister, Datuk Dr. Fong Chang Onn expressed, "This is the first intake where the students are asked to do another major from the Applied Sciences. So they can take Applied IT or Applied Sciences. We are doing this because we want our students to have added value. If they stick to Islamic Studies, then their job opportunities are quite limited so what we're doing is enabling them to do something they are interested in but at the same time, making sure they can enter another profession"<sup>32</sup>. In respect of this there are integrated programs in the Academy of Islamic Studies (API) such as *Shari'ah* and Law, *Shari'ah* and Economics, Applied Science and Islamic Studies.

In the global era, it is evidenced that there is no longer sufficient for graduates to acquire traditional academic and subject based skills. At the present time, graduates need to develop a variety of interpersonal and manageable skills to be able to acclimatize to fast changing market circumstances and organizational requirements. In general academic programs mostly social sciences, humanities, and natural sciences are not offering particular skills. Hence, university resources are generally programmed towards producing professional and technical courses aimed at importing precise skills to increase the graduates' employability.<sup>33</sup> If graduates trained by

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<sup>31</sup> Hariati Azizan & Karen Chapman, "Islamic Studies Students Urged to do Double Major to Improve Job Prospects", <http://tyo.ca/islambank.community/modules.php?op=modload&name=News&file=article&sid=802> accessed 18 April 2009 at 12:15.

<sup>32</sup> Ibid.

<sup>33</sup> Allen M. 1993, "A Conceptual Model of Transferable Personal Skills", Sheffield, Employment Department: quoted from Zurina Kefeli, Nursilah Ahmad, Mohammad Haji Alias, 2005, "Factors Influencing Graduate Employability: The Case of Islamic Studies Graduates in Selected Public Universities", *International Business Research Conference* (2<sup>nd</sup>:5-8 December 2005 Sydney, Australia), paper 13 (19p), 2.



supplementary courses or skills, as mentioned earlier, they would definitely have possibility to get a better job.

In higher education only a specific degree programs may not enough to develop work skills. Students before graduating are encouraged to take part in additional curricular programs which may support them in obtaining some soft skills which is more related experience (soft skills) as early as they can.<sup>34</sup> The graduates, then, should be guided to focus on the skills agenda which is related to the following skills such as transferable skills, key skills, core skills, generic skills, personal skills, employability skills, capability skills, personal skills. In general these skills are considered into two main types of soft and hard skills.<sup>35</sup> The following three factors affect the employability results: first; one's assets (knowledge, skills and other attributes), second; one's career planning and management skills and third; presentation/ self selling skills during interview with prospective employer.<sup>36</sup>

Recent instigation in the government policy to develop the quality of graduates and already graduated students will change the number of unemployed graduates. The Graduate Employability Management Scheme's (GEMS) implementation by government-linked companies (GLCs) which will propose training opportunities to 12,000 unemployed graduates for a two-year period is one of the main training program. In relation to this, Deputy Prime Minister Datuk Seri Najib Tun Razak emphasized this scheme saying that it will make more employable graduates that was proven through the Employability Enhancement Program (GREEN).<sup>37</sup>

The competition between universities and institutions became highly distinctive when students and researchers started investigating the best opportunity providers before and after their graduation. If the so called institutions fulfilled their promise to educate students in the standard of international quality, demands to the institutions will be increased. Most importantly achieving the marketability standard of the institutions in the global arena is undeniable objective of the education. Simply accumulating knowledge in Islamic studies as well as in other applied sciences is not considered anymore a science if it is not put into the practice or not benefited from whether worldly or spiritually. Acquisition through the education is inseparable phenomena from the reality of the life. Therefore, researcher and students also demand from the institutions the facilities which accommodate them in the global market. Eventually a question arises here so then where the Islamic-based higher education system especially involving Islamic law would take stand among the compatible global arena? As it was indicated in previous discussions the globalization of Islamic law which has been playing an important role in Islamic Finance and Banking, it is highly necessary to explore also the marketability side of Islamic law.

<sup>34</sup> Nor Hartini binti Saari, 2007, "Unemployed Graduates: How can We Address this Situation?", [http://www.ikim.gov.my/v5/index.php?!g=2&opt=com\\_article&grp=2&sec=&key=1482&cmd=resetall](http://www.ikim.gov.my/v5/index.php?!g=2&opt=com_article&grp=2&sec=&key=1482&cmd=resetall) accessed 18 April 2009, at 14:16.

<sup>35</sup> Zurina Kefeli, Nursilah Ahmad, Mohammad Haji Alias, 2005, *ibid.*, 2.

