

## **Graduate Employability in the Banking: Interpersonal Skills, Competencies, Electronic Services and Employer's Perceptions Perspective**

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**Abstract:** In an era of globalization and competitiveness, employers are looking for electronic versatile graduates who are able to drive their organizations to compete successfully in the market. At present obtaining a good degree is no longer relevant for getting a job. Graduates should equip themselves not only with technical skills but more importantly with soft skills. The main objective of this study is to identify the issues important for graduate employability and the impact of electronic banking on the employability. The theoretical framework of this study consists of three independent variables with one dependent variable. The dependent variable is graduate employability while independent variables are interpersonal skills, perceptions and competencies. Survey questionnaires were distributed among the staffs of several industries in Perlis and collected data were analyzed using SPSS Software. In general the results show that interpersonal skill, competencies and employer's perceptions are significant predictors of graduate employability.

**Key words:** Graduate employability, interpersonal skills, competencies, employer's perceptions, Perlis, issues

### **INTRODUCTION**

Changes are the norms at the workplace. As a result, globalization and development of technology demand employee to be highly skilled (Latisha, 2008; Rahim, 2007). Every employer is looking for a specific set of skills for job seekers that match the skills necessary to perform a particular job. But beyond these job-specific technical skills, certain skills are nearly sought by employers (Rajan, 2010). Thus, the need to establish employability skills among university graduates is imperative. It is important for graduates to improve their skills through training, professional development from someone who understand these skills. Furthermore, in order to see this issue a study need to be conducted to determine whether graduate employability can be enhanced through the perception of employer (Latisha, 2008; Rahim, 2007; Gurrinder, 2008; Laird, 2010; Saunders and Zuzel, 2010; Wye and Lim, 2009; Matthew, 2008). Once graduates understand the skills and characteristics that employer seek, they can tailor the requirement of the employer. The main issues in the economic development of a country are the employment and unemployment rates. A country is said to have sustained growth if unemployment is low. On the other hand, if the rate of unemployment is high, meaning that it is a waste of human resources. Unemployment continues to be one of the most important economic

problems and must be addressed in the labour market. The causes of unemployment are varied and complex. One of the main factors causing unemployment is lacking of employability skills (Saunders and Zuzel, 2010; Wasimudin, 2012; Rafikul, 2011). A lot of terminology of graduate employability used in researching the basic skills needed by graduates (Wasimudin, 2012; Matthew, 2008; Fernandez *et al.*, 2012). Graduates employability skills are those basic skills necessary for getting, keeping and doing well on a job (Robinson, 2000). Graduates employability skills are also known as job readiness skills. The term also refers to the skills required to acquire and retain a job and recent usage of the term is often used to describe the preparation or foundation skills upon which a person must build job-specific skills. Graduate employability can also be defined as a set of achievements, understandings and personal attributes that make individuals more likely to gain employment and be successful in their chosen occupations (Latisha, 2008).

To keep pace with global competition, fresh graduates need to adapt to the new business environment and workplace demands (Vani, 2013). The key element to enable graduates to keep up with those demands seems to be the employability skills and traits that are imparted during tertiary education. It has also become a common belief in industry that higher education institutions

should equip graduates with the proper skills necessary to achieve success in the workplace. The on-going changes in the workplace, the work itself and the development of advance technology surely will require workforce to have advance knowledge in the areas of works, high skills and positive attitudes (Rahim, 2007; Latisha, 2008; Laird, 2010; Wasimudin, 2012; Wye and Lim, 2009). The advancement of new technologies changes the way works are done and brings about a shift of workforce requirement from a low skills to the workforce being well informed and highly skilled (Rahim, 2007).

