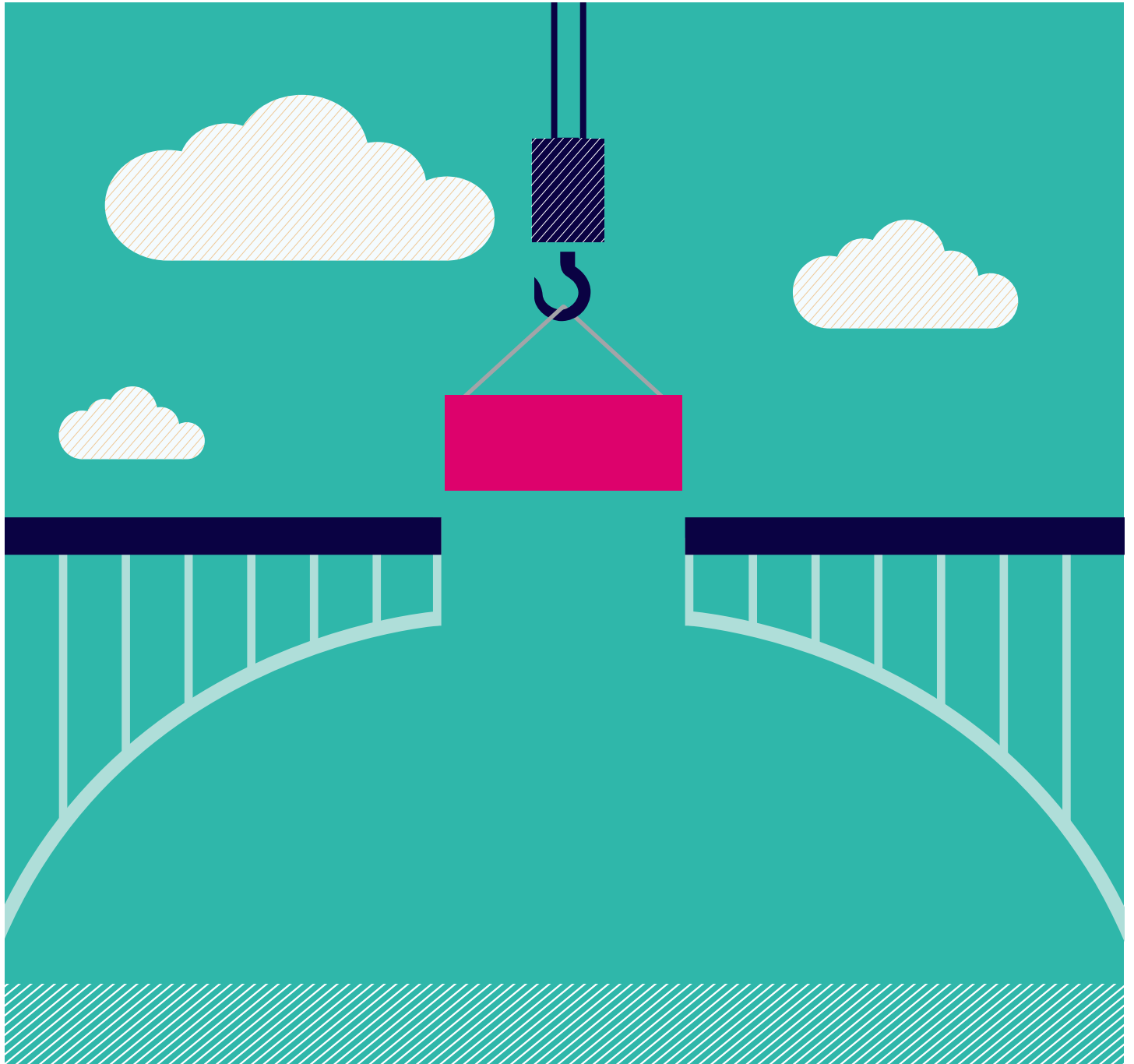


In collaboration with:

**TalentCorp**  
MALAYSIA

Chartered Institute of  
Management Accountants

**CIMA**



# *Ready for business*

Bridging the employability gap  
The Malaysian perspective

Supporting partner:





