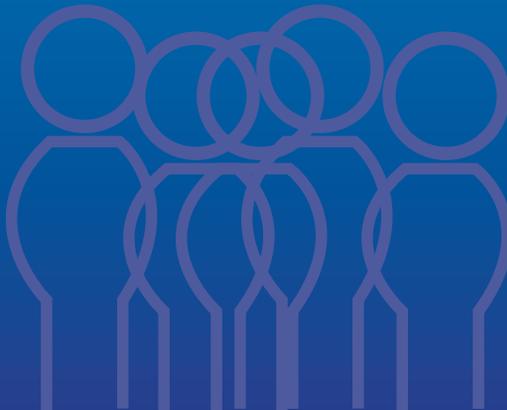




A GUIDELINE FOR EMPLOYERS APPRENTICESHIP PROGRAM IN INDONESIA

*Preparing Our Youth Today for
Tomorrow's Workforce*



A GUIDELINE FOR EMPLOYERS
APPRENTICESHIP
PROGRAM IN INDONESIA

*“Preparing Our Youth Today for
Tomorrow’s Workforce”*

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The content of this guideline has been prepared following consultations with experts and stakeholders involved in the ILO-APINDO Apprenticeship Project and is based on information available at the time of the development. The presentation of material therein do not imply the expression of any opinion whatsoever on the part of Employers' Association of Indonesia (APINDO). Reference to names of firms and commercial products and processes does not imply their endorsement by APINDO, and any failure to mention a particular firm, commercial product or process is not a sign of disapproval.

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PREFACE

Skills mismatch between education output and industry needs is one of the main challenges faced by economies, not only for graduates of general education, but also for graduates of vocational education. This situation drives businesses to implement apprentice program in meeting their needs for skilled workers. The government also issued regulations promoting apprenticeship program, one of them is the Ministry of Manpower and Transmigration's regulation no. 22 / 2009 on Domestic Apprenticeship Program in Indonesia.

The common understanding of "apprenticeship" among communities and companies in Indonesia does not distinguish different types of trainings offered at the workplace. However, there are various types of trainings, such as apprenticeship, traineeship, internship, and other technical training at the workplace.

This apprenticeship guideline refers to the technical level apprenticeship definition where apprentices are prospective workers who want to receive relevant work training, instead of school or college students who wish to receive on-the-job trainings as part of the curriculums' requirement. In apprenticeship, there are two key points: companies' needs for workers that fit the specific skills and standards of the industry and the companies' workplace condition, and potential workers' needs to receive relevant training to hone their skills that fit the standards of a specific company/industry. Therefore, apprenticeship is about seeking certain skills by providing trainings in the workplace.

To contribute to the improvement of apprenticeship regulatory framework in the future, this guideline is compiled based on the current policy scheme that provides further understanding for the companies in implementing apprenticeship program. Substantially, this guideline refers to the Ministry of Manpower and Transmigration's regulation no. 22 / 2009 on Domestic Apprenticeship with explanation and other important points on apprenticeship taken from the findings of the field study on apprenticeship conducted by ILO-APINDO.

As part of the Global Apprenticeship Network (GAN) that is based in Geneva, APINDO is developing Indonesia's National Apprenticeship Network (INAN), a national apprenticeship network within the business world. This effort is to raise awareness and understanding of the importance of apprenticeship in the business world, to facilitate knowledge sharing of apprenticeship's experiences and practices, and to contribute to the improvement of apprenticeship regulatory framework.

APINDO would like to show deep appreciation to ACT/EMP ILO for its support in realizing this effort, and sincere gratitude to Sub-Directorate of Apprenticeship Network and Promotion, Directorate General Training and Productivity of the Ministry of Manpower.

Jakarta, 28th May 2015

FX. Sri Martono
Deputy Chairman, Education Sector, DPN APINDO

ABBREVIATIONS

| | |
|----------|---|
| APBD – | Local Government Budget |
| APBN – | National State Budget |
| APINDO – | Employers’ Association of Indonesia |
| BLK – | Local Training Center |
| BNSP – | Professional certification national body |
| FKJP – | Apprenticeship Network Communication Forum |
| GAN – | Global Apprenticeship Network |
| ILO – | International Labour Organization |
| INAN – | Indonesia’s National Apprenticeship Network |
| LPK – | Private training institutions |
| LSP – | Professional certification institution |
| RPJMN – | National Medium-Term Development Plan |
| SKKNI – | Indonesian National Competency Standards |

INTRODUCTION

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).¹ 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.

