

HUMAN RESOURCES DEVELOPMENT MEASURES TO THE SOCIALLY
VULNERABLE FOR REALIZING "INCLUSIVE GROWTH"
(Indonesia Country Report)

by

Dr. Adjat Daradjat, M.Si

The APEC Forum on Human Resources Development 2011

November 16 - 18, 2011, Kobe, Japan

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Executive Summary

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The majority of youth in Indonesia, most of them are females and who live in rural areas, have limited access to employment opportunities because of limited education, training, and experience. Furthermore, an average of 32.36 percent of employed youth is underemployed. This implies that they work less and do not earn sufficient income.

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The problem of youth employment is a serious issue leading to situations of social, economic, and security unbalance which causes eventual marginalization and exclusion amongst youth. Youth unemployment has other national and global impacts notably increased violence, crime and political instability. These problems causes concern and solutions need to be found by making comprehensive policies.

Development strategies in this area can be broadly categorized into two groups, namely supply-side oriented approaches which attempt to improve the work competency of youth and demand-side-oriented approaches, which attempt to increase the labor demand towards the recruitment of competence younger people. These strategies should be considered and organized around the framework of youth development: employability, entrepreneurship, equal opportunity, and employment creation.

This country report explains briefly the situation of youth employment and the challenges of being unemployed and underemployed youth in Indonesia. This paper advances a number of policies regarding action in support of youth employment.

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Development strategies in this area can be broadly categorized into two groups, namely supply-side-oriented approaches which attempt to improve the work competency of youth and demand-side-oriented approaches, which attempt to increase the labor demand towards the recruitment of competent younger people. The following four strategies should be considered and organized around the framework of youth development: employability, entrepreneurship, equal opportunity, and employment creation.

This country report explains briefly the situation of youth employment and the challenges of being unemployed and under employed in Indonesia. This paper advances a number of policies regarding action in support of youth employment.

1. Introduction

The Republic of Indonesia (RI) or familiar as Indonesia is a country in Southeast Asia, it is located on the equator and situated between Asia, Australia, the Pacific and Indian Ocean. Indonesia also known as Nusantara. It consists of 17,508 islands. Indonesia is the largest archipelago country in the world.

With a population of 237.6 million people in 2010, Indonesia is the fourth most populated country in the world and has the largest Muslim population in the world; officially it is not an Islamic state. The Indonesian Government is a republic, which means the House of Representatives and the President are directly elected. Jakarta is the capital city of Indonesia. Indonesia is bordered by Malaysia on Borneo Island, with Papua New Guinea on the Island of Papua and East Timor on the Island of Timor. Other neighboring countries include Singapore, Philippines, Australia, and the union territory of the Andaman and Nicobar Islands in India.

The vision of Indonesia is to realize Indonesia's prosperity, democracy, and justice. With the mission there is: Continuing development towards a prosperous Indonesia; strengthening the pillars of democracy; Dimensions strengthening justice in all fields. Vision and mission of the 2009-2014 government formulated and translated into some more operational priority action programs implemented and thus more easily measurable levels of success.

Youth employment and globalization have been the most dynamic issue in Indonesia and other countries. One of the nation's most serious and longstanding problems is providing adequate employment opportunities for our young people. Another problem is the low competency of labor force because of low education and limited training, as well as competency certification program and work experience. All these problems can lead to high youth unemployment.

The problem of youth unemployment must be solved by making comprehensive policies that involve the demand and supply side approach.

2. Youth Labor Market

The increasing number of unemployed youth is an intimidating problem, faced by Indonesia and many other countries. Around the world, the average rate of unemployment among young people is higher than that of the general population. Based on the 2011 National Labor Force Survey, the labor force is 119.40 million and there are 8.12 million unemployed people in Indonesia, in which almost 60 percent of them are under 25 years old. Even though this age group was composed by only 20 percent of the total labor force.

The majority of youth in Indonesia, which are mostly females who live in rural areas, have limited access to employment opportunities because of limited education, training, and experience. Furthermore, an average of 32.36 percent of employed youth is underemployed. This implies that they work less and do not earn a sufficient income.