## ABOUT CIMA

*The Chartered Institute of Management Accountants, founded in 1919, is the world's leading and largest professional body of Management Accountants, with over 218,000 members and students operating in 177 countries, working at the heart of business. CIMA members and students work in industry, commerce, the public sector and not-for-profit organisations.*

**CIMA**

Chartered Institute of Management Accountants

## ABOUT AICPA

*The American Institute of Certified Public Accountants (AICPA) is the world's largest association representing the accounting profession, with more than 394,000 members in 128 countries and a 125-year heritage of serving the public interest. AICPA members represent many areas of practice, including business and industry, public practice, government, education and consulting.*

**AICPA**

## ABOUT CGMA

*Two of the world's most prestigious accounting bodies, AICPA and CIMA, have formed a joint venture to establish the Chartered Global Management Accountant (CGMA) designation to elevate the profession of management accounting. The designation recognises the most talented and committed management accountants with the discipline and skill to drive strong business performance.*

**CGMA**  
Chartered Global Management Accountant



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## ABOUT TalentCorp

The Malaysian Government has initiated an Economic Transformation Programme (ETP) to move Malaysia up from an upper middle income economy to a high income economy by the end of the decade. Talent is a key enabler for Malaysia to successfully drive this economic transformation. As Malaysia focuses more on knowledge intensive and innovation led activities, it becomes increasingly important that key economic sectors driving the country's development are supported by a dynamic, highly skilled, and diverse workforce. Towards this end, Talent Corporation Malaysia Berhad (TalentCorp) was established in January 2011 to drive initiatives towards catalysing talent for the ETP. To meet the demand of industries involved in the economic transformation, TalentCorp drives initiatives around three talent supply segments: Malaysians at home, Malaysians abroad and foreign talent.

In collaboration with:

**TalentCorp**  
MALAYSIA

## ABOUT MDeC

Multimedia Development Corporation (MDeC) is an agency that advises the Malaysian Government on legislation, policies and standards for ICT and multimedia operations while concurrently driving both the national ICT initiative, MSC Malaysia, and the national digital economy initiative, Digital Malaysia. MSC Malaysia is the platform to nurture the growth of Malaysian SMEs in the ICT industry whilst attracting global ICT companies to invest in Malaysia. Digital Malaysia is a programme to transform the country towards a developed digital economy by 2020, by promoting the pervasive use of ICT amongst Malaysians.

Supporting partner:



# 1. Introduction

*CIMA tackles the challenge of employability in the Malaysian marketplace with a collation of indispensable insights from some of Malaysia's leading companies.*

The outlook on Malaysia's talent and employability landscape was given the benefit of added dimension with the conclusion of three engaging and valuable roundtables in Kuala Lumpur in June 2014.

In collaboration with TalentCorp and the supporting partnership with Multimedia Development Corporation (MDeC), CIMA invited and engaged various corporations from multiple sectors, to share their experiences and thoughts on the employability crisis.

The findings and insights, from over two dozen employers over two days, were at once surprising, meaningful and incredibly varied.

Some views were the diametric opposite of others,

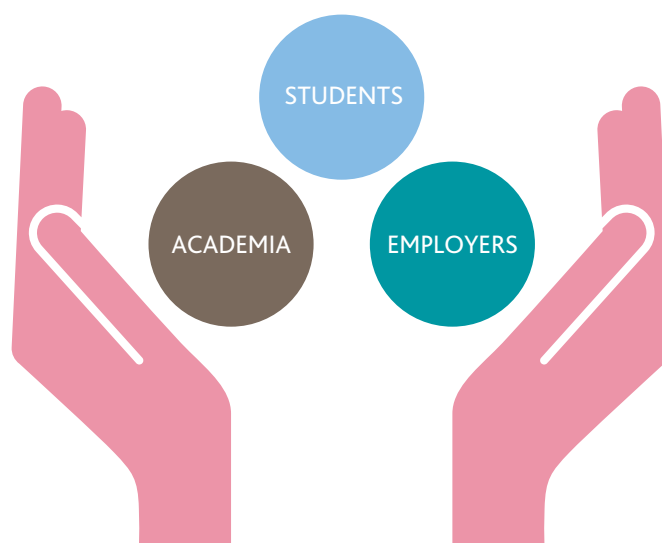
while other insights applied to almost all employers across the board (or, in this case, across the table) that had panellists and speakers nodding in recognition and agreement.

