

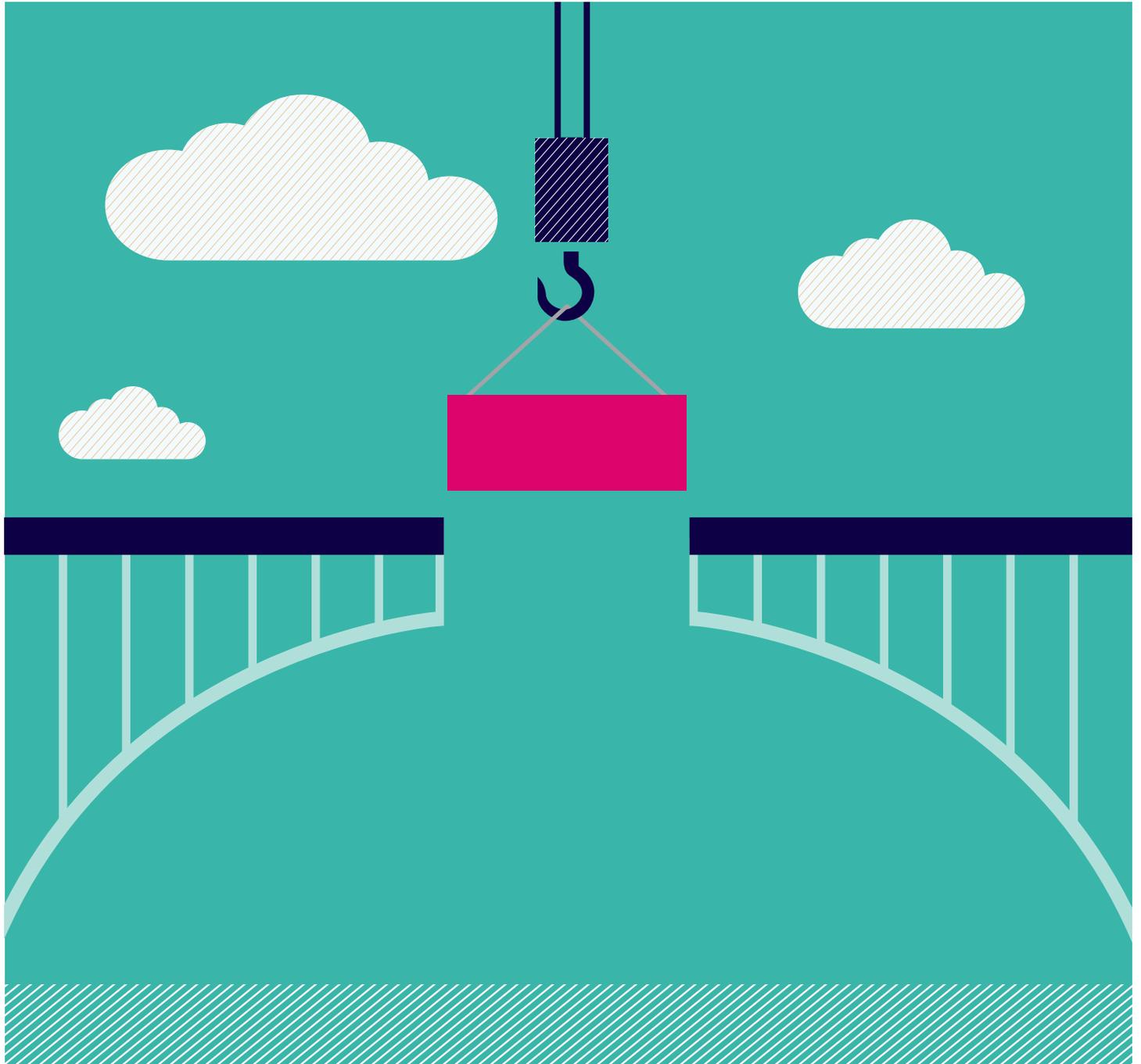
Supported by:



IKATAN AKUNTAN INDONESIA

Chartered Institute of
Management Accountants

CIMA



Ready for business

Bridging the employability gap
The Indonesia perspective



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



Contents

1.	The Employability Gap	1
2.	The Big Issue: The Employability Gap	2
3.	The Issue of Employability in Indonesia	3 - 4
4.	The Gravitational Pull For Graduates: Are You An Employer Of Choice?	5
5.	Are Universities Producing Employment-ready Graduates?	6 - 7
6.	Skills: The Gaps In Competencies	8
7.	The Culture of Education	8
8.	Managing Expectations	9
9.	How Do You Develop Talent?	10
10.	The Conversation Between Education And Industry	11
11.	Ownership of the Employability Agenda	12
12.	Skills for Finance Professionals	13 - 14
13.	The Outlook and the Last Word	15



1. The Employability Gap

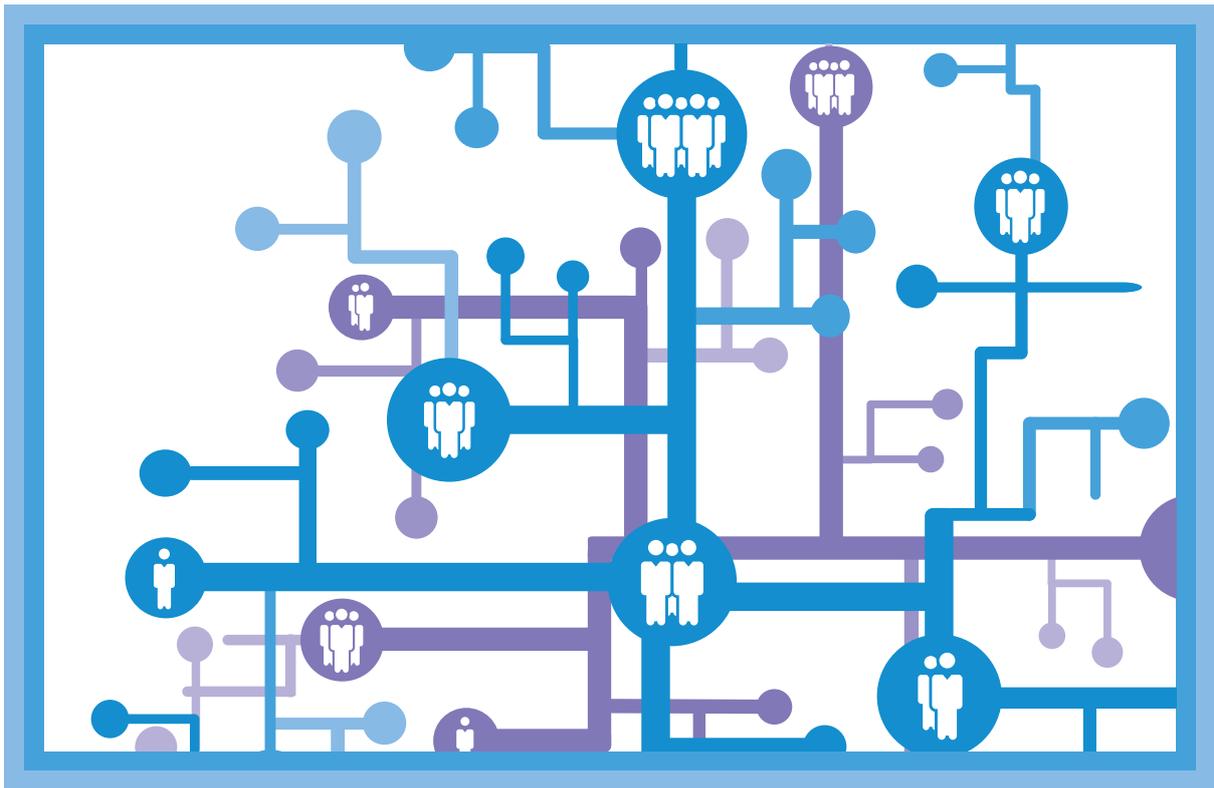
Two roundtables were held recently in Indonesia as part of the CIMA Roundtable Series, to discuss the subject of the employability crisis.

A total of 12 panellists from various sectors, such as oil and gas, financial services, business advisory, engineering, recruitment, pharmaceutical, property, technology and manufacturing, spoke over the course of two separate sessions, held respectively in July and September 2014.