<sup>36</sup> Holmes, Len, 1995, "Competence & Capability: From 'Confidence Trick to the Construction of the Graduate Identity'. Paper presented at Conference on Beyond Competence to Capability and the Learning Society, Higher Education for Capability, UMIST, November. [http://www.graduate-employability.org.uk/publications/cc\\_gradid.htm](http://www.graduate-employability.org.uk/publications/cc_gradid.htm) accessed 18 April 2009 at 14:58.

<sup>37</sup> PUTRAJAYA, March 13 (Bernama), "GEMS Willing To Train Unemployed Grads," <http://www.bernama.com/bernama/v5/newsindex.php?id=396054> , accessed 18 April 2009 at 2:46.

### Malaysian Experiences

It is worth mentioning here is that before couple of decades there has been many difficulties that Islamic based universities faced to compete with other international and national level institutions because of financial incapability; less amount of internationally qualified teaching staffs; lacking constantly direct access facilities to the sources; unprofessional management; less activities made interchangeably between intellectuals; insufficient IT technology or less capacity provided, whereas now there are no such difficulties. It is enough for Islamic-based universities to allocate them to focus on first how to advertise them with their enough facilities to compete with other national and international higher education institutions; opening opportunities for graduates to develop their commercial performances, developing quasi market by establishing market friendly gathering and programs and also providing markets with good graduates and researches; organizing successful fundraising; developing new business opportunities for the university; increasing universities income through patenting research findings and joint projects;<sup>38</sup> making successful connections with business organizations, banking and finance are not ignorable developments in Islamic-based institutions.

It is obvious that not all Islamic Studies graduates will be imam (religious leader), shari'ah officers or mufti etc. despite the fact that they need to convey their knowledge through the fast changing communication technologies. The new types of Islamic Studies, everywhere especially in Malaysia, is aimed to create more skilled graduates in ICT, integrated programs with business, management and applied sciences. Most of the Universities, UM, UKM, IIUM, USIM, etc. in here offering such mentioned programs.

Undoubtedly, many Islamic institutions and universities are highly equipped with technological advancements, as mentioned earlier, internet-based information technology systems are unavoidable requirements for higher education such as e-learning facilities, IT usages, online library, online access for student affairs and connection with international high rank online publications, constant supervision through online facilities. In addition to these advancements, human resource, research and innovation, strategic management, decision making professional management, and university authority are all bound to support the marketability side of the graduates that make the universities more achievable in accommodating them in the society as well as in the global market.

Being more conscious the Islamic Universities, institutions, research academies in higher education on scholarships between Muslim countries, knowing the value of inviting visiting lecturers, research fellowships and joint research programs made them more productive and more globally recognized through sharing their experiences in researches and publications. It is a common reality to survive in the global agenda that to be recognized globally besides to have the quality. Therefore Islamic studies and institutions must shape them according to the level of global standards. As the main objectives of Islam is to accommodate what is beneficial and

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<sup>38</sup> Ghafur, A.Hanief Saha, 2008, "Liberalization in Higher Education: Opportunities and Challenges to the Development of Islamic Based Educational Institutions in Indonesia", a paper presented in IAS-AEI International Conference, New Horizons in Islamic Area Studies: Islamic Scholarship Across Cultures and Continents, 22-24 November 2008 Kuala Lumpur, (2008), 6.

to avoid what is harmful for the human beings for this world and the hereafter, as it is indicated in the Qur'an "Allah does not desire to put on you any difficulty, but He wishes to purify you and that He may complete His favour on you."<sup>39</sup>

In Malaysian experience, the law, which was applied until the coming to Colonial power, was the Islamic law that contains as well as the Malay customary law. After that, Civil law was introduced by English authorities. Having applied the two kind of law let the students and practitioners educate themselves in different field of studies. Despite some difficulties occurred, it opened new opportunities for the graduates of law faculties and *shari'ah* faculties; every field of studies required independent work opportunities. However both graduates are easily accommodated according to their effort and satisfactory. There were also some attempt to combine the curricula followed in the Faculty of laws and the Faculty of *shari'ah* in the university of Islam Malaysia (IIUM). All the essential civil law subjects are taught during the four years study. Eventually the graduates can become members of the Judicial and Legal service and be admitted as advocates and solicitors. They are able to perform the civil law and as well as the basic requirements of Islamic law which was taught and its basic principles and teachings were acquainted, thereby they can discuss the application of Islamic law in suitable matters.<sup>40</sup> Also having the graduates trained in Islamic manner, would most probably provide them good and high standard of professional jobs and status in the society. Establishing *Shari'ah* courts in different levels as *Shari'ah* Subordinate Court, the *Shari'ah* High Court and the *Syari'ah* Court of Appeal, needed for qualified officers to assists in the administration of the Islamic law and also became qualified in LL.B (*Shari'ah*) which has been taught in English, Arabic and Malay enabled them to have work opportunities in both *Shari'ah* and Civil courts. Hence the students graduate from the course in highly qualified standard of skill in English and Arabic which give them priority to others in the global market not only in Muslim countries but also in non-Muslim where Islamic studies are taught.

