

COMPARATIVE STUDY ON TALENT ENHANCEMENT PROGRAMME FOR MAINSTREAMING HUMAN CAPITAL IN ISLAMIC FINANCE

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ABSTRACT: Talent enhancement programme in the Islamic finance industry is very vital for enhancing the growth of Islamic financial sector. The growing challenges in the Islamic finance industry nowadays has positioned talent enhancement programme as a high priority to achieve a sustainable development in the industry. The financial needs of the market participants continue to increase, which has led to a demand for greater and well-functioning human capital in the Islamic financial sector. The aim of this article is to analyze and compare all the talent enhancement programmes in Islamic finance provided by various institutions in Malaysia for mainstreaming the human capital produced by institutions of higher learning. The methodology of research in this article is through qualitative research based on document analysis on various literatures and information pertaining to various talent enhancement programmes in Islamic finance provided by various institutions in this country. The general finding in this article shows that a more proper and concerted effort by all the participating institutions are required in order to develop and design a more comprehensive talent enhancement programme for mainstreaming human capital in Islamic finance.

Keywords: Talent Enhancement Programme, Human Capital, Islamic Finance

1. INTRODUCTION

The current economic reality of tougher regulations, technological advances, demographic shifts, digital lifestyles and work style revolutions, is putting greater emphasis on establishing a larger pool of competent Islamic finance professionals to meet the increasing market share of the Islamic finance industry. The global Islamic finance industry is steadily implanting into the world's financial system as an alternative transaction, offering Shariah compliant financial solutions to various stakeholders. Up to now, there are over 300 financial institutions spread in over 60 countries involved in Islamic financial services. These include, Islamic banks, takaful, Islamic wealth management, Islamic mutual funds, Islamic money and capital markets instruments [1]. Alongside this rapid industry growth, there is also a high demand for skilled human capital, for the industry to continue to develop.

The surge challenges in Islamic financial environment recently has made talent enhancement programme in Islamic finance as a high priority for sustainable development in the Islamic finance industry. With this crucial need, a number of market players and other stakeholders have started with mutual collaborations to fill up the human capital shortage in the industry. The growing relationship between stakeholders combined with market practitioners is important in enabling the Islamic finance industry to build comprehensive competencies in solving the issue of human capital development [2]. In this article, various talent enhancement programmes for mainstreaming human capital in Islamic finance in Malaysia will be analyzed and compared, to address the shortcoming of all available programmes provided by various institutions in this country in order to develop more comprehensive and useful talent enhancement programme for the Islamic finance industry.

2. LITERATURE REVIEW

In the competitive business environment, people play an important role in the survival of any organizations [3]. Giving less attention to this issue will bring disaster to the organization. Thus, human capital can be considered as the most valuable asset of any organization. Skills, knowledge, commitment and motivation are the main components that require enhancements for human capital. In this regard, they need to be developed and continuous training plays a paramount role for talent development [4].

Human capital is defined as people and people are assets whose value can be enhanced through investment. The goal of any investment is to maximize value while managing risk. Investment in people is not limited to provide training and development, but encompass rewards offered to employees [5]. From the human capital perspective, employees are viewed as capital resource that requires investment. Aziz (2007) defined human capital as incorporation of human intellect, labor, workforce and human strengths in the form of employees, customers, business partners and competitors. Quality human capital provides for competent workforce that ensure competency of the employee [6].

The current global competitiveness requires a creation of new knowledge for ease communication with employees. Improving product and service quality may require empowerment of responsibility to lower levels employees [7]. According to Reed & Vakola (2006), organizations' abilities to change are paramount for survival [8]. The capacity of change is associated with organizational learning since organizations have to learn from past experiences [9].

3. METHODOLOGY

The present study utilized the qualitative method based on document analysis on various literatures and information pertaining to various talent enhancement programmes in mainstreaming human capital in Islamic finance provided by various institutions in Malaysia.