The panellists bring with them a variety of viewpoints and a wealth of experiences as some perform commercial or financial roles while others either a legal, management or a human resource role.

This brings a rich, textured dimension to the conversation about employability and its relationship with sustainable success.

This report encapsulates the key points and views expressed from all panellists present at the two insightful roundtable sessions.



2. The Big Issue: The Employability Gap

Across the world, two challenges persist: unemployment and under-employment. Jobs are available but finding the right person for the job is a challenge. The former is self-explanatory where the latter is defined by situations where skills exceed the role, or where there is a mismatch between the skills and roles.

While the employability gap differs from country to country, the underlying issues and related sub-issues share some similarities across borders.

The employability gap affects the tax revenue base and employers face challenges in sustaining success for their organisations.

Any effect on the tax base has long-term implications on national development plans. Less tax revenue can mean the welfare system is choked or development plans suffer shuddering halts.

Thus, employability is not an issue in isolation confined to the sphere of organisational productivity – employability has far-reaching consequences that can change an entire societal landscape.

Business needs people to populate it: without the right people, a business faces stunted growth.

There are burning questions that are all inter-related, such as what business and societies need, what employers and educators need; these issues all have an impact on business, society, education and individuals.

CIMA hopes to contribute, through its research, deep, lasting and pragmatic insight to the conversations on these issues.



3. The Issue of Employability in Indonesia

As one recruitment and talent specialist opined, there is a lack of good talent in the Indonesian market and the challenge is in building up the capabilities of the people who populate Indonesia's talent market.

A common question faced by employers, when asked to give lectures or talks to undergraduates, is "How do I build my career?" or related questions of how to 'survive' in the working world of full time professional employment.

Do educators and employers need to talk to each other to understand each other's expectations?

In response to the question of whether educational institutions were producing employment-ready graduates, one panellist shared that he has found, generally, that graduates do meet expectations of the employer.

He elaborated further in stating that the organisation that he represents (in the banking sector) look for candidates who possess a strong quantitative background as well as strong interpersonal skills and communication capabilities.

The quality of what we've found so far has been pleasing.

The people this panellist had selected for employment were very robust in terms of selection criteria and the assessments they were put through.

However, another pressing issue is not so much about the lack of quality people: the issue is also, once the organisation has trained these employees who have served for two years, HOW to keep them. The retention of thoroughly skilled talent is a concern for some employers.

Losing these people to competitors is not the ideal scenario.

When these highly skilled and well trained employees know that they are good, explains one panellist, their expectations mutate. They may demand to be exposed to greater opportunities or meatier roles/positions within the organisation that has trained them.

Managing these expectations can grow into a problem if not handled properly.

Another panellist echoed this sentiment by stating that he recognises the signs, in his experience in graduate recruitment, when candidates become more competitive (in terms of desirability). They often possess desired qualities such as good IT capability, the capacity for critical thought and strong communication skills.

In the interests of honesty, however, the panellist also added that a disproportionately large proportion of these capable and desirable graduates tend to have graduated from international/overseas institutions. An estimate of the percentage falls around the 40% mark, even though he mitigates this with the view that there are capable graduates who have come through the local education system, but this latter