It has traditionally and shallowly been regarded that a remarkably outstanding Cumulative Grade Point Average (CGPA) obtained by graduates through laboriousness in university has been a passport to seeking for a qualification suited, if not highly rewarded employment. It has therefore, prompted undergraduates to be devoted to concentrating solely on their studies for academic excellence while compromising co-curricular activity participation, through which employment related soft skills are accumulated. Consequently, hard skills learnt from and emphasized through courses of study in university are virtually not complemented by the possession of personal qualities and soft skills among undergraduates. It has therefore come to our knowledge that a perfect blend of personal qualities, soft skills and hard skills will definitely contribute to enhancing graduate employability, a term where its definition can be connoted from various angles (Latisha, 2008; Gurrinder, 2008; Laird, 2010; Saunders and Zuzel, 2010). Thus, this study presents these findings and demonstrates a linkage and influence of interpersonal skills, perceptions and competencies towards graduate employability.

So, the main objective of this study is to examine the influence of competencies, interpersonal skills and perceptions towards graduate employability.

### **Literature review**

**Graduate employability:** There are various definitions of graduate employability and a number of different terms are used. Generic skill is the term used for employability skills in most countries but what is meant by this term varies between countries. Robinson (2000) stated that graduate employability skills are those basic skills necessary for getting, keeping and doing well job and they can be divided into three categories which are basic academic skills, higher order thinking skills and personal qualities. Employability skills are the general skills which play an important role in contributing to employee's successful performance at their workplaces. Some studies suggest that a person's success is not solely determined by

knowledge and technical skills which are hard skills but also by the ability to manage oneself and others employability skills (Wasimudin, 2012). A study by Stuart (2008) suggest that basic graduate employability skills are transferable core proficiencies that represent essential functional and enabling knowledge skills and abilities required to succeed at all levels of employment in the 21st century workplace. Besides, graduate employability also was categorized in the following competency area which are personal values, problem solving, decision making skills, relation with other people, communication skills, task-related skills, maturity, health and safety habits and commitment to job (Latisha, 2008). Management skills also included in the graduate employability.

**Interpersonal skills:** Interpersonal skills include the ability to work in teams, help others to learn, provide customer service and negotiate agreements, resolve differences and work in a multicultural organization.

Graduates across the country find themselves in dilemma to meet future employment needs in the business profession. How do we prepare the undergraduates with interpersonal skills needed interpersonal skills are the life skills we use every day to communicate and interact with other people both individually and in groups. Besides, people who have worked on developing strong interpersonal skills are usually more successful in both their professional and personal lives. Employers often seek to hire staff with strong interpersonal skills. They want people who will work well in a team and be able to communicate effectively with colleagues, customers and clients. A survey on Malaysian graduates discovered that about 60,000 Malaysian Graduates were unemployed due to a lack of experience, poor english, poor communication skills and because they had pursued studies irrelevant to the market place (Gurrinder, 2008). Smith and Kruger, (2008) suggested that interpersonal skills are an important thing to have and can be valuable in almost any situation. Basically interpersonal skills are skills we have that allow to effectively communicate with each other. Good interpersonal skills are able to develop social skills and can effectively communicate with someone using various techniques. Furthermore, interpersonal skills are almost valuable, especially job seekers (Smith and Kruger, 2008).

A research by Therese stated that the UK government's employability agenda has gained momentum over the last 10 years or so, the issue of identifying which skills are valued most highly in the modern workplace has become increasingly important. Amongst UK employers suggested that irrespective of the specific degree courses they have followed, a core set

of interpersonal and communication skills should be evidenced by their graduate employees. The workforce is continuously facing challenges from pressure of workload, working with groups, teams and changing workplace environment. From the research, it has also been proved that all successful nations, economies and companies succeeded only because of their right mix of knowledge pertaining to the core area and the softer part. Besides, it is essential to be technically sound but one should also have the ability to convey the idea to the masses in the simplest possible manner. For this one should possess interpersonal work skills. She also suggested that individuals with excellent interpersonal skills rise to the top in their personal effectiveness as well as organizational growth. Last but not least she stated that interpersonal skills enable undergraduate to interact successfully within the changing and challenging workplace environment in future. Therefore, it is hypothesized that:

- H<sub>1</sub>: interpersonal skills positively and significantly influence graduate employability

