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# A GUIDELINE FOR EMPLOYERS APPRENTICESHIP PROGRAM IN INDONESIA

Preparing Our Youth Today for Tomorrow's Workforce



This Guideline is developed based on the ministry of manpower and transmigration's regulation no. 22 / 2009, published by APINDO with support from ILO ACT/EMP

# BACKGROUND

- Youth employment is of highest priority for the Government of Indonesia, employers and workers. In preparing skilled young workers, high quality apprenticeships are critical importance. Apprenticeship systems that combine workplace-based as well as off-the-job training have proven to be successful in promoting learning and skill formation as well as facilitating employment by building bridges between the worlds of education and the world of work. Apprenticeship systems also facilitate the emergence and growth of new industries, based on technologies and other innovations. This shows that apprenticeship systems can provide a source of skilled labor for an economy growth.
- In Indonesia, youth unemployment rate, especially men, is amongst the highest in the Asian region with 20 per cent (as of 2014 )<sup>1</sup>. In this connection, the Government of Indonesia places the creation of quality employment a matter of priority in the Indonesia's National Medium-Term Development Plan 2015-2019 . While there is no solution to solve problem entirely, apprenticeship is a promising avenue to help reduce the gap between the supply and demand for young workers, especially those between the ages of 15 and 24, and it does not measure the level of education of potential apprentices.

<sup>1</sup>Artikel "Youth unemployment in Indonesia: A Demographic Bonus or Disaster?" oleh Indonesia Investments tanggal 17 Mei 2014 berdasarkan laporan The World Bank "East Asia Pacific at Work: Employment, Enterprise and Well-Being" - <https://www.worldbank.org/content/dam/Worldbank/document/EAP/region/east-asia-pacific-at-work-full-report.pdf>

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# OBJECTIVE OF THE APPRENTICESHIP GUIDE

This guide is to provide guidelines to employers on their rights and obligations in relation to apprenticeship and promoting good practices in carrying out the program, including how to recruit, train and how to provide good working conditions for the apprentices



# **INTRODUCTION ON APPRENTICESHIP**

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## **What is Apprenticeship?**

Based on the Ministry of Manpower and Transmigration's regulation no. 22 / 2009:

“A part of a training program that is conducted based on the combination of mentorship at training institutions and guidance by senior employees (in the workplace) in the process of production of goods or services at companies with the goal to master a certain set of skills.”

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## **Why Apprenticeship is important ?**

- To promote learning and skill formation, facilitating employment by building bridges between the worlds of education and the world of work
- To facilitate the emergence and growth of new industries, based on technological and organizational innovations
- To provide skills training for Youth to prepare them toward employment

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## Why companies have apprenticeship program?

**Companies** can fulfil their needs for workers that fit the specific skills and standards of the industry and the companies' workplace condition.

**Apprentices** have the opportunity to receive relevant training to hone their skills that fit the standards of a specific industry/company.



## **What does it take for companies to have an apprenticeship program?**

- 1) Understanding of the applicable apprenticeship regulations
- 2) The needs for companies to have workers that meet the qualifications
- 3) Developing an apprenticeship program in coordination with relevant departments in accordance to company's needs
- 4) Apprenticeship agreement between the companies and apprentices that stipulates the relevant terms and conditions of the program
- 5) Coordinate with the provincial/regency-level government divisions in charge of employment
- 6) Utilize knowledge and information from other sources such as apprenticeship forums and others



## Benefits of Apprenticeship

- Development of **technical and non-technical skills (soft-skills)** of apprentices
- Apprenticeship program creates environment that can **stimulate innovation from the apprentices or workers** in the companies

# Who are involved in apprenticeship program ?

## Companies

Legal / non-legal business entity, privately owned, joint venture, legal entity, private / public owned that employ workers by paying salaries or in other form of payment.

Social business or others that hire people by paying salaries or in other form of payment.