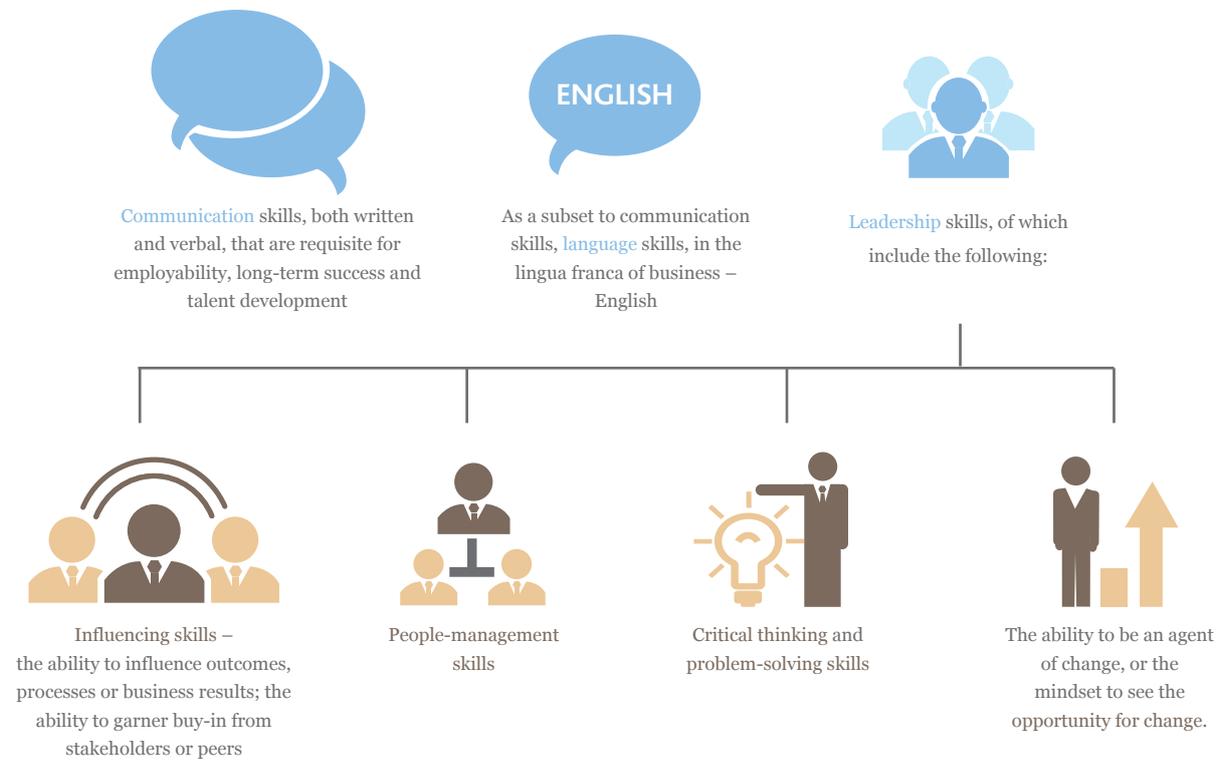


group makes up a fraction, roughly 1-2%, of the 'robust and competitive' candidates.

It was observed that other professionals – such as engineers – were held in higher regard.

In the Indonesian context, it was expressed specifically that accountants are generally looked down on, a cultural norm observed by one panellist some seven years ago upon his entry into the market.

This scenario has now changed, in part due to more concerted efforts (in that organisation) to show how accountants are a pivotal part of organisations.



4. The Gravitational Pull For Graduates: Are You An Employer Of Choice?

From the perspective of another employer, however, employers that are deemed attractive to graduates tend to have the more select pick of the bunch, where the bunch here refers to desirable candidates.

Where employers represent an industry or a sector that is not traditionally prestigious, attractive, glamorous, high profile or well known enough to have employed some of the brightest minds (or retained these stars), employers may be forced to hire candidates who come from a lower rung of achievement.

In this scenario, a recruiter may find surprises, such as candidates not knowing the basics or fundamentals in accounting principles, despite having graduated from one of many ubiquitous private universities.

In the Indonesian market, there is the observation that the 'bigger', more powerful or prestigious employers (those deemed more attractive to graduates) have emptied the pool of seriously-talented talent, leaving the dregs of the talent pool for other employers.

Some companies that have experienced a dilution in terms of populist or well known public branding may find the problem that they are no longer a member of some arbitrarily defined group known as 'an employer of choice.'

One employer shared his experience by relating how the organisation he represents makes a concerted effort to go to universities to help their image in this respect (with an aim to attracting more graduates with a technical background.)

For one employer, a key point he looks for in graduates is whether that person has any actual knowledge as to the nature and background of the business of the employing organisation.

When hoping to attract graduates with a more well rounded business mind-set, however, this employer finds it difficult to compete with giants such as global banks or multinational oil companies, in getting the best graduates.

Another employer clarified, however, that often what makes the cream of the crop stand out – among stellar candidates, whether from direct entry or through management training programmes – is where the level of curiosity, the drive to succeed and the ability to build relationships are often exceptional to the norm.