APINDO has been playing an active role advocating for a sustaining, stable and inclusive economic growth that could provide sufficient job to the increasing workforce and reduce unemployment. The Economic Roadmap developed recently by APINDO as contribution towards the new leadership 2014-2019 emphasis the creation of 3 million jobs per year to tackle the high unemployment problem in Indonesia. In support of APINDO's initiative to tackle unemployment issue particularly youth unemployment in Indonesia, the ILO's Bureau for Employers' Activities (ACT/EMP) and APINDO have agreed to partner on an apprenticeship project.

Objective

This booklet is to provide guidelines to employers on how to start and implement apprenticeship program in Indonesia based on the Ministry of Manpower and Transmigration's regulation no. 22 / 2009, particularly with regards to their rights and obligations including recruitment, training, and working conditions for the apprentices. It also serves to promote good practices in apprenticeship among employers.

¹ Article "Youth unemployment in Indonesia: A Demographic Bonus or Disaster?" by Indonesia Investments on 17 Mei 2014 based on The World Bank's report "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>



INTRODUCTION TO APPRENTICESHIP



INTRODUCTION TO APPRENTICESHIP

▶ **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."

Chapter 1 General Provision Article 1 no. 1

▶ **Why apprenticeship is important?**

- ♦ To promote learning and skill formation, facilitate employment by building bridges between the world of education and the world of work
- ♦ To help companies in meeting their needs of skilled workers
- ♦ To provide skills' trainings for youth in preparing them to enter the labour market

▶ **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, not only to hone their skills that fit the standards of a specific industry/company, but also to learn hands on technical and core work skills that enhance their employability.

▶ **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 | Apprentices | Training institutions* |
|---|--|---|
| <p>Any type of business entity whether legal/ non-legal, privately owned, joint venture, legal entity, private/ public owned that employ workers by paying wages or in other form of remuneration.</p> <p>Social business or others that have managers and hire other workers by paying wages or in other form of remuneration.</p> | <p>Job seekers, students at training institutions, and workers who intend to advance their skills with the requirement of:</p> <ul style="list-style-type: none"> ◆ Minimum age of 18 years old ◆ Possess talent, interest and are qualified for the apprenticeship program <ul style="list-style-type: none"> ◆ Sign the apprenticeship agreement | <p>Government institutions, legal entity, or individual who fulfill the requirement to conduct training</p> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <p>*Companies that have internal training department/division may conduct their own apprenticeship programs independently without utilizing the training institutions</p> </div> |

Chapter 1 General Provision Article 1 no. 4a, 4b, 5, and Chapter II Requirements Article 5 no. 1 and 2

An apprentice has...

| Rights | Obligations |
|---|---|
| <ul style="list-style-type: none"> ◆ Receive safety and health care facilities during apprenticeship period ◆ Receive pocket money and / or transport fee ◆ Receive protection in a form of work accident and death benefits ◆ Receive apprenticeship certificate when passes the program | <ul style="list-style-type: none"> ◆ Adhere to apprenticeship agreement ◆ Complete the entire program ◆ Adhere to the company's regulations ◆ Maintain the good reputation of the company that implement the apprenticeship program |

A company has...

| Rights | Obligations |
|---|--|
| <ul style="list-style-type: none"> ◆ Utilize the work of apprentices ◆ Enforce regulations and apprenticeship agreement | <ul style="list-style-type: none"> ◆ Guide apprentices based on the apprenticeship program ◆ Guarantee access to rights for apprentices based on the apprenticeship agreement ◆ Provide appropriate protection equipment as required by occupational health and safety requirement ◆ Provide protection to the apprentices in the form of occupational insurance ◆ Provide pocket money and / or transport fee ◆ Assess and evaluate apprentices ◆ Provide certificates for apprentice who passes the program |

Chapter V Rights and Obligations Article 15 no. 1 and 2 and Article 16 no. 1 and 2

▶ Apprenticeship agreement

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

Chapter IV Apprenticeship Agreement Article 11 no. 2

▶ Items in an apprenticeship agreement:

1. Name of apprenticeship program
2. Objectives of program
3. Requirements and qualifications
4. Job description
5. Program duration
6. Curriculum and syllabus
7. Certificate
8. Rights and obligations of companies and workers

Chapter III Apprenticeship Program Article 2

▶ Competency Standards

Apprenticeship programs are designed based on a set of Competency Standards. Companies may choose one or a combination of two or three competency standards.