## Apprentices

Job seekers, students at training institutions, and workers who wish to advance their skills with the requirement of:

- Minimum 18 years old
- Possess talent, interest and are qualified for the apprenticeship program
- Sign the apprenticeship agreement

## Training institutions

Government institutions, legal entity, or individual who fulfill the requirement to conduct training

\*Companies that have internal training departments may conduct their own apprenticeship programs without establishing a relationship with training institutions

# An apprentice has...

Rights	Obligations
<ul style="list-style-type: none"><li>- Receive safety and health care facilities during apprenticeship period</li><li>- Receive pocket money and / or transport fee</li><li>- Receive protection in a form of work accident and death benefits</li><li>- Receive apprenticeship certificate once pass the program</li></ul>	<ul style="list-style-type: none"><li>- Obey apprenticeship agreement</li><li>- Follow the program until the end</li><li>- Obey the company's regulations where the apprenticeship program is being held</li><li>- Maintain a good reputation of the company where the apprenticeship program is conducted</li></ul>

# A company has...

Rights	Obligations
<ul style="list-style-type: none"><li>- Utilize the work of apprentices</li><li>- Enforce regulations and apprenticeship agreement</li></ul>	<ul style="list-style-type: none"><li>- Guide apprentices based on the apprenticeship program</li><li>- Fulfill the rights of apprentices based on the apprenticeship agreement</li><li>- Provide self-protection tools as required by occupational health and safety requirement</li><li>- Provide protection in the form of occupational insurance to the apprentices</li><li>- Provide pocket money and / or transport fee</li><li>- Evaluate apprentices</li><li>- Provide certificates for apprentices who pass the program</li></ul>

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## Agreement of Apprenticeship

Companies **are obliged** to have **apprenticeship agreements** with apprentices.

The agreement states:

- Rights and obligations of apprentices
- Rights and obligations of companies that implement apprenticeship program
- Type of programs and skills

# What items are in apprenticeship program ?

1. Name of apprenticeship program

2. Objectives

3. Requirements and qualifications

4. Job description

5. Program length

6. Curriculum and syllabus

7. Certificate

8. Rights and obligations of companies and workers

# Types of Competency Standards

*\*All apprenticeship programs and certifications should align with competency standards*

## Indonesian National Competency Standards (SKKNI)

- Formulation of workability that covers knowledge, skills, and / or expertise aspects, also relevant working behavior with the defined task execution and terms of reference based on the regulation

## International Standards

- Working competency standards that are prepared, developed, and applied by two countries or more that are defined by a regional and / or international multinational organization forum

## Special Standards

- Working competency standards that are prepared, developed, and applied by institutions / companies / organizations or to fulfill the goal of the internal organization or to fulfill the organization's needs

# Apprenticeship program funding

To encourage companies to have apprenticeship program, The Ministry of Manpower has made the funding available in a form of subsidy through:

- National Budget funds (APBN) through Deconcentration Fund (Dana Konsentrasi)
- Provincial or district funds (APBD)

Subsidy from The Ministry of Manpower that covers the basic needs of apprentices can be accessed by contacting the local government division that covers employment and submitting the apprenticeship program

Private companies that operate apprenticeship programs may conduct apprenticeship programs independently.

# Stakeholders that are involved in apprenticeship programs

**Ministry of Manpower** – regulates policies in conducting apprenticeship programs in Indonesia

**Provincial-level government department / division that covers employment topics** – socializes apprenticeship in companies and provides start-up assistance. In addition, provides training and supervision in how companies conduct apprenticeship programs

**Balai Latihan Kerja (BLK)** – national training center

**Lembaga Pelatihan Kerja (LPK)** – private training institutions that are registered at The Ministry of Manpower

**APINDO** – on apprenticeship activities, APINDO is recommended to ensure information sharing on apprenticeship activities among members, involve in the tripartite dialogues, cooperate with The Ministry of Manpower to revive the apprenticeship forum, and provide understanding for APINDO provincial offices so that they can provide support to companies in conducting apprenticeship progra,