Therefore, while it is recognised that some universities do teach graduates the key fundamentals that employers find satisfactory, there is, conversely, a segment of private universities who are 'not up to the mark' in preparing graduates sufficiently for employment.



5. Are Universities Producing Employment-ready Graduates?

Communication skills, the ability to interact with colleagues and higher-ups: these skills were often found to be lacking in graduates.

Teamwork, interaction and collaboration: these are the areas that some employers find so key, and yet so lacking, in graduates.

But what is equally key is the story behind the numbers.

This point illustrates what many recruiters often look for in a candidate, even in a finance professional - the ability to understand the whys beyond the what, what drives the business, why some numbers are what they are. These are the critical insights employers need from an employable candidate - the ability to think critically.

In some cases, this can be termed business acumen; in others, it can be termed learning agility or, intellectual flexibility or curiosity.

In other cases, this characteristic can be extended into the (desirable) ability to be a capable problem-solving person.

For some employers, learning agility can override other capabilities in desirability when looking at potential candidates to hire. The danger lies in candidates who want to learn on their terms and not on the employers' terms.

While business acumen and understanding are very desirable traits for some employers, a sense of business ethics is one characteristic an employer may look for when recruiting.

You can hire someone based on skills and experience, but you can fire them based on attitude.

This underlines the emphasis with which some panellists place on soft skills and characteristics that are not always reflected on a CV.

Conversely, it is not so desirable to hire someone who possesses a good attitude but continually fails to deliver.

In this respect, some employers place some importance on a personality test during the recruitment process.

Possessing the patience and perseverance to finish a job or the ability to fit into a company's culture: these are some of the traits a recruiter thinks heavily about.

One panellist went so far as to say universities only prepare graduates to being only 50% ready for employment, the gap being primarily the area of soft skills.

There is the lament that many university lecturers do not possess the necessary work experience that justifies them teaching certain bodies of knowledge to students. A clear analogy would be expecting an experienced, world-savvy chef or cook to teach the culinary arts, as opposed to someone who has merely studied (and memorised) the theories devoid of real world experience.



One should not expect a student of business to learn from someone who has not been immersed in a real life business environment previously.

There is a plentiful supply of graduates in the Indonesian market, says another panellist, but those who meet employers' requirements are, lamentably, in short supply.

The quantity is there, but the quality of the talent pool in Indonesia is still, generally, below employers' expectations, with an indefinable – but small – percentage of capable, rising stars.

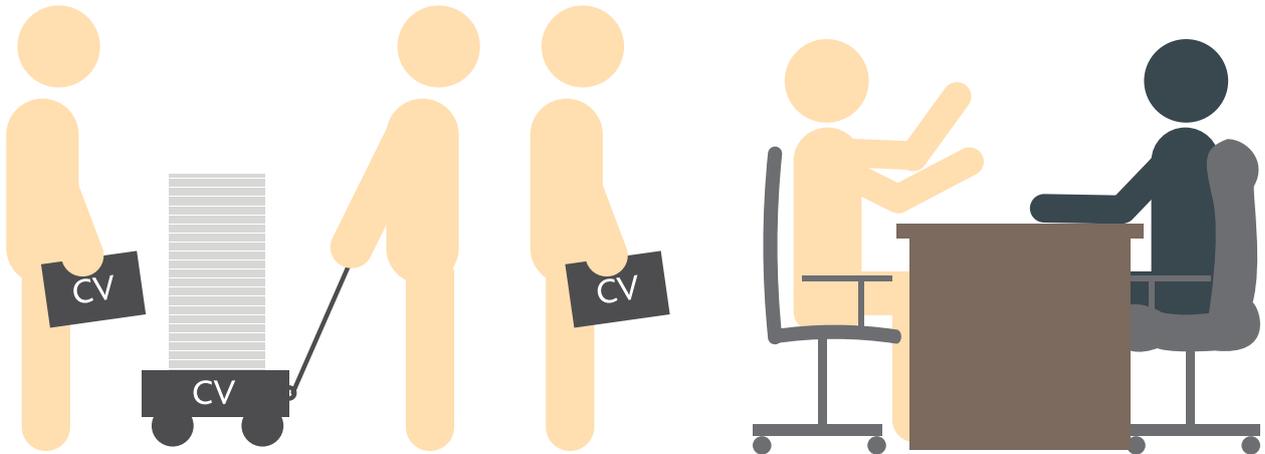
This was echoed by several panellists.