The views were gathered from panellists who represented companies in three distinct sectors: multinational corporations, shared service organisations and government-linked companies.

The views were then collated into three sector-specific reports that were not only fashioned as a fluid amalgamation of panellists' views, but also contained words quoted verbatim that underlined and punctuated some of the panellists' views.

This report is a consolidated statement fashioned from the key insights contained in those sector-specific reports, to give an overview of the Malaysian landscape on employability, and how stakeholders can help to bridge the gap.

For the purposes of clarity and specifics, panellists will also be referred to as employers in this report.



## 2. The Employability Gap: Why It Matters

The subject of employability is a global one. It affects companies across industries and across markets as diverse as the countries in which they operate are as diverse, culturally and economically.

A McKinsey & Co report<sup>1</sup> from 2013 states that while 75 million young people globally are unemployed, the issue of their employability is a complex picture.

The question of whether academia is preparing graduates sufficiently was answered when 72% of educators thought that graduates of their institutions were ready for entry level positions in their chosen field of study.

By contrast, only 42% of employers stated that, overall, their employees hired over the past year had been adequately prepared for work by their education.

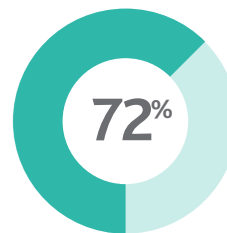
When the same question was posed to graduates, only 45% of those surveyed expressed confidence

that they were sufficiently equipped with the necessary skill sets desired by employers. These findings were stated in the McKinsey & Co report.

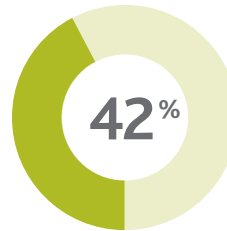
The employability issue – why it exists, how to bridge the gap – within a Malaysian perspective, as CIMA discovered via these roundtable discussions, has its roots in several factors.

The effects of the employability gap can have wide-reaching implications in economies and taxation.

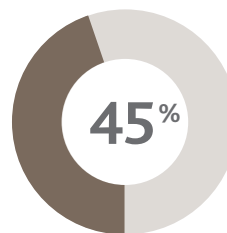
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Graduates expressed confidence that they were sufficiently equipped with the necessary skill sets desired by employers.



1. Education to Employment: Designing a System That Works, M Moorshed, D Farell and D Barton, McKinsey Center for Government, 2013

### 3. Where It Begins: Education

When we think about employability, the mind inevitably must think about education. Whether a person is educated at just the primary and secondary levels, or if he or she has attained the highest levels of specialist education, a person's employability is inextricably linked to his or her level of education. The acquisition of knowledge is an essential step towards employability.

But the issue of education is a multi-pronged one. It can be divided into the sub-issues of syllabus, method of teaching, the type of knowledge and the skill sets gleaned from the educational system.

In the Malaysian context, the views on syllabus were divided.

Firstly, there are some employers who express the view that :

*there is nothing wrong with the syllabus in local Malaysian educational institutions, and that the problem lies in the method of instruction – rote learning, memorisation of theory – that highlights an absence of critical thinking and problem-solving skills in Malaysian graduates.*

At the tertiary level, panellists claim that the regurgitation of knowledge that was hitherto absorbed without question (and with the sole intention of passing exams) was neither beneficial to the end-result of producing a well-rounded graduate nor to the long-term development of talent in Malaysia.

Secondly, there was the converse view that the syllabus needs to include not just work placement programmes (as opposed to internships) but also to be complemented by syllabus-refinement in collaboration with employers, via their input.

On a related note, it was observed that the choice of discipline by graduates can sometimes result in an over-supply of graduates for whom the demand of jobs related to their chosen discipline, was low. As an example, it was cited that there are disproportionately more teachers, doctors and pilots for whom the number of vacancies was sorely limited. This raised the issue of underemployment – the under-utilisation of a skilled workforce – which presents the same challenges outlined below in the same vein as the challenges in the employability gap.