**Perceptions:** Within many disciplines in universities, there has been a growing debate on the issue of employability, fuelled by diverse sources such as widening participation agenda and the increasing numbers of students entering higher education. This debate is often presented as the polarization of arguments about whether students should be studying purely for the knowledge and skills they will acquire on their degree course as opposed to the ways in which the knowledge and skills acquired will enable them as graduates to gain successful employment. During the past few years there have been substantial studies conducted dealing with the graduate employability that students must acquire in order to obtain and keep entry level jobs. Most of these studies have analysed the perceptions of employees concerning the workplace skills they need in order to maintain entry level jobs. Although, the information obtained from this research is extremely valuable, it is the perceptions of employers willing to hire these graduates which will provide a better insight into the skills that are now demanded (Gurrinder, 2008). In graduate employability there has been a different perspective and perceptions. What skills for employment are they acquiring through their degree courses and how important is employability for students before they graduated. These perceptions will be discussed more and different research conducted give different perceptions on

employability skills of undergraduate students such as Malaysian graduate's employability skills (Gurrinder, 2008), evaluating employability skills: employer and student perceptions (Saunders and Zuzel, 2010) and vocational technology education student's perceptions on employability skills (Wasimuddin, 2012). Some of the research shows positives, negatives and both positives and negatives in their researches. So, there is inconsistency in the findings and it has to be investigated further. Thus, it is hypothesized in this study that:

- H<sub>2</sub>: employer's perception positively and significantly influences graduate employability

**Competencies:** Employability competences have become part of the graduate employability. So, what are employability competencies. The tuning project defines them as a dynamic combination of knowledge, understanding, skills and abilities which are obtained by a process of learning. The International Board of Standards for Training and Performance Instruction (IBSTPI) uses the definition knowledge, skills or attitude that enables one to effectively perform the activities of a given occupation or function to the standards expected in employment. These competences can either be generic across all study areas or subject specific based in a particular discipline or sector. Woodruffe defines competence in terms of meeting performance goals at work while Armstrong brings competencies is in the concept of knowledge transfer. The definitions and meaning of competency are numerous and often used in a similar context to the terms generic skills and attributes. From an educational perspective, the New Zealand Qualifications Authority defines competency as the ability of individuals to apply knowledge skills, attitudes and values to standards of perfection. However, from an industry perspective, competency can be seen to be the underlying personal characteristics of an individual that facilitate superior performance in a given situation. Zegwaard stated that an individual is deemed competent if he or she has the generic skills and attributes relevant to the tasks to be undertaken.

Attributes (competencies) can be defined as fundamental characteristics of a person they are the personal qualities that are applied by an individual to a specific task or situation. Skill can be defined as an attribute or ability to perform a task to an acceptable level, the routine implementation of the acquired knowledge or attributes (Canter, 2000). Meanwhile, Birkett believes that

it is the relationship between contextual, task performance and individual attributes that constitutes competence. Weisz comments that many co-operation employers used the terms attribute competencies and behaviours interchangeably to mean non-discipline specific skills or generic skills. For the purpose of this study and to allow comparison with similar studies the term competency will be used and represented as the personal characteristics of an individual that result in superior performance in a given situation and increases the chance of employability. So, it can be hypothesized that:

- H<sub>3</sub>: competencies positively and significantly influence graduate employability

## MATERIALS AND METHODS

The research method of this study involves a survey of graduate employability. Refer to the literature reviews, there are three independent variables that required being tested its relationship with graduate employability which are interpersonal skills, employer's perceptions and competencies. This research is using simple random sampling method. The sampling population included management staffs of Shorubber Malaysia Sdn. Bhd. Cement Industries of Malaysia Bhd. (CIMA) and Kilang Gula Felda Perlis. This study used drop and pick technique method to distribute and collect the questionnaires. This method is used due to the limitation of time. The survey instrumentation was adopted from Stuart where the original survey was being used to determine the graduate employability. The other survey was also used to determine the independent variable of interpersonal skills, employer's perceptions and competencies (Fernandez *et al.*, 2012; Wye and Lim, 2009; Gurrinder, 2008). From the literature review, the original questionnaire was edited to meet the objective of this study. This study uses five point scales. This scale has advantages because it is easy to construct, administer and score. The collected raw data were analysed by statistical method. In this study, a statistical software name Statistical Package for Social Science Version 17 (SPSS 17.0) was used. Software product used for statistical analysis including data access and preparation, graphics, modelling and analytical reporting. Frequency analysis was added to present the main characteristic of the sample. Reliability analysis is used to study the properties of measurement scales and the items that make them up. Finally, correlations and regression analysis were done to investigate the relationship between variables and test the hypotheses of the study.