Going into this issue deeper, as one panellist explained, one sees how there is fierce competition for undergraduates to obtain a place in the top five universities in Indonesia.

It is recognised, locally, that graduates from these top five universities tend to contain the 'best people.'

Grudgingly, one panellist admitted that graduates from other universities in Indonesia (not in the top five) are 'second class.'

The volume of good people is low.



6. Skills: The Gaps In Competencies

Language skills are often severely lacking. This is an oft repeated refrain from many panellists.

Students can argue in Bahasa Indonesia but are found to struggle when required to argue in English. The capacity and willingness to argue, too, is found lacking.

Specifically, however, while English is recognised as the language of business, as one panellist explained, the ability to communicate in a relevant and effective manner to stakeholders, is important and often, lacking.

Leadership and influencing skills, often absent in educational arenas and often gained off-campus and

in work environments (thereby strengthening the argument for valuable internship opportunities) are very much desired by some employers.

Furthermore, as one panellist emphasised, there are employees who are not flawlessly proficient in English but possess confidence and excellent people skills, who – contrary to the stereotype that only fluent English language speakers succeed – thrive in the workplace.

Competence and confidence cannot exist singly in isolation and independent of each other: in many cases, a merger between both areas is most desirable.

7. The Culture of Education

There is the view that cultural differences in the sphere of education exist. The way that education is conducted in local institutions, one panellist opined, is vastly different from the way education is conducted overseas.

“It is not common culture in Indonesia,” said one panellist, “for students to interact or challenge the ideas of lecturers or faculty-directed mentality. Universities need to re-look at their curriculum as the interaction is one-way and mere memorisation of facts is all that is often required in the name of education.”

Students in Indonesia are often taught, subliminally, to do as their predecessors were taught three decades ago: listen to their teacher without question. Often, when a student challenges their teacher, they are unwittingly labelled as a ‘bad student’.

There are international schools in Indonesia that do integrate healthy debate in their curriculum, but for the most part, the culture of education in Indonesia is characterised by the silent and submissive obedience of students.



8. Managing Expectations

One panellist mitigated the conversational bias against the apparent failure of education by stating that employers need to examine their expectations closely.

A bad employee is sometimes the result of a bad boss who does not know how to train.

This was one bold and refreshingly honest observation.

There are graduates from sterling overseas universities, he elaborated, who simply cannot perform; and so, it is not always a clear-cut case of

good academic achievements from a reputable institution producing a ready-made star performer.

It is not always about the preparedness of graduates – sometimes we also need to look at the alignment of expectations, too.

Employers need to ask themselves more pointedly – and realistically – what they want from fresh graduates, especially when one considers that millennials (sometimes interchangeably referred to as Gen-Y) will one day be managers who will overtake Generation X managers.



9. How Do You Develop Talent?

Finding talent goes beyond the question of supply: employers need to look in the right talent pools.

However, one talent specialist suggested that the onus on talent development rests largely with companies once graduates leave the hallowed halls of academia.

One employer says that whatever deficiencies found in hired candidates are often overcome via training, even going so far as sending them 'back to school', for instance, to improve their technical skills. There are also programmes in place for other skill sets such as behavioural skills.

These training and development programmes, together with incentive schemes, are not just an answer to skill set efficiencies, explained one panellist, but they also represent a level of engagement with employees, with the bigger picture hope of retaining these rising stars within the organisation. For one employer, this is a method of managing the talent equation. "It is," he admits, "difficult."

There was also the suggestion of mentoring and coaching, or a 'buddy system', put forward by one panellist.

Leadership today often involves more mentoring and coaching rather than a soulless laundry list of instructions that flatly orders an employee to 'do as I say' when 'do as I do', may likely be more productive, constructive and beneficial.

There is also the suggestion, as put into practice by one university, that students run their own business for six months before they graduate. Looking at the details, they learn key skills such as communication and leadership; in the bigger picture, the experience helps to elevate the foundation of skills in students overall.