**Forum Koordinasi Jejaring Pemagangan (FKJP)** – coordinate and provide feedback for The Ministry of Manpower, and socialize and support companies in having apprenticeship program in their respective area

**Trade unions** – although there is not much of activity around apprenticeship, trade unions could involve actively in the tripartite dialogues and monitor apprenticeship program on the national, regional and company levels

**Badan Nasional Sertifikasi Profesi (BNSP)** – national professional certification authority



# PROCESS OF ESTABLISHING AN APPRENTICESHIP PROGRAM

## How companies can start an apprenticeship program?

### Development of an apprenticeship Program:

1. Human Resource Department and technical departments anticipates skills gaps
2. Discuss knowledge/competencies/ skills that need to be built
3. Develop an apprenticeship program involving partner training institutions and workers' representatives
4. Coordinate with the provincial/ regency-level government divisions that in charge of employment to assist in the start-up of the program
5. Notify in writing the provincial/ regency-level government divisions in charge of employment about the apprenticeship program
6. Coordinate with an apprenticeship forum

### Implementing the apprenticeship program:

1. Recruitment
2. Program implementation and duration
3. Monitoring and evaluation
4. Post-apprenticeship

### Training and supervision

- The provincial/regency-level government divisions in charge of employment conduct training and supervision of the overall apprenticeship programs in companies in their respective area



# **BEST PRACTICES OF APPRENTICESHIPS IN INDONESIA**

Survey in Jakarta Greater Area (Jakarta, Bogor, Depok, Tangerang, Bekasi)  
and Balikpapan

## A number of good practices from survey

<b>Recruitment</b>	<b>Thorough screening and testing ensured good success rate</b>
<b>Contractual issues</b>	All companies adhered to or exceeded the Ministry of Manpower's standards
<b>Monitoring and Evaluation – Internal</b>	Systematic and thorough internal assessment processes with measures to mentor and correct potential issues arising
<b>Monitoring and Evaluation - External</b>	None
<b>Training</b>	The training programs offered rate from good to outstanding. The training programs observed were all of a better standard than what is currently offered in public and private training institutions
<b>Post training</b>	High employment rate by companies after completed apprenticeships Informal assistance to apprentices seeking employment in elsewhere
<b>Trade Unions' role</b>	Good understanding of the apprenticeship program and its objectives
<b>Legislation, rules and regulations</b>	Simple, flexible and serving the purpose
<b>FKJP</b>	Good cooperation in terms of facilitation and communications in areas where FKJP is active
<b>APINDO Involvement in apprenticeship</b>	None – (APINDO is not known to be involved in apprenticeship programs)

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## Indonesia's National Apprenticeship Network (INAN)

Through the newly established Indonesian National Apprenticeship Network (INAN) affiliated with Global Apprenticeship Network (GAN), APINDO is committed to synergize with the current apprenticeship forum by recruiting companies with apprenticeship program to become champions for other companies with 3 main focuses:

- To raise the awareness and understanding about apprenticeship program in Indonesia
- To facilitate the knowledge sharing of apprenticeship best practices
- To contribute to the improvement of the regulatory framework in order to reduce the skills mismatch between education output and the need of business

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# Indonesia's National Apprenticeship Network (INAN)

## Benefits for *champion*:

- Access to the information and knowledge about the best practices of apprenticeship based on the national and international practices
- It will benefit to the company to improve the quality of apprenticeship program and to give the opportunity to the company to become the role model in apprenticeship in order to create employment