## RESULTS AND DISCUSSION

**Respondent's profile:** This study found that 62.7% are male and the remaining 37.3% are female. Majorities of the respondent are married couple and belongs to the age group 30-50 years old which refer to generation X. Most of the respondents are diploma holders and work for the non-government (Table 1).

Majority of the respondents are young aged between 26-35. Very few senior citizens participated in the survey. Table 2 shows the results of reliability test. It is clear from the table, that all the constructs have Cronbach alpha value above 0.7 which is enough for the internal consistency and reliability of data.

**Correlation analysis:** Correlation is a statistical technique which tells us if two variables are related. The results of correlation analysis between the independent and dependent variables have been depicted.

From Table 3, it can be seen that employer's perceptions have high correlation towards graduate employability followed by interpersonal skills and competencies. This shows that, perception of employer is important in the determination of graduate employability. The perception of employers to hire these graduates is important which will provide a better insight into the skills that are now demanded. The value of correlation coefficient between graduate employability and interpersonal skills is 0.795, graduate employability and employer's perceptions is 0.831 and graduate employability and competencies is 0.782. This means that, the correlation between graduate employability and all independent variables is quite strong. So, all the variables are positively related to graduate employability.

**Testing hypothesis using regression:** In this research, regression analysis was used to find out the significant effect of independent variables on dependent. Table 4 presents the results of regression analysis for the study.

From the results in Table 4 it is clear that interpersonal skills are highly significant in influencing graduate employability. It is significant with positive beta value (0.303) at a confidence level (Sig. = 0.028). This means, 97.2% probability of being correct that the variable have an effect. Thus, hypothesis 1 which states "There is a significant influence of interpersonal skills towards graduate employability" is accepted. This indicates that an interpersonal skill is one of the skills needed by graduate in employability skills, so that, they can communicate effectively and adapt well in the working environment. The results also showed that employer's

Table 1: Respondent's profile

| Variables/Categories      | Frequency | Percentage |
|---------------------------|-----------|------------|
| <b>Gender</b>             |           |            |
| Male                      | 47        | 62.7       |
| Female                    | 28        | 37.3       |
| <b>Age (years)</b>        |           |            |
| Below 26                  | 10        | 13.3       |
| 26-30                     | 14        | 18.7       |
| 31-35                     | 20        | 26.7       |
| 36-40                     | 12        | 16.0       |
| 41-45                     | 10        | 13.3       |
| 46-50                     | 5         | 6.7        |
| 51-55                     | 4         | 5.3        |
| Above 56                  | 0         | 0.0        |
| <b>Marital status</b>     |           |            |
| Married single others     | 8         | 10.7       |
|                           | 1         | 1.3        |
| <b>Level of education</b> |           |            |
| Secondary level           | 18        | 24.0       |
| Diploma level             | 44        | 58.7       |
| Degree level              | 13        | 17.3       |
| Master level              | 0         | 0.0        |
| Doctorate level           | 0         | 0.0        |

Table 2: Results of reliability test

| Variables              | Number of items | Items dropped | Cronbach's $\alpha$ | Remarks              |
|------------------------|-----------------|---------------|---------------------|----------------------|
| Graduate employability | 12              | 0             | 0.899               | Dependent variable   |
| Interpersonal skills   | 7               | 0             | 0.872               | Independent variable |
| Competencies           | 15              | 0             | 0.93                | Independent variable |
| Employer's perceptions | 11              | 0             | 0.905               | Independent variable |

Table 3: Correlation between Independent variables and dependent variable

| Variables              | Graduate employability | Interpersonal skills | Employer's perceptions | Competencies |
|------------------------|------------------------|----------------------|------------------------|--------------|
| Graduate employability | 1.000                  |                      |                        |              |
| Interpersonal skills   | 0.795**                | 1                    |                        |              |
| Employer's perceptions | 0.831**                | 0.848**              | 1                      |              |
| Competencies           | 0.782**                | 0.869**              | 0.887**                | 1.000        |