What this practice lacks – but needs – is the political will to make this mandatory practice for all educational institutions.



10. The Conversation Between Education And Industry

There is the argument that educators maintain that they are not responsible for producing people who are the best-fit for industry; they are responsible for educating them, but business is responsible for SHAPING these people into what employers want.

What, then, is the role of business?

Tie-ups between universities and businesses, such as graduate recruitment programmes, are one form of two-way communication between education and industry, where students are exposed to real life aspects of business.

Campus recruitment programmes are not only an opportunity to educate students on the nature of a

business and an organisation, it is also an opportunity to introduce real world business scenarios to students of certain disciplines, such as a business marketing challenge presented as a test case study for business students.

How will we get the good people when they do not know of the industry?

However, such well intended programmes can often highlight a shortage of skills in graduates.



11. Ownership of the Employability Agenda

The role of the government is recognised as a crucial one. In the Indonesian context, the government can take ownership of issues such as curriculum revision and refinement.

For business, there needs to be more opportunity and forums for two way conversations between government and industry on the subject of curriculum and the bridging of the employability gap.

There is emphasis, however, given the plurality of agreement on this point, that the design of educational curricula has to be led from the front by the government. Some say, too, that the redesign of curricula has to go farther back possibly to elementary school level.

"The culture of openness and debate," said one panellist, "is simply not there." Before stakeholders think about redesigning curricula, they need to consider entrenched cultural norms and what needs to change in this arena.

If students are acclimatised to a culture of mute acceptance from the age of seven, it becomes difficult for them to develop original, critical thought, the kind often required in a business situation.

As one panellist suggested, there has to be co-creation (or shared responsibility) between the individual and other segments in talent development.

There has to be drive and motivation from the individual, but simultaneously, there has to be concerted (and harmonious, synergistic) invested effort from the governmental, educational and business levels to help funnel that individual talent into being a self-reliant productive member of the talent pool.

The subject of ethics, integrity and professionalism entered the conversation once again, as one panellist reiterated the need for authorities to recognise that these and other soft skills are just as important as technical skills and business acumen.



12. Skills for Finance Professionals

For one employer, the filter process is simple. They look for Capacity (the ability to think, strategise and provide solutions), Achievement (being able to translate that capacity to reality) and Relationship (the ability for collaboration, to get buy-in from stakeholders). This is the filter that is the hygiene factor.

Leaders are lacking in some organisations, an employer lamented, and one remedy is to send employees through a two-year MBA programme to learn key skills such as communication skills and an understanding of business.

Leadership, however, is gained through years of experience and not something an employer should expect from graduates immediately; literacy, the panellist clarified, is more urgent, as is influencing skills.

Business acumen was one of the key skill sets one employer found sorely lacking in finance professionals, from his experience.

For smaller companies, leadership skills pale in significance to technical skills and business acumen. For other employers, there seems to be a preference for professionally qualified finance professionals. Collaboration between universities and professional qualifying bodies seems to produce almost tailor-made graduates for certain conglomerates.