The problem of youth employment is a serious issue leading to situations of social, economic, and security imbalance which causes eventual marginalization and exclusion amongst youth. Youth unemployment has other national and global impacts, such as: notably increased violence, crime and political instability. These problems cause concern and solutions that need to be addressed by making comprehensive policies.

3. Youth Employment Policies

The government believes that the role of young people is strategic in Indonesia's development. This important issue has been a long concern and is stated in national policies that consider youth as one of the nation's resources for development and youth need to be taken care of. The younger generation, who will become the nation's future leaders, need to be of high quality and it is important to develop interest and a spirit of entrepreneurship among young people, who are expected to be ready for the world work.

Efforts and measures to develop youth require attention and should be properly handled by preparing comprehensive employment strategies and programs which are principally aimed to:

- a. Employ and utilize youth optimally and humanely,
- b. Accomplish an even distribution of employment creation for youth and provide a youth labor force which fulfills the needs of national and regional development,
- c. Provide labor protection for youth
- d. Increase the welfare of young workers.

The strategies to overcome youth unemployment can be broadly categorized into:

- a. Supply-side-oriented approaches, which attempt to develop the chances of younger people by increasing their work competency for getting jobs.

- b. Demand-side-oriented approaches, which attempt to increase the labor demand that can provide young people with more jobs.

These policies must be associated with employability, entrepreneurship, employment creation, and equal opportunities that are closely interlinked.

The policies can be broken down as follows: employment creation policy, which is aimed to overcome the problem of a youth labor surplus, unemployment and underemployment through macro, regional, sector, and special policies. The expansion of employment creation programs can be undertaken in labor-intensive or self-employed programs, small and medium enterprises, and cooperatives. Second, the development of the labor competency and productivity policy will be carried out to develop work competency of youth in order to increase capability and productivity. Third, the labor protection policy aims to create peaceful and harmonious industrial relations between employers and youth employees. It also aims to create better working conditions, welfare, and social security systems for youth employees.

4. Action-programs.

Based on these policies to combating youth unemployment, the Government of Indonesia has carried out efforts to set up action-programs. Most of the programs involve various stakeholders including the government, private sector, non-government organization, and other concerned parties. Below are some of the programs that have been carried out:

a. Training Development

The most common and continuous programs provided by the government in conjunction with youth unemployment alleviation are those programs relating to training. The problem of unemployment is partly attributable to the fact that training and education systems often offer curricula that are not related to the world of work.

A vast variety of training programs have been developed to increase the work competency of youth that can be used in the labor market. This involves the

development program of a national professional qualification framework. Such programs have been carried out by the Ministry of Manpower and Transmigration, Ministry of National Education and Cultures, other Government institutions, Employers Association, and Trade Unions. Some training that has been carried out is as follows:

- 1) The government is in the process of reforming the technical and vocational training system. This effort is aimed to ensure that the training meets the needs of development and must respond to conditions in the labor market. The government currently operates about 160 vocational training centers located in all provincial and most of district capital, including eleven large vocational training centers under the management of central government. These training centers provide a variety of training such as mechanic, automotive, welding, electric, and commerce.
- 2) Training for self-employment usually involves a combination of training in business methods, facilitated access to credit or grants and access to work space.
- 3) Training in entrepreneurship involves the development of entrepreneurial talent which is important to sustaining a competitive advantage in a global economy. "Entrepreneurship training refers to programs that promote entrepreneurship awareness for career purposes and provide skill training for business creation and development.

b. SKILL FOR EMPLOYABILITY Program

Skills development activities have played a significant role in the economic recovery and growth of Indonesia and they have also strongly contributed to regional development. The success of skills development activities has been achieved through the promotion of a sustainable and continuous process of life-long learning, training and assessment to ensure and maintain employability of

skills. The main activities are to develop competency based recruitment, training, and maintaining of competency to improve quality and productivity and ensure the business partner has products that are consistently produced by competent personnel.