As one employer also succinctly remarked, there is a mismatch between academia and employers.



# 4. How Employers Are A Solution To The Question Of Education.

To this end, the proposed solutions to these gaps are multi-faceted:

2. *Undergraduates can be placed in year-long work placements (as three-month internships do nothing more than teach a student the most basic skills from menial tasks, instead of teaching students other key skills) that could be made mandatory for or requisite to, graduation.*

1. *Employers can contribute their real-world expertise on what employers expect and need, at opportunities where an educational institution's syllabus can be developed, modified or refined, to reflect the rapidly-evolving business landscape.*

3. *Graduates or junior executives can add to their skill sets through enrolment with professional qualifying bodies that shape their syllabuses in tandem with employers' needs and practices.*

On a related note, there is the constant refrain from employers that :

*● graduates often lack key skills (soft skills included) and abilities that are neither related to good academic achievement nor reflected by perfect grades. ●*

In simple terms, good grades do not always necessarily reflect a person's employability. Achievements outside the sphere of education can often be desirable to an employer (to denote, for example, leadership skills, if a student has attained

presidency of a student body or association). While good grades can get a graduate past the first cut of an interview, other skills sets such as, for example, people-management and communication skills will often determine if a new hire is high-potential or otherwise.

This brings the discussion to the subject of skills.





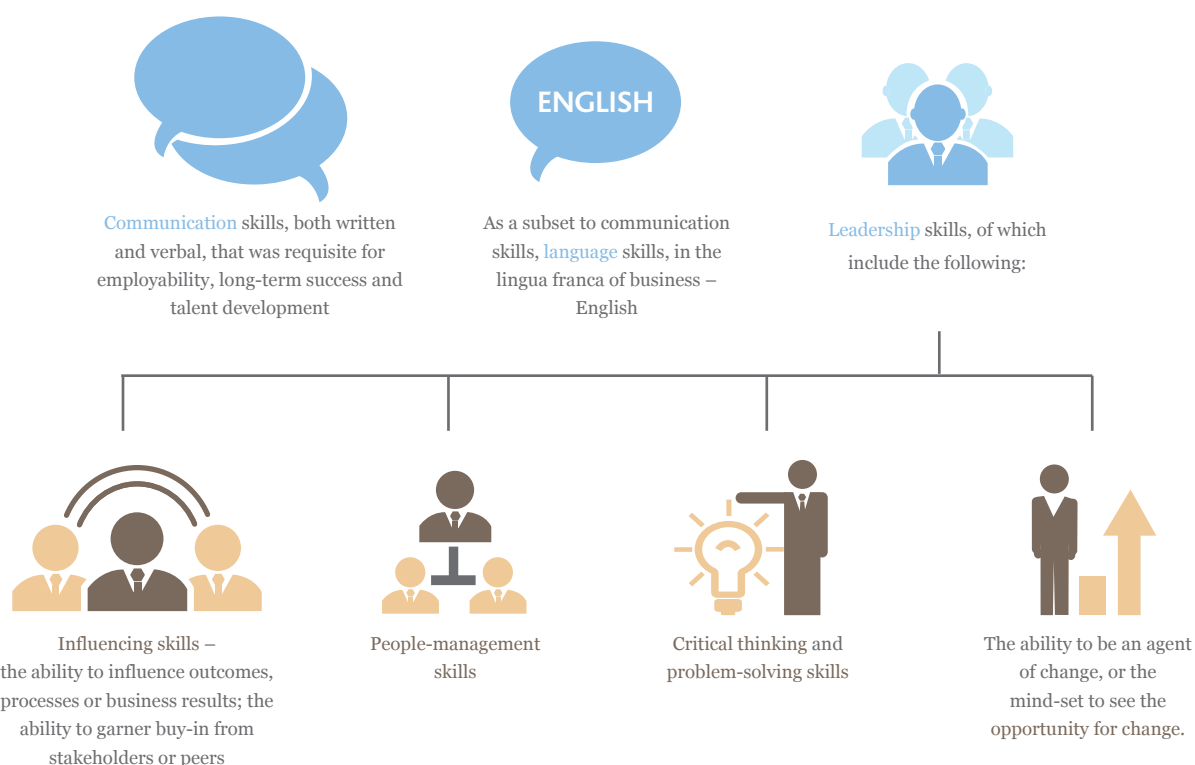
# 5. The Skills Most Desired By Employers

Under the banner of skills, the discussions at all three roundtables took several routes.

popped up repeatedly without refrain, regardless of which direction the conversation flowed.