4. TALENT ENHANCEMENT PROGRAMMES IN ISLAMIC FINANCE

It is acknowledged that the role of learning of higher institutions is essential to develop talent with higher skill sets. The industry also has an important role to play in ensuring effective use of graduates as they enter the market. The number of graduates in Islamic finance is increasing at a rapid rate every year. Nonetheless, the reality is that the industry still struggling with the shortage of the right talent that can lead and energise innovation. One of the solution is

to match the expectation gaps of the industry and graduates. Talent enhancement program is one area where it can pursue to produce the best of student talent. Enhancement programmes in areas beyond Shariah, such as leadership training at the early stage of recruitment would provide them with the required exposure to understand the business environment and market [10].

The list of all talent enhancement programmes provided by various institution in Malaysia is as follows:

Table (1) Talent Enhancement Programmes in Malaysia

No	Name of Institution	Name of Programme	Programme Objective	Duration	Participant
1	Asian Institute of Finance (AIF).	No specific programme; conduct applied industry research, thought leadership events and host dialogue sessions and roundtables.	The sole aim of raising the profile of the human capital and talent management agenda.	No specific time.	Practitioners in financial service industry.
2	Islamic Banking and Finance Institute Malaysia (IBFIM).	Islamic Financial Planner (IFP), Fundamental Certificate in Islamic Banking and Takaful (FCIBT), Associate Qualification in Islamic Finance (AQIF), Intermediate Qualification in Islamic Finance - Banking (IQIF- Banking) and various modules in Islamic Banking, Takaful, Islamic Capital Market and Islamic Wealth Management.	To serve the needs of the Islamic finance community as well as to create and develop cutting-edge programmes for the benefit of the industry.	Based on each programme: IFP (28 days), FCIBT (9 days), AQIF (8 days) and IQIF (17 days).	Practitioners and non-practitioners in Islamic Bank, Takaful, Islamic Capital Market and Islamic Wealth Management
3	International Centre for Education in Islamic Finance (INCEIF).	Masters in Islamic Finance Practice (MIFFP), Master of Science in Islamic Finance (MSc), PhD in Islamic Finance and Professional Certificate in Islamic Finance (PCIF).	To produce world-class talent for the global Islamic finance industry; offer industry-focused executive education that includes customized executive programmes.	For masters programme: 2 years (full time), for PhD: after completion of dissertation or thesis and for PCIF: 14 weeks.	Working professionals, organization, Islamic finance players and the public.
4	The International Shari'ah Research Academy for Islamic Finance (ISRA).	In-House Shari'ah Management Training Programme, Practical Training (Undergraduate) and Fellowship Programme (Postgraduate).	To relate shari'ah with contemporary issues in Islamic banking and finance; understand the needs and constraints of the industry; structure products and understand shari'ah review and audit processes.	For In-House Shari'ah Management Training Programme: 2 years.	Participant who holding a good Bachelor or Master degree in Shari'ah or other fields from a recognised higher learning institution.
5	Securities Industry Development Corporation (SIDC).	Islamic Capital Market Graduate Training Scheme (ICMGTS) and Graduate Representative Programme (GRP1000).	To facilitate the creation of human capital for the Islamic Capital Market (ICM) and to produce entry-level professionals with strong fundamental knowledge and skills for the industry as well as to prepare graduates with the necessary technical and soft skills requirement and equip them with the necessary knowledge to become licensed persons.	For ICMGTS: 8 weeks and GRP 1000: 24 days.	Graduates in Accounting/ Islamic Accounting, Banking/ Islamic Banking, Business Administration, Economics/ Islamic Economics, Finance/ Islamic Finance, Legal and Shariah.

6	Asian Banking School (ABS)	Financial Sector Talent Enrichment Programme (FSTEP)	To be a bridge that connects the needs of the industry with the talents produced by institutions of higher learning. Beyond that, it is believed that with the right training, exposure and experience, graduates of FSTEP can be put into positions of responsibility over the long term and possibly go on to form the pool of future leaders and senior management for the financial services industry.	3 months	Fresh graduate and has working experience not exceeding 3 years.
7	Chartered Institute of Islamic Finance Professionals (CIIF)	Chartered Professional in Islamic Finance (CPIF), Continuing Professional Development (CPD) and Executive Development Programme (EDP).	The avenue for ensuring that members keep their knowledge and skills up to date; ensuring that they remain highly competent to execute their work as Islamic finance professionals.	No time frame given.	Members with less than 2 years of working experience.

Source: Website of AIF, IBFIM, INCEIF, ISRA, SIDC, ABS and CIIF [11].