As the Academy of Islamic Studies offers a bachelor in *Shari'ah* majoring in Law, the graduates would be able to apply for the post as a legal officer in the *Shari'ah* Courts or as a practicing *Shari'ah* Lawyer after one year training in Diploma of *Shari'ah* Law Practices. In relation with that, the students must have 5-6 weeks of experience of legal practicing at any legal firms, courts or religious departments during their long vacation.<sup>41</sup> Furthermore, the department of *Shari'ah* and Law is planning to lunch a new program which enables the graduates to be able to practice as a legal solicitor similar to civil law courses without taking extra one year training in Diploma of *Shari'ah* Law Practices. The curricula that will be taught in the course will be simultaneous with the curricula of civil law courses. Currently the department provides Islamic law and judiciary, with comparable to the law of Malaysian and English law as well as schemes into Islamic transaction and administration of Muslim property law and quality planning management.<sup>42</sup>

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<sup>39</sup> Qur'an: 5/6

<sup>40</sup> Ahmad Ibrahim, 1993, "Legal Education: The Present and Future Role of the Kulliyah of laws, International Islamic University", *The Kulliyah of Laws*, IIU, vol. 1, (1993), 1-5.

<sup>41</sup> Raihanah Abdullah, 2001, "Islamic Legal Education: Malaysian Experience", International Law Conference, ASEAN Legal Systems and Regional Integration (3-4 September 2001), Kuala Lumpur, 2.

<sup>42</sup> See in the web of the department of Academy of Islamic Studies: [http://apium.um.edu.my/department/S&L\\_intro.html](http://apium.um.edu.my/department/S&L_intro.html) dated 03 April 2009 at 12:46.

The core area of the department is on Islamic laws and judiciary, with similar emphasis on Malaysian and English law. Gradually, it also ventures into Islamic transaction and administration of Muslim property law, asset planning management, etc. There is eight academic staff in the Department of *Shari'ah* and Law with various expertises in legal field and continuously active in research groups with other academic and government institutions.

The process of education requires certain quality for a better out come after graduation, hence questions arise here what is the scope of necessary knowledge for Islamic Studies? What does it mean pedagogical and social demands? Which one is most important imposing knowledge with heavy curriculum or giving perspective and vision? Does an institution have to be selective on accepting students? What kind of person does the institution seeks to educate? Is it really important in which society are we going to reside after graduation? Does education mean to prepare students for the requirements of current and future times? Is it true that if you do not educate your current generation for the future's aspirations you are already left behind? What kinds of materials or tools can appear the potentiality of a person?

When the addressee of these questions considers seriously would arrive some extend of developments in educating the generation and most likely found good opportunities for them after graduation. Technological advancements must be obtained and applied as quickly as possible to every aspect of life starting from education to all branches of a government social, administrative, diplomacy and military. Existence of a government depends on economic and military independence which is supported by the power of national and international diplomacy that is almost based on the value of educational outcomes.

Unfortunate result have been occurred in many Middle East countries as well as most Islamic countries, excluded some of the developing Muslim countries such as Malaysia, over the past decades. Despite Malaysia, a Muslim country changed its existing school curriculum to new information technology based curriculum and knowledge-based economy which has resulted in highly quality equipped graduates, some Middle East Countries still inadequate to follow the developed countries in a right way. They may use the production of technologies only for entertainment or making the daily life easier, consuming the technology rather than being a contributor. As the country of Malaysia prepared the nation to join the ranks of the developed countries with the perspective of wawasan 2020 (vision 2020)<sup>43</sup> they united on the aim of creating a "scientific and progressive society that is innovative and forward looking and one that is not only a consumer of technology but also a contributor to the scientific and technological civilization of the future."<sup>44</sup> The delivery system as well as on the learning outcomes in the era of science and technology education was the scope of changing the curricula. These changes effectively adapted by considering new technologies to create an educational environment which "makes learning interesting, motivating, stimulating and meaningful."<sup>45</sup>

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<sup>43</sup> Mahathir Mohamad, 2006, "*Islam, Knowledge and Other Affairs*", MPH Group Publishing Sdn Bhd, Selangor, Malaysia, (2006).

<sup>44</sup> Sobhi Tawil, 2003, "Curriculum Change: A Global Perspective Introduction to the Open File", *Prospects*, Springer Netherlands, Volume 33, Number1/March, 2003, p. 6.

<sup>45</sup> *Ibid.*, p. 7.