A competent and flexible workforce is increasingly identified by Indonesian governments as key to economic development. With the emergence of a global market in both educational services and labor, a recognized system with transparency of competence and qualifications have become important elements of cross sector and international co-operation. However, there are challenges in matching TVET/ skills training with the needs of industry and enterprise.

Since 2005 Indonesia has seen an alignment of educational provision and mutual recognition of qualifications as an important policy area for generating an efficient labor market, including addressing the problem of competence shortages in some areas that coexist with high unemployment in other areas. A number of measures have been developed to facilitate the transparency and transferability of competencies, qualifications and experience across sectors.

In 2010, BNSP in collaboration with The British Council Indonesia developed a Skills for Employability Program in Indonesia to accelerate the link and match between TVET and industry needs. The Skills for Employability Program refers to the skills, knowledge and attitudes required by a person to be accepted into the labor market. The dynamic changes caused by technology and continual improvement of products and services to meet with the customer needs, demands that a competent person shall possess employability features such as entrepreneurship, problem solving skills, team work ability, access to information and technology and communication skills. This program is a strategy to support and accelerate certification of competencies as an emerging area to ensure and maintain competency of professionals in the 21st century. It aims to provide quality technical vocational education and training that tailor-fits the workforce to the fast-paced, dynamic and stringent demands of the labor market in the region for economic recovery and development.

Overall this program will serve as a means to coordinate and harmonize national resources, in each sector, to implement skills development activities.

The framework of Skills for Employability Program in Indonesia addresses:

- Entrepreneurial skills
- Employability skills at Industry level
- Employability skills at the organization level

The framework has six components within it:

- 1) Creating a strong bond between industry , training providers and professional certification bodies in developing and ensuring workforce possessing Skills For Employability
- 2) Coordinating promotion of Skills For Employability for professional certification bodies
- 3) Coordinating promotion of Skills For Employability for TVET licensed training organizations
- 4) Networking between countries developing Skills For Employability to share experiences and developing knowledge to deal with challenges and provide solution in competent workforce
- 5) Harmonizing countries developing competence standard and a recognized certification scheme to ensure Skills For Employability
- 6) Developing, ensuring and maintaining the instrumentation for competence involving competency standards, curriculum and training modules, and certification schemes to produce personnel possessing Skills For Employability.

c. Expansion of job opportunities

Job creation programs are also carried out through special programs for certain groups in the labor force, such as the unemployed and underemployed youth in rural areas, they are designed not only to reduce youth unemployment but also to create permanent jobs. The program is implemented through labor intensive projects that are mostly tied to district development programs.

Programs have also been designed to develop job creation through the utilization of volunteer workers. Youth are mobilized to become volunteer workers to work side by side with people that guide, supervise, and trained them to be self employed.

d. Development of "Three in One" Public Employment Service

In a labor surplus economy, like Indonesia, the incidences of labor market mismatches are high. Simple indications of this are reflected in the high rate of youth unemployment and underemployment. One of the main problems of the labor market with respect to unemployment is imperfect information. Youth job seekers cannot find a job while users of labor cannot find young job seekers, causing fractional unemployment. The effort in strengthening employment services is seen as a key instrument in addressing the youth unemployment problems of the labor market.

Establishing the "Three in One" Public Employment Service, i.e: Training, Competency Certification and Placement will give a one stop service for youth to access job opportunities. This program fills the gap between industry and training providers and youth unemployment.

e. Job Fair

The Ministry of Manpower and Transmigration has carried out a National Job Fair that brought together prospective employers in particular professions and industries with prospective employees, particularly youth job seekers, who were interested in that field.

Through this job fair youth aged 15-24 years took advantage of one-on-one job information meetings, and participated in multiple on-the-spot interviews for many positions. This job fair will be expanded with the collaboration between the central government and several provinces governments to carry out a job fair in their area at the same time.

f. Harmonization for recognition for HRD Competency based between industries, organization, and business partner countries.

The differences of competency certification and training schemes in a country, or in a region, frequently cause problems in achieving professional qualification recognition. This situation requires a harmonization of competency standards and certification schemes in the regions, with the spirit for economic recovery and development.