The agreement on the lack of the following skills in graduates was almost universal in that the view

*Graduates, in the Malaysian context, lacked:*



Within the three specific sectors, there were specific skill sets and abilities that were prioritised as more desirable than others, but these skills and abilities listed above were either cited as equally important – if not more important, in some cases – than technical skills, depending on which part of the seniority scale an employee stood.

The weightage between technical skills and soft skills differs greatly across sectors and employers. These much-desired soft skills can be taught in real-world work situations outside the ivory towers of academia, it was suggested, or through professional bodies and associations that have recognised, studied and shared best practices in industry.



## 6. How Technology Affects A Person's Employability

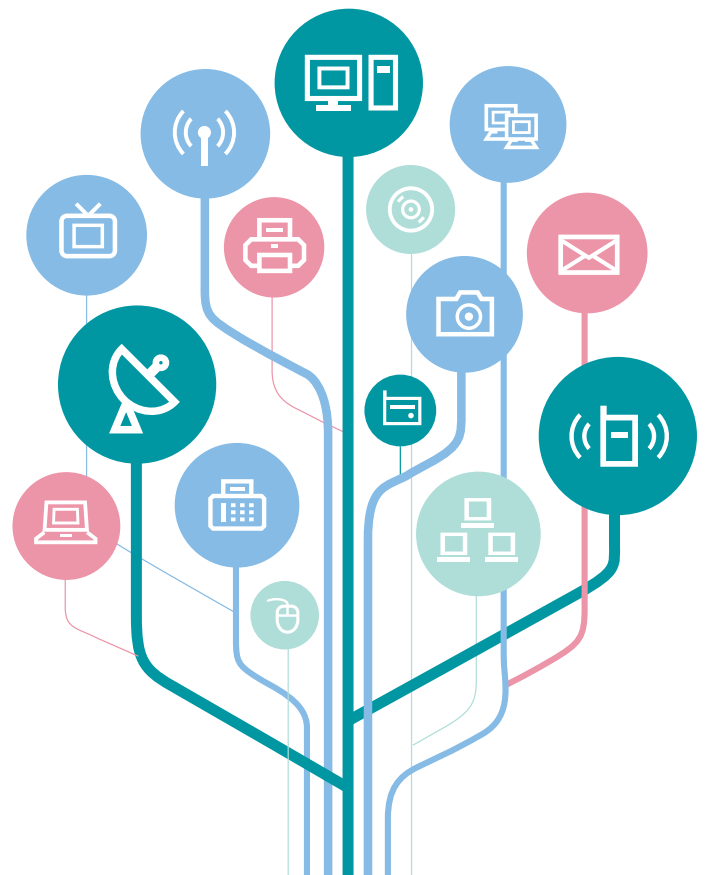
An interesting viewpoint that was shared by Malaysian employers was the advent of technology and automation in the workplace. For some employers, automation and technology has had several effects. For instance, tasks take half the time to be completed, or technology has made basic tasks, such as the generation of a simple balance sheet, redundant insofar that a finance graduate may not be taught how to generate one manually.

Automation has also brought another interesting dimension to employability: where a company uses processes that are automation-heavy, it becomes incumbent on the employee to simultaneously respect the process, understand that it is part and parcel of a career progression plan to more senior levels – and so, do the necessary legwork in a junior position no matter how mundane or menial it may be - and to have some process adaptability, given the fact that automation, too, evolves as rapidly as technology.

In the context of finance and accounting, the skills needed by graduates some three decades ago may be redundant in today's business landscape thanks to technology and automation, but some employers make the discernment – and the emphasis – that :

*the understanding of the fundamentals is as important today as it was 30 years ago.*

This underlines employers' basic need for graduates to have knowledge as an essential foundation, but after graduation, a student needs to understand that real-world work processes require real-life skills that cannot be taught exclusively in academia.