Besides the positive side of the above mentioned purposes there are some negative results from the Higher Education Institutions, for instance, obtaining diplomas for the reason only to get job rather than knowledge. You are what you are earning not learning: Dzulkifli dramatizes the situation in his writing, "Diplomas are reduced to a paper chase for the purpose of seeking jobs as dictated by the market. Otherwise, they are quickly labelled as –unemployable- and –incompetent-."<sup>46</sup>

As the educational vision of Malaysia was articulated in the new acts which seek to reconcile the competing demands of modernity and tradition, freedom and discipline, and educational equality and excellence<sup>47</sup>, the Islamic studies have more carrier opportunities than before by the contribution of the following factors. A research carried out by the Ministry of Higher Education (JPT) in 1991 showed that 89.5 percent of the employers are willing to employ Islamic Studies graduates; Financial Market Master Plan 2010 showed that Islamic Financial market will increase to almost 1000 percent (nine times higher) in the year 2010; growing a number of Islamic organizations which have been established in the country as well as in the globe; Islamic organizations are rapidly growing in Islamic and non-Islamic countries; fundamental elements of Islamic law are being involved in Islamic and non-Islamic banking institutions, capital market, corporate governance; research institutions, Middle East Islamic Studies locally and internationally create abundant job opportunities for Islamic Studies graduates. Another factor for enhancing the employability of Islamic studies is the awareness of policy makers; new proposals of JPT to 'double major' specialization in higher education programs; training institutions; skills training centres, etc.<sup>48</sup> In addition to these advantages for Islamic studies graduates, they must acquire both internal and external factors which influence employability. These factors are can be mentioned according to the research done<sup>49</sup> by Mohammad Haji Alias, Zurina Kefeli, Nursilah Ahmad in the Islamic Science University Malaysia (2007): the internal factors which are academic achievement, ICT skills, Need a break, self-confidence, no suitable jobs, work experience, communication skills, too choosy, family responsibility, choose not to work, Arabic proficiency, English proficiency, still looking for a job, small network, personality/appearance; and the external factors are field of study, cost of job search, gender discrimination, technological change, economic slowdown, mobility, access to transport, saturated labour market, administration/clerical skills, information mismatch.

### Conclusion

Islamic banking and financial system which is based on the *shari'ah* values have become the most popular and welcomed as an alternative to conventional banking in the world finance sectors. Surprisingly the alternative way of financial system grabbed considerable amount of the market in both Islamic countries and others. The

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<sup>46</sup> Dzulkifli Abdul Razak, "Returning Our Education to Learning", a column article in New Straits Times, (07.02.2009), [http://www.nst.com.my/Current\\_News/NST/Sunday/Columns/2472515/Article/index\\_html](http://www.nst.com.my/Current_News/NST/Sunday/Columns/2472515/Article/index_html) accessed: 11 April 2009, at: 08:45.

<sup>47</sup> Fazal Rizvi, 2000, "International Education and the Production of Global Imagination" in Nicholas C. Burbules, Carlos Alberto Torres (edt.), 2000, "*Globalization and education critical perspectives*", Social Theory Education & Cultural Change, published by Routledge, New York, London, (2000), 212.

<sup>48</sup> Mohammad Haji Alias, Zurina Kefeli, Nursilah Ahmad, 2007, *ibid.*, pp. 49-50.

<sup>49</sup> *Ibid.*, 78-91.

attention of widespread academics and professionals fostered universities and institutions to offer Islamic Banking system, to provide expert bodies to deal with it in details. Hence, teaching Islamic banking in higher education system is spontaneously introduced. A number of university and research institutes began to specialize in Islamic Banking and Finance; to organize countless of seminars and conferences; to launch numerous research centres and conducted a considerable amount of PhD dissertations in respected world ranking universities.

Globalization encouraged higher education systems and institutions to educate much qualified graduates to deal with the requirements of the market in order to compete with others. In terms of Islamic studies, many researches indicated that the least percentage of unemployed graduates are from Islamic studies. Hence, the globalization resulted that the graduates of Islamic studies have much chance to be employed than others.

In a nutshell, to improve the graduate employability in Islamic studies, the following factors must be conducted: graduates need to develop a variety of interpersonal and manageable skills to be able to acclimatize to fast changing market circumstances and organizational requirements; graduates should be supported and trained by supplementary skills both soft and hard besides main curricular program or courses; to acquire traditional subject based skill is no longer sufficient for graduates, so then double degree or major programs alternatively be considered.

Finally, Islamic studies must have financial capability; internationally qualified teaching staffs; easy and constant access facilities to the sources; professional and dynamic management; strong connection net between intellectuals and academics; high quality ICT technology; facilities to develop commercial performances; successful connections with business and non-business organizations; intellectually and socially equipped staff to carry the institution academic ranking of world universities.