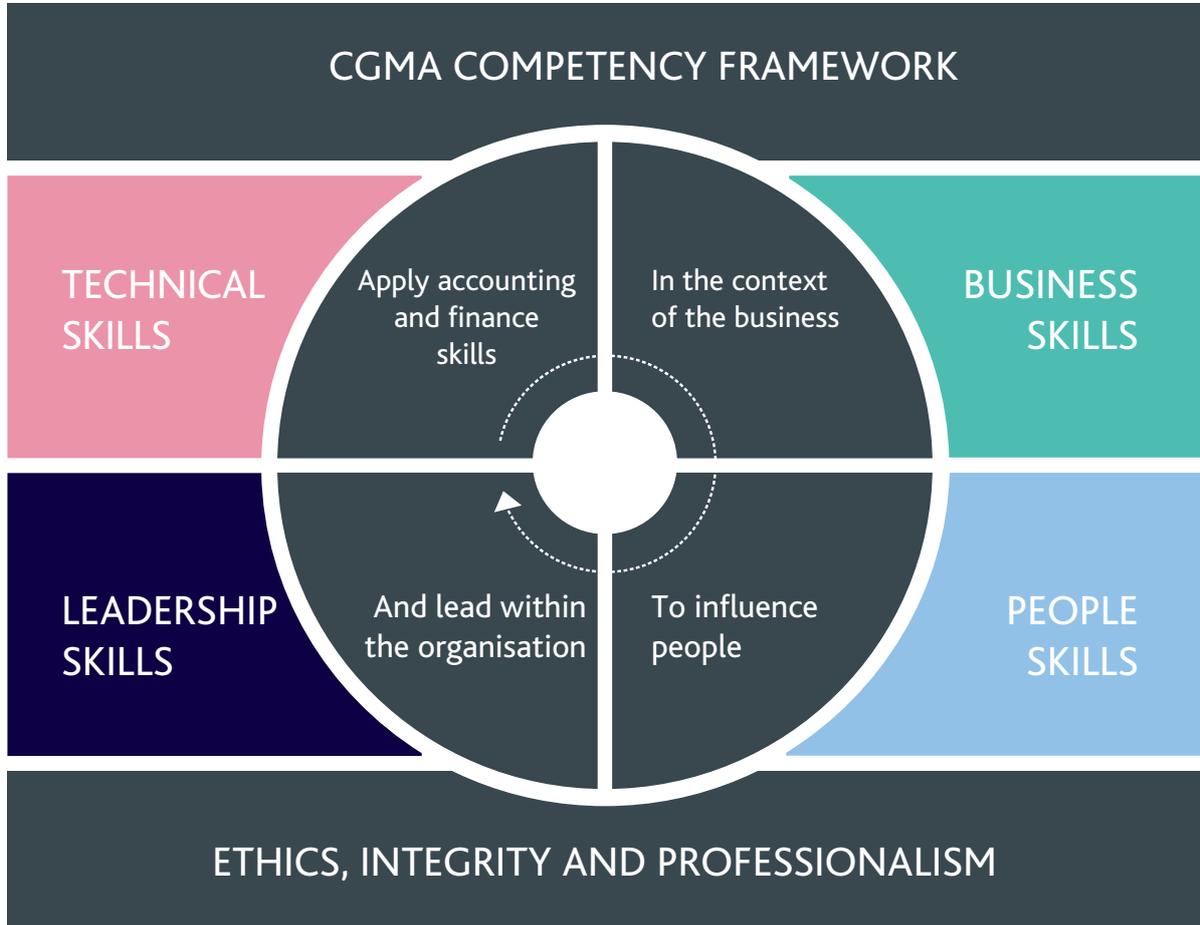
Technology savoir faire – IT skills – is also a requirement for some employers, especially when we consider the omnipresence of big data in today's business environment. The ability to infer key insights from big data is a desirable capability that, as one panellist suggests, could even be taught in university.

Interestingly, there was almost universal agreement that professional bodies are in a position to teach key soft skills such as leadership and communication skills.



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.



13. The Outlook and the Last Word

One panellist expressed optimism with his observation that there have been positive changes on ground level with universities 'listening to the market' and producing graduates from courses that are more 'business-friendly' in catering to business requirements.

He also noted that English language proficiency and fluency among graduates in Indonesia has improved significantly in the last 10 to 15 years, comparatively speaking. This is taken as a positive sign.

One panellist expressed confidence in Indonesia's future given the recent change in political leadership that promises a new approach to age-old concerns.

Grooming and mentoring is more than one form of succession planning – it can ensure the transfer of knowledge and skills. Businesses have differing and unique needs and visions, but an inclusive approach

from many stakeholders can obliterate ambiguity and confusion, especially when there is a change in leadership. Indonesia has a growing youth and middle class base. This points to the potential for huge growth.

The prognosis is fairly clear – that Indonesia's talent market is in need of development, and that there is a shared responsibility between the government, education and industry in helping to bridge or close the multiple gaps that exist on several levels.

The solutions will not be as clear-cut, as the challenges are nuanced and complex.

All the individual elements need to be reminded as to their roles in how to improve the talent pool in the context of the populous and potentially powerful Indonesian market in its role as the biggest country in the Asean region.





**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

www.cimaglobal.com

For more information, kindly contact

Winnie Ng
T. +60 (0)3 77 230 338
E. winnie.ng@cimaglobal.com