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# REFERENCE



# EXAMPLE OF APPRENTICESHIP MODEL

Characteristics	Short Term 1 – 12 weeks	Medium Term 13 – 52 weeks	Long Term >12 months
Industry sectors	All	Retail, banking, hotels, welding	Companies servicing and maintaining complicated equipment
Purpose of recruiting apprentices	Social, often part of a company's CSR program; some programs appear to be developed to minimize cost of initial training of operators	Mostly to satisfy company requirements but also to provide employment possibilities to youth	Only to satisfy internal requirements for staff trained to company requirements
Cost of apprenticeship program to companies	Very little if only minimal allowances are paid during training period	Substantial in form of allowances and in-house of-the-job training	Very significant investment in allowances and facilities High investment in internal training facilities
Typical jobs	Machine operator; safety officer; warehouse functions	Any hotel related entry level job; customer service person in retail and banking; repair and service of basic mechanical and electrical equipment; basic clerical functions	Service and repair of complicated mechanical, electrical and electronic equipment
Recruitment process	Often open for all who fulfill basic educational and health standards	Careful selection process with internal testing procedures	Stringent selection process; candidates recruited through cooperation with selected SMK schools and subject to extensive internal testing procedures
Minimum formal schooling required	SLTA	SLTA	SLTA
Curriculum	Developed in-house	Developed in-house with some sectors using the national competency standards (SKKNI) as reference	All developed in-house to company requirements; course often developed in cooperation with business partners providing technological know-how
In-class / practical training	25% / 75%	25% / 75%	25% / 75%
Assessment / certification	Internal	Internal	Internal
Allowances	Low, often the minimum allowable and in almost all cases less than minimum wage	Allowance is often close to or matching minimum wage level	Allowance meeting or exceeding minimum wage level; overtime payment and allowances when in assigned to field duty; various incentives provided to ensure that apprentices stay with the company after completion of contract
Benefits	Often minimum allowable; accident insurance	Often exceeding minimum benefits; health insurance; work clothes	Always exceeding minimum benefits; health insurance; work clothes; free accommodation
Employment	Some graduates are offered employment	Best graduates are offered employment; others are offered to other same-sector companies	All graduates are offered employment

# Apprenticeship's legislations, regulations, and rules

Undang Undang RI No.13 Tahun 2003 Tentang Ketenagakerjaan

Peraturan Pemerintah Nomor 31 Tahun 2006 tentang. Sistem Pelatihan Kerja Nasional

Keputusan Menteri Tenaga Kerja dan Transmigrasi. Nomor Kep.261/MEN/XI/2004. Tentang Perusahaan yang Wajib Melaksanakan Pelatihan Kerja

Keputusan Menkeu No : 770/KMK.04/1990 tentang perlakuan PPh atas biaya pelatihan karyawan, pemagangan dan beasiswa.

Peraturan Menteri Tenaga Kerja dan Transmigrasi Nomor PER. 17/MEN/VII/2007 tentang Tata Cara Perizinan dan Pendaftaran Lembaga Pelatihan Kerja

Peraturan Menteri Tenaga Kerja dan Transmigrasi Nomor PER. 08/MEN/V/2008 tentang Tata Cara Perizinan dan Penyelenggaraan Pemagangan di Luar Negeri

Peraturan Menteri Tenaga kerja dan Transmigrasi Nomor PER.22/MEN/IX/2009 tentang Penyelenggaraan Pemagangan di Dalam Negeri

Peraturan Menteri Tenaga Kerja dan Transmigrasi Nomor 5 Tahun 2012 tentang Sistem Standardisasi Kompetensi Kerja Nasional

Peraturan Menteri Tenaga Kerja dan Transmigrasi. Nomor 6 Tahun 2012 tentang Pendanaan Sistem. Pelatihan Kerja

Peraturan Menteri Tenaga Kerja dan Transmigrasi No 7 tahun 2012 tentang Kerjasama Penggunaan Balai Latihan Kerja Oleh Swasta.

Peraturan Menteri Tenaga Kerja dan Transmigrasi Nomor 8 Tahun 2012 tentang Tata Cara Penetapan Standar Kompetensi Kerja Nasional Indonesia

Peraturan Presiden No. 8 tahun 2012 tentang Kerangka Kualifikasi Nasional Indonesia

Lampiran Peraturan Presiden No. 8 tahun 2012 tentang Kerangka Kualifikasi Nasional Indonesia