Types of 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

Chapter I General Provision Article 1 no. 7, 8, and 9

▶ How to fund an apprenticeship program?

- ❶ **Independently** – Private companies may implement the apprenticeship programs through internal funding.
- ❷ **Government subsidy** – To encourage companies to implement apprenticeship programs, the **Government** has established a funding scheme that is available through:
 - ◆ National budget fund (APBN) through *Dana Dekonsentrasi* that is distributed from the central to the provincial and regency-level
 - ◆ Provincial or regency-level funds (APBD) that are available in each province or regency

The Government subsidy will cover the basic needs to implement the apprenticeship program. To apply for the subsidy, companies may contact the local government division in charge of employment by submitting the companies' apprenticeship programs or becoming members of Apprenticeship network coordination forums (FKJP) that are available in several provinces and regencies/cities.

Stakeholders involved in apprenticeship programs

Companies – companies that implement apprenticeship program

Ministry of Manpower – regulates policies in apprenticeship programs in Indonesia

Provincial / regency-level government divisions in charge of employment – socialize apprenticeship in companies and provide start-up assistance. In addition, the divisions also provide training and supervision to companies implementing apprenticeship programs

Balai Latihan Kerja (BLK) – local training centers in provinces and regencies

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

Employers' association of Indonesia (APINDO) – socializes and shares information among members, promotes good practices in apprenticeship, participates in the tripartite dialogues, cooperates with The Ministry of Manpower and the apprenticeship forum, and provides information and support to the provincial and district APINDO to support and promote apprenticeship program in provinces and districts

Apprenticeship network coordination forums (FKJP) – coordinate and provide feedback to The Ministry of Manpower, socialize and support companies in conducting apprenticeship program in their respective area based on the identification of companies' apprenticeship requirement

Trade unions – trade unions participate in the tripartite dialogues and involve in the implementation of the apprenticeship program at the national, regional and company levels through the participation of instructors/mentors that are members of trade unions

Professional certification national body (BNSP) – a national body authorized in issuing professional certification through professional certification institution (LSP)



PROCESS OF ESTABLISHING AN APPRENTICESHIP PROGRAM



PROCESS OF ESTABLISHING AN APPRENTICESHIP PROGRAM



How companies can start an apprenticeship program?

1. Development of an apprenticeship program

- The Human Resource Department in cooperation with technical departments anticipates skills needs/gaps in coming years.
- Discuss knowledge/competencies/skills that need to be built. Consult potential training partners (e.g. BLK, LPK, academy or college)
- Develop an apprenticeship program based on the needs of the company, involving partner training institutions and workers' representatives. Consult authorities in charge of skills recognition (e.g. LSP) on competency standards and accreditation of the apprenticeship program.
- Consult and coordinate with the provincial/regency-level government divisions that in charge of employment to assist in the start-up of the program
- Notify in writing the provincial/regency-level government divisions in charge of employment about the apprenticeship program by attaching the following (Chapter VI Implementation Article 17):
 - ♦ Apprenticeship program
 - ♦ Apprenticeship program planning
 - ♦ Apprenticeship agreement
- Coordinate with an apprenticeship forum (Chapter VI Implementation Article 20)

2. Implementing the apprenticeship program

- **Recruitment**
 - ♦ Companies may recruit apprentices according to the qualifications needed. This may be done by coordinating with the provincial/regency-level government divisions in charge of employment and implement in accordance to the requirements.

- ♦ Some companies included this recruitment process as part of their CSR programs.
- **Program implementation and duration:**
 - This covers theory, practice, and workshop at the training institution/ company's in-house training facility (25%), and on-the-job training at the workplace guided by mentors (75%).
 - Some sectors have longer duration than others.
 - The apprenticeship training period will be adjusted in accordance to the working hours at the company (Chapter VI Implementation Article 19 no. 1, 2, and 3).
- **Monitoring and evaluation:**
 - Internal M&E system should be in-place (assessing technical and workplace skills).
 - Apprentices who finish the program and fulfill the program standards will receive certificates based on the competency standards applied (refer to the page on Competency Standards)
- **Post-apprenticeship:**
 - Companies may employ the apprentices upon completion of the apprenticeship program even though there is no obligation to do so. However, many companies do employ the apprentices after they completed the program.
 - Apprentices may also use the apprenticeship certificate obtained to apply and work elsewhere at their own choice and preference.
 - Apprentices may also pursue entrepreneurship.