# 7. Stakeholders' Responsibilities

The question of which stakeholder holds more responsibility in closing the employability gap is a divisive one.

Some employers understand intrinsically that in order to retain talent – especially those identified as high-potential - they need to invest in the development of their talent via development and training programmes in-house.

Other employers point to a shared responsibility with other stakeholders.

This brings the conversation back to the complex relationship between academia and industry: it was suggested that :

there needs to be some mutual understanding and collaboration between both stakeholders in producing graduates and talent that are not merely employable, but also retainable, to grow in tandem with the long-term success of companies.



## 8. Students: A Change Of Attitude

Amidst this complex relationship stands the student, the future and present employee, who needs to be in possession of both knowledge, mind-sets and skill sets – fundamental, technical and otherwise - in order to increase their employability and drive their career progression of their own initiative.

It was also recognised that hunger, passion and drive rest with the individual's innate make-up, and these are qualities that cannot be taught or transferred to a person via education nor via employer.

On a side note, employers lamented the lack of the right attitude or a lack of drive in both fresh graduates and employees further up the seniority scale.

The desire to learn, the curiosity for exposure to or immersion in processes and business areas above and beyond their scope of work, were cited as desirable qualities in an employee, even in the absence of sterling academic qualifications.

This ties in with the discussion on leadership skills and business acumen.



## 9. Core Competencies In The Workplace

Based on a report from the UK Commission on Employability and Skills<sup>2</sup>, key competencies were recognised as being applicable to almost any work landscape: the ability to use numbers, language and information technology effectively. Almost across the board, employers agreed that this study pinpointed the key competencies desirable for employability.

Further to this, CIMA formulated a CGMA competency framework in response to the evolving role of the finance professional.

Leadership skills form one key competency, alongside business acumen and core accounting and finance skills.

Almost across the board,

*employers agreed that the CGMA competency framework for finance professionals contained the key skills, abilities and competencies most desirable in a finance and accounting leader and professional.*

Interestingly, however, the issue of big data surfaced more than once.

Employers, when referring to finance professionals who have risen through to middle-management level, cited the ability to draw insight from big data as a key skill that separates future leaders from static professionals.

The ability to discern key messages from big data is often lacking in finance professionals even after experiential on-the-job learning, according to some employers.