Harmonization for Recognition HRD-competency based needs:

- Harmonized/equivalent competency standards;
- Harmonized Competency Based Training program/system and organization;
- Harmonized certification system and scheme;
- Harmonized Accreditation system and organization.

To facilitate the need of harmonization mentioned above, the government should facilitate development of national system for Technical Vocational Education and Training, a National System for Competency Standardization, a National System for Competency Certification, and regional and international harmonization.

1) National Competence Based Training System

The Indonesian government established a National Competency Based Training System which consists of four subsystems i.e: a National Qualification Framework and its National Occupational Standardization Framework; Vocational Education and Training and its accreditation system; and a Competency Certification System. All of these system, subsystems and frameworks should conform and be traceable to international standards/guidelines (ILO-RMCS, NQF, ISO etc) to ensure harmonization.

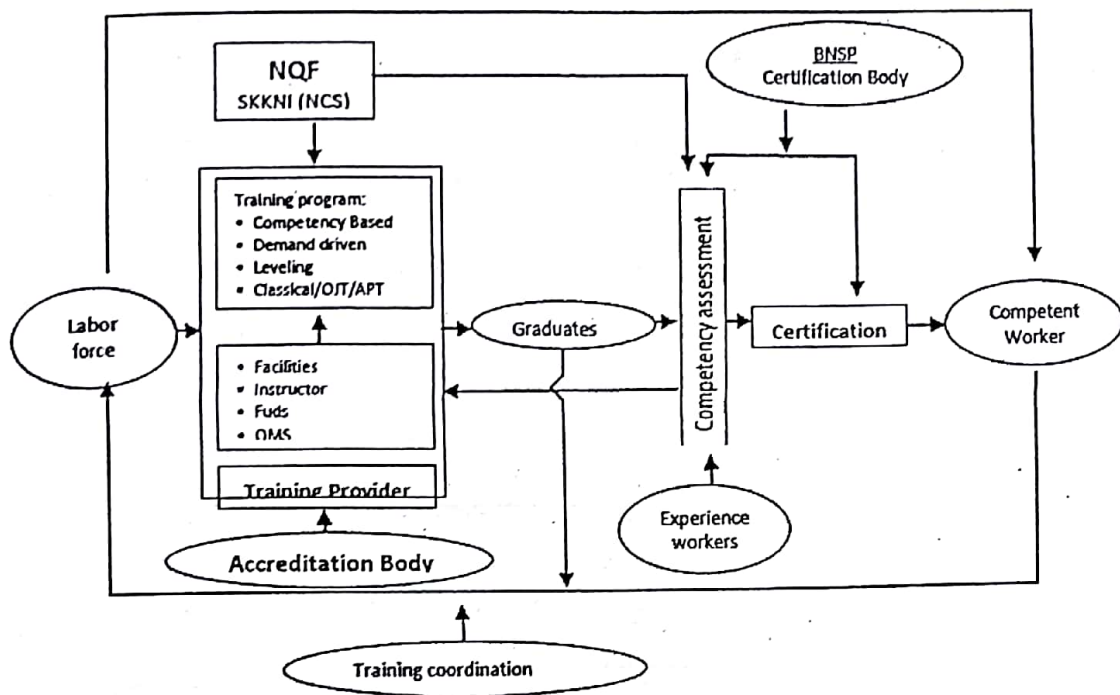


Figure 1. National Competency Based Training System

2) National Qualification Framework (KKNl)

There are nine levels in the National Qualification Framework. As defined by OECD, a qualifications framework is an instrument for the development and classification of qualifications according to a set of criteria for levels of learning achieved. This set of criteria may be implicit in the qualifications descriptors themselves or made explicit in the form of a set of level descriptors. The scope of frameworks may be comprehensive of all learning achievement and pathways or may be confined to a particular sector for example initial education, adult education and training or an occupational area. Some frameworks may have more design elements and a tighter structure than others; some may have a legal basis whereas others represent a consensus of views of social partners. All qualifications frameworks, however, establish a basis for improving the quality, accessibility, linkages and public or labour market recognition of qualifications within a country and internationally.