3. 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 (Chapter VIII Training and Supervision Article 24)

As the regulatory and monitoring authorities, the **Ministry of Manpower** and the **provincial/regency-level government divisions** in charge of employment have an important role in each of these steps to ensure the success of the apprenticeship system.

Companies may also coordinate with **apprenticeship forums** – such as FKJP – in their local area.

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



GOOD PRACTICES OF APPRENTICESHIP INDONESIA



GOOD PRACTICES OF APPRENTICESHIP INDONESIA

From field survey in Jabodetabek (Jakarta, Bogor, Depok, Tangerang, Bekasi) and Balikpapan City.

A number of good practices were observed during the field survey. Some of the important points are:

| | |
|---|---|
| Recruitment | Thorough screening and testing ensured good success rate |
| Contractual issues | All companies adhered to or exceeded the Ministry of Manpower's standards |
| Monitoring and Evaluation – Internal | Systematic and thorough internal assessment processes with measures to mentor and correct potential issues arising |
| Training | 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 |
| Post training | High employment rate by companies after completed apprenticeships Informal assistance to apprentices seeking employment in elsewhere |
| Trade Unions' role | Good understanding of the apprenticeship program and its objectives |
| Legislation, rules and regulations | Simple, flexible and serving the purpose |
| FKJP | Good cooperation in terms of facilitation and communications in areas where FKJP is active |

Indonesia's National Apprenticeship Network (INAN)

As the continuation and commitment of APINDO in promoting apprenticeship in Indonesia, Indonesia National Apprenticeship Network (INAN) strengthens apprenticeship initiatives in the working industry through the leadership of champions of companies and will eventually synergize with other apprenticeship forums.

The role of INAN:

1. To raise awareness and understanding of apprenticeship in Indonesia
2. To facilitate knowledge sharing of apprenticeship's experiences and practices
3. To contribute to the improvement of apprenticeship regulatory framework in reducing the gap between knowledge generated in the educational system and the skills demanded by employers

INAN will work in cooperation with the Global Apprenticeship Network (GAN) to promote good practices in apprenticeship with the aim to achieve international benchmark in Indonesia.

Benefits for companies to be part of INAN:

Access to information and knowledge on apprenticeship' best practices, at the national and international levels.

These benefits will be useful for companies to improve their apprenticeship program's quality and provide opportunities for companies to be role models in apprenticeship in order to create more jobs.

For more information, please contact:

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REFERENCE

Apprenticeship's legislations and regulations

- Constitution of Republic of Indonesia No.13 Year 2003 on Employment
- Government Regulation No. 31 Year 2006 on National Job Training System
- Minister of Manpower and Transmigration's Act No. Kep.261/MEN/XI/2004 on Companies that are Obligated to Implement Job Trainings
- Minister of Finance's Act No. 770/KMK.04/1990 on income tax for employees' training costs, apprenticeship, and scholarship
- Minister of Manpower and Transmigration's Regulation No. PER. 17/MEN/VII/2007 on licensing procedures and private training institutions' registration
- Minister of Manpower and Transmigration's Regulation No. PER. 08/MEN/VI/2008 on licensing procedures and Overseas Apprenticeship Program's Implementation
- Minister of Manpower and Transmigration's Regulation No. PER.22/MEN/IX/2009 on Domestic Apprenticeship Program's Implementation
- Minister of Manpower and Transmigration's Regulation No. 5 Year 2012 on National Competency Standards
- Minister of Manpower and Transmigration's Regulation No. 6 Year 2012 tentang Penandaan Sistem. Pelatihan Kerja
- Minister of Manpower and Transmigration's Regulation No 7 Year 2012 on utilizing local training centers by private companies
- Minister of Manpower and Transmigration's Regulation No. 8 Year 2012 on Indonesia's National Competency Standards' procedures
- Presidential Decree No. 8 Year 2012 on National Qualification Framework
- Presidential Decree's Addendum No. 8 Year 2012 on National Qualification Framework

Examples 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 |

| Characteristics | Short Term 1 – 12 weeks | Medium Term 13 – 52 weeks | Long Term >12 months |
|--|---|---|---|
| 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 assigned to field duty; various incentives provided to ensure that apprentices stay with the company after completion of contract |

| Characteristics | Short Term 1 – 12 weeks | Medium Term 13 – 52 weeks | Long Term >12 months |
|-------------------|---|--|---|
| 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 |