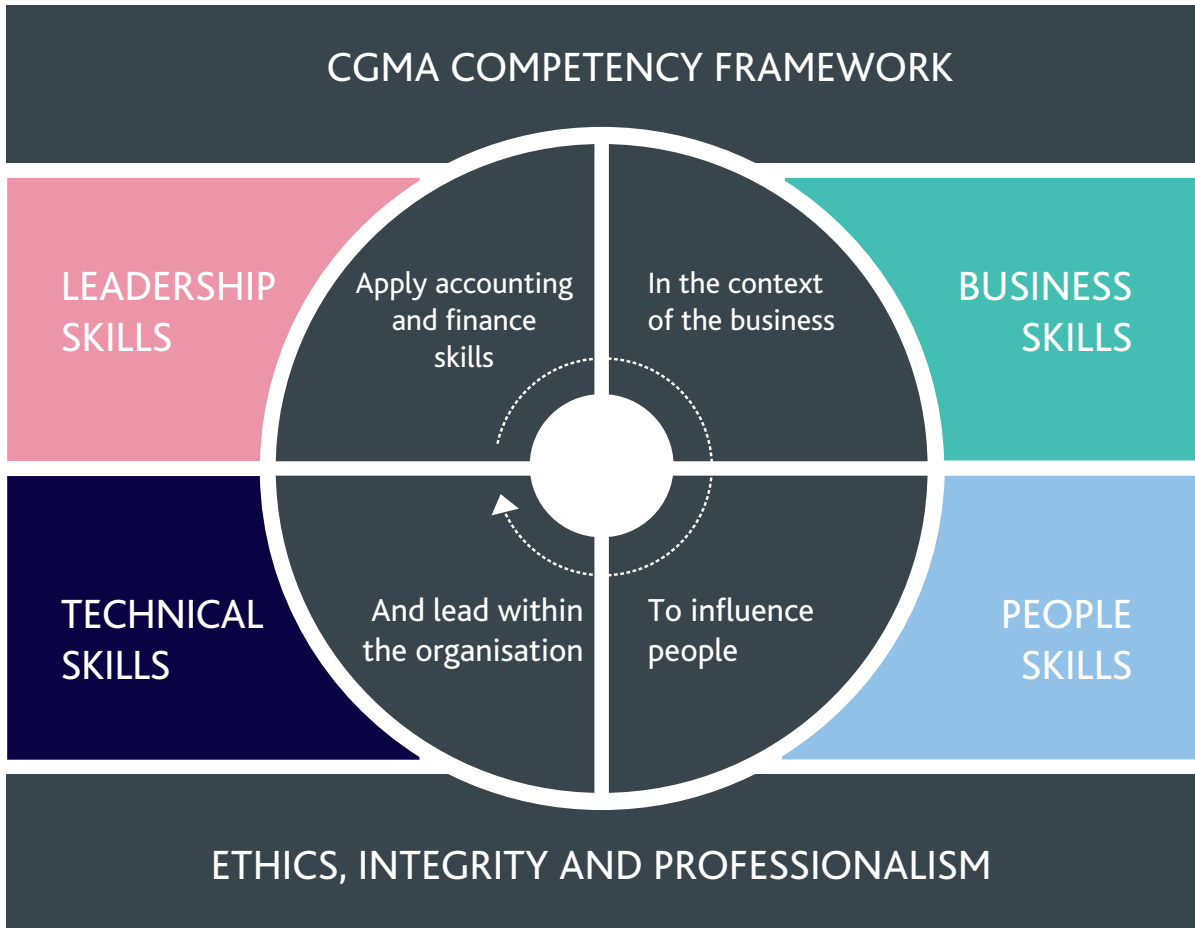
The role of a CFO now incorporates the ability to infer trends; make sound projections and pinpoint weaknesses and strengths critical to the survival of the company, over and above the ability to present technically-accurate data or financial results.

This is where business acumen – understanding how the business works and its place in the larger economy – becomes a key competency for the evolved finance professional.

Further to this point, it was noted that more often than not, the CFO is a CEO in transition, though this is not a steadfastly rigid clear-cut rule of thumb.

### CGMA Competency Framework

The CGMA Competency Framework comprises four knowledge areas - Technical Skills, Business Skills, People Skills and Leadership Skills. These knowledge areas are underpinned by ethics, integrity and professionalism.



## 10. The Future Of Employability In Malaysia

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In summary, the Malaysian landscape contains both challenges and potential for success in the area of employability. It is a complex equation that involves many stakeholders: from students, academia and professional bodies to employers.

Academia needs to produce graduates with not just the foundational knowledge requisite for graduates to make it past the first filter of the hiring process, but also incorporate, in collaboration with industry giants, technical and soft skills that can help a person improve his or her employability in the long-run.

Employers cannot escape the reality that investment in talent development and retention is par for the course in helping to close the employability gap in the Malaysian marketplace.

When high-potential employees become high-achieving leaders – given that the scenarios are in place and

work in tandem – all stakeholders benefit economically as the Malaysian market expands and grows from the sustainable success of employers' businesses.

Combing through the views of the employers who shared their experiences and insights with CIMA, the prevailing wisdom is that while different stakeholders have varying levels of commitment and responsibility in helping to close the employability gap, the situation holds promise for near-term improvement and much potential for long-term, sustainable success that can have far-reaching impact globally.





**Chartered Institute of  
Management Accountants**

Lot 1.05 Level 1, KPMG Tower  
8 First Avenue, Bandar Utama  
47800 Petaling Jaya  
Selangor Darul Ehsan

T. +60 (0)3 77 230 230  
F. +60 (0)3 77 230 231  
E. [seasia@cimaglobal.com](mailto:seasia@cimaglobal.com)

[www.cimaglobal.com](http://www.cimaglobal.com)