FORMAL EDUCATION LEVEL		NQF (KKNI) LEVEL	NONFORMAL AND INFORMAL TRAINING AND EXPERIENCE
ACADEMIC PROGRAMS	TVET		
S3	SUPER/SUB SPESIALIST	9	EXPERT
S2	SPESIALIST	8	
	PROFESSIONAL	7	
S1	Diploma 4	6	
	Diploma 3	5	TECHNICIAN//ANALYST
	Diploma 2	4	
	Diploma 1	3	
General High School	Vocational Senior High School	2	OPERATOR
Elementary/Junior High School		1	

Figure 2. Draft National Qualification Framework (KKNI)

3) National System for Standardization of Competency

The National System for Standardization of Competency consists of 4 subsystems i.e: Subsystem of Standard Development, Standard Implementation, Harmonization of Standard, and Controlling Standard Implementation. The vocational training framework should consist of CBT-Good Training Practices and its accreditation system, while the Competency Certification System/Framework should contain Competency Based Assessment (CBA) in development of the certification scheme, implementation of certification, Skill Recognition Arrangement, and Standard Verification, as shown below.

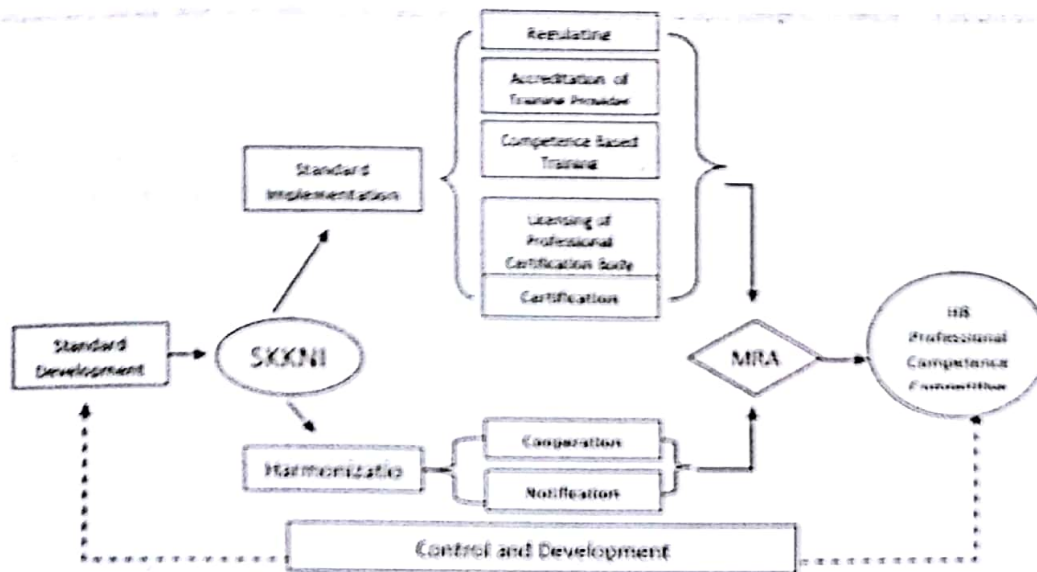


Figure 3. National Competency Standardization System

4) National System for Competence Certification System

The National System for Competence Certification System consists of 4 subsystems i.e: Subsystem of Certification Scheme Development, Certification scheme implementation, Harmonization, and Verification of competency standard.

5. Steps toward collaboration in youth labor force mobility in the APEC Region.

These steps may be followed to encourage regional collaboration in youth labor force mobility:

- Consensus on targeted competency standards for transparency.
- MRA on targeted certification scheme for transparency.
- Development/identify guidelines/directives: harmonization of national accreditation body for accrediting training bodies and certification bodies.
- Identify/establish/revitalize national authority accreditation/licensing body for training provider and Profession Certification Bodies.

- Training program for human resources (from industries and government) implementing the harmonization.
- Harmonization of competency standards and industry management system.
- Development of a recognition body to harmonize and maintain performance of accreditation body between countries.