5. DISCUSSION AND RECOMMENDATION

From the Table (1), it is obvious that seven (7) institutions provided talent enhancement programme for mainstreaming human capital in Islamic finance in Malaysia namely Asian Institute of Finance (AIF), Islamic Banking and Finance Institute Malaysia (IBFIM), International Centre for Education in Islamic Finance (INCEIF), The International Shari’ah Research Academy for Islamic Finance (ISRA), Securities Industry Development Corporation (SIDC), Asian Banking School (ABS) and Chartered Institute of Islamic Finance Professionals (CIIF). It has been found that each institution provides different types of programme although the overall objective is quite similar which is to enhance the talent and human capital in the industry. For AIF, although no specific programme is provided but, the institution is considered responsible in raising the profile of human capital and talent management in the Islamic finance industry. For IBFIM, programmes provided by the institution is somewhat comprehensive and covers many areas in Islamic finance such as Islamic banking, takaful, Islamic capital market and Islamic wealth management. In addition, INCEIF provides more specialized programmes to cater the current human capital needs in the market by offering masters and Phd level programme.

For ISRA, although this institution is more focusing on research and consultation in Islamic finance but, some programmes are provided to enhance the human capital in the industry such as In-House Shari’ah Training Programme, Practical Training for undergraduate and Fellowship Programme for postgraduate. For SIDC, programme offered by this institution is more concentrating on capital market and both programmes offered are aimed to produce entry-level professionals. FSTEP managed by ABS is considered as a programme provided to fresh graduate who intends to join the Islamic finance industry. Indeed, this program is useful to

pool future leader and senior management for the industry. Lastly, programme offered by CIIF which is more intended to help its members to keep their knowledge and skills up to date.

Comparatively, each programme has specific aims and no comprehensive plan and concerted effort has been made by all participating institutions to re-evaluate all of their programme for the benefit of the Islamic finance industry. This causes overlapping of talent enhancement programmes provided by different institutions, but with similar objective such as in the case of programme offered by IBFIM, CIIF and ABS. Also, programme offered by ISRA and ABS. Only SIDC offers unique programme focusing in Islamic capital market, but still overlapping with programme offered by IBFIM. In comparison, the focus participant for the overall programmes also somewhat similar with one another, which can be divided into two namely for fresh graduate and secondly, for working and experience workers. If the objective is to enhance the talent and capacity building of the human capital, programmes that offered for fresh graduate are more beneficial rather than for working professionals since the specific skills can be natured at the beginning of the employment. Thus, programmes offered by ISRA, SIDC and ABS are more useful for this purpose. Unfortunately, for this three institutions the duration for each programmes are varied with ISRA for 2 years, SIDC for only 8 weeks and 24 days, and ABS for 3 months. This shows that the programme structure, content and syllabus are somewhat diverse for each programme, for each institution.

Therefore, it is proposed from this discussion that all the participating institutions need to work together to develop a new and more comprehensive talent enhancement programme for mainstreaming human capital in the Islamic finance industry. It is proposed that 2 types of programmes be considered to be offered in the market which is first, for fresh

graduate who intends to join the Islamic finance industry and participate at least for one year talent enhancement programme which covers all the pertinent aspects in Islamic finance namely Islamic banking, takaful, Islamic money market, Islamic capital market and Islamic wealth management. The second programme is intended for working professional in the Islamic finance industry to get up to date knowledge and skills in specific areas in Islamic finance for at least three months. This continuous programme should be offered to working professional in Islamic finance industry in order for them to remain highly competent to execute their work as Islamic finance professional.

6. CONCLUSIONS

Despite much effort spent on Islamic finance education and training, there remains numerous challenges to be addressed, particularly in integrating education and training with the requirements of the Islamic financial institutions as well as in streamlining the standards between academic and training programmes. While professional-based and certification programmes enjoy a larger industry participation and feedback, academic programmes have a larger audience of future practitioners. This creates a gap in terms of fulfilling the competency requirements for the Islamic financial institutions. The current scenario requires closer collaboration between the academia, practitioners and Islamic financial institutions in order to bridge this gap. A new and more comprehensive talent enhancement programme should be designed and developed to suit with the local and global demand for Islamic finance industry.

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