\*\*Correlation is significant at the 0.01 level (1-tailed)

Table 4: Result of regression analysis

| Variables              | Beta  | Sig.  |
|------------------------|-------|-------|
| Graduate employability |       | 0.297 |
| Interpersonal skills   | 0.303 | 0.028 |
| Employer's perceptions | 0.532 | 0.000 |
| Competencies           | 0.298 | 0.031 |

$R^2 = 0.720$ ; F-value = 60.844; Sig. = 0.000

perception is a significant predictor of graduate employability. It is significant with a positive beta value (0.532) at confidence level (Sig. = 0.000) with employer's perceptions. This means, 100% probability of being correct that the variable have effect. Thus, hypothesis 2

that posited "There is a significant influence of relationship between employer's perceptions towards graduate employability" is accepted. Lastly, from the result in Table 4 the relationship between graduate employability and competencies is significant and positive. Thus, hypothesis 3; "There is a significant relationship between competencies and graduate employability" is also accepted. In the regression model,  $R^2$  is 0.720 which implies the interpersonal skills, employer's perceptions and competencies can explain 72.0% of the variation in the graduate employability. This means that, the results have good explanation towards graduate employability and another 28% should be explained by other factors. Meanwhile, the value for F is 60.884 and was found to significant at 10% significance level. This shows that, the regression model used is fit to predict the outcome of the research. The value of Durbin Watson is 1.974 which is within acceptable range hence, no autocorrelation exist in the relationships. From the histogram analysis, normal distribution indicates that data have no skewness or kurtosis issues. Referring to PP plot, it was deduced that no linearity problem since data distribution falls closely to regression line.

## CONCLUSION

The focus of the present study is to explore the determinants of graduate employability and how the banks help electronically to decrease the Employability. The findings of this study revealed that interpersonal skills, employer's perception and competencies are strong predictors of graduate employability. This study depicted that interpersonal skills have significant influence towards graduate employability. The result is supported by Fritz and Fodter (1992), Varsha, Thomas and Schroder (2002), John *et al.* (2012), Laird (2010) and Fernandez (2012). Interpersonal skills are the life skills we use every day to communicate and interact with other people both individually and in groups. Graduates that worked on developing strong interpersonal skills are usually more successful in both their professional and personal lives. Employers often seek to hire staff with strong interpersonal skills. They want people who work well in a team and be able to communicate effectively with colleagues, customers and clients. Graduates with good interpersonal skills are usually perceived as optimistic, calm, confident and charismatic and these qualities are often endearing or appealing to others. Hypothesis 2 was also accepted in which employer's perceptions have been found to have a strong influence towards graduate

employability. This is supported by research done by Gurrinder (2008), Saunders and Zuzel (2009) and Carrie (2011). Now a days, the employer is not only looking for graduates that have good result, but also graduates must possess good employability skills that form perception towards the candidate. The employability skills include adaptability, cooperation, leaderships, critical thinking, management skills, work ethics, good manner, punctuality, problem solving, communication skills and others. The possibility of hiring graduates that have employability skills is higher demanded and competitive environment. Hypothesis 3 that examined the influence of competencies towards graduate employability. This hypothesis was accepted. This hypothesis can be supported by research done by Rahim (2007), Wye and Lim (2009), Hema (2008) and Inta (2008). Graduates that have expertise or competencies act as a bonus to be hired by the company. This is because it can save time of learning, training, develop skills and others. The professional skills can't be developed during a short period of time as the skills need to be practiced. Thus, it is advantageous for those graduates that have certain competencies in their present job. In this study, the determinants of graduate employability were examined among employer.

## RECOMMENDATIONS

The implication of the study may affect the perception of graduate employability for graduates in facing future working area and hopefully it gives impact to other's organizations, company, educational institute, government and non-government sectors. In conclusion, in order to increase the graduate employability, graduates should have positive interpersonal skills, good perceptions of employers and competencies.

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