

STUDY REPORT

Developing Training System in the Indonesian Motorcycle Industry and Modern-retail Sector

The Role of APINDO in Improving the
Capability of the Youth to Work



The report of this study is an integral part of the APINDO-ILO program for conducting training in the Indonesian motorcycle industry and modern-retail sector for the youth. This report is complemented by curriculum of standar competency and training modules for the two mentioned sectors which is reported separately. This report was prepared by P. Agung Pambudhi MM, Antonius Doni Dihen MSc, and Dionisius A. Narjoko, PhD.

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Foreword



Youth employment is a priority for countries across the globe, including Indonesia. Statistics show that the youth unemployment rate in many countries - including industrialized countries is two or three times higher than the general unemployment with the exception of a few countries.

Unemployment and the lack of decent work constitute a challenge not only for the younger and future generations but for societies at large. In order to equip youth for existing and future job vacancies as well as to create their own jobs through the start-up of enterprises, investments in training are needed to provide young people with the necessary competencies. This implies having knowledge and estimates of where the jobs are today as well as where they will be tomorrow. Indonesian employers have an important role to play in identifying where the jobs are and will be as well as what competencies are needed for young Indonesians to take up decent work.

The Indonesian Employers' Association (APINDO) represents private sector enterprises with a mandate to advance the labour market interest of employers. As a part of its vision for national competitiveness and productivity, APINDO recognizes the vital role of skills development and training of human resources, particularly those entering the labour market. APINDO is actively involved in the consultations and communications at the local and national level through its representation in the tripartite and bipartite institutions to influence labour market policies. APINDO is seeking more active role of the private sector in providing industry feedback to policy makers, education and training institutions to enhance employability of youth. As key clients of these institutions, APINDO members can help to optimize policy and practice by providing information on what are current workplace demands in terms of skills and competencies, how training could be organized to be effective and efficient, what should be quality assurance standards and processes, and how education is funded.

The ILO through its Norwegian-funded project on Youth Employment and Social Dialogue is pleased to collaborate with APINDO in the publication of this study paper. We also acknowledge with gratitude the kind assistance of Mr.P.Agung Pambudhi, Mr.Antonius Doni Dihan, and Mr. Dionisius A.Nardjoko, in conducting the study. It is our hope that the publication can be the basis for APINDO to influence the Government, unions, and public to improve youth employment situation by bridging the gap between industry and training systems.

Jakarta, November 2008

Alan Boulton
Director ILO Jakarta

Foreword



APINDO has a deep concern about and desire to overcome the youth unemployment issue in Indonesia. APINDO has arranged a series of trainings as one of their efforts to respond to this issue. These trainings, which target a group of high school graduates, aim to enhance their competency in order to find a proper pathway into the job market. In this era of globalization, improvement of human resources and competency is truly required in light of increased job market competition. Unfortunately, in general, the youth workforce is not yet ready to enter a vocation due to a lack of competencies. Consequently, from year to year, the number of unemployed youths continues to increase rapidly.

Now, let us take a look at APINDO's research which was conducted in 2007. The research outlined that both the retail and automotive sectors are two of the best prospects, among others, in absorbing youth labor. It also shows that both sectors can potentially be an alternative solution to cope with unemployment in the country. In this case, APINDO has showed its great interest to deal with the issue of youth unemployment and its linkages with industrial business and investment in the country. However, yet, both formal education and vocational training are not able to contribute much in order to meet the demand of skilled labor in industrial business. Facts illustrate that statistically, in 2007, the number of youth unemployed (15-24 years old) reached up to 60% out of a total of 11.6 million unemployed Indonesians.

Moreover, APINDO's research also elaborated deeply about which specific practical skills or competencies are required most to meet demand in both the automotive and retail sectors. Through utilizing in-depth interviews, APINDO conducted interviews with industrial practitioners. The research found that the following skills were demanded most; firstly is machining operator; secondly is welding operator and the last one is practical mechanic. Meanwhile, in the retail sector, it showed that specific competencies such as *Sales Promotion Person* (SPP) is more favorable.

APINDO does not stop with just research activities, more than that, all lessons learned from the research results are being incorporated into training modules which also involve contributions from practitioners in related sectors. Based on research recommendations, APINDO has released modules that are being utilized during training sessions as well as adding entrepreneurship skills as part of the training curriculum. In terms of training development, APINDO is working prudently and giving all efforts to meet the standard of national training policies which include training implementation, certification, and provision of work. Through those trainings, APINDO has been producing a number of alumni that are now ready to enter a vocation. Furthermore, research results and modules released by APINDO are also being proposed as recommendations for Government to make further improvements within the existing training system.

In addition, APINDO also believes that expanding access to job opportunities as well as fostering a spirit of entrepreneurship as an important key to dealing with unemployment and poverty issues. In parallel, the enhancement of practical skills is also a practical solution enabling the youth workforce to enter the job market and obtain decent work. In the end, the improvement of youth's work performance will transfer a positive impact to the business climate as well as create potential young entrepreneurs who will be future partners with APINDO members.

Jakarta, November 2008

Sofjan Wanandi

General Chairman of APINDO



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Glossary

| | |
|--------|---|
| AI | : PT. Astra International |
| AHM | : PT. Astra Honda Motor |
| AHASS | : Astra Honda After Sales Service |
| APINDO | : <i>Asosiasi Pengusaha Indonesia</i> – Indonesian Employers' Association |
| ATMI | : <i>Akademi Teknik Mesin Industri</i> |
| BLK | : <i>Balai Latihan Kerja</i> – Government Training Center |
| FDI | : Foreign Direct Investment |
| IIFI | : Indonesia International Fashion Institute |
| IMF | : International Monetary Fund |
| K3L | : <i>Kesehatan dan Keselamatan Kerja dan Lingkungan</i> |
| PBK | : <i>Pelatihan Berbasis Kompetensi</i> – competency based training |
| RPL | : Recognition of Prior Learning |
| RSI | : Retail-Sales-Index |
| SKKNI | : <i>Standar Kompetensi Kerja Nasional Indonesia</i> – National Standard of _Working Competency |
| SMA | : <i>Sekolah Menengah Atas</i> – (General) Senior High School |
| SMK | : <i>Sekolah Menengah Kejuruan</i> – Vocational Senior High School |
| SPP | : Sales Promotion Person |
| STM | : <i>Sekolah Teknik Menengah</i> – Technical Senior High School |
| YDBA | : <i>Yayasan Dharma Bhakti Astra</i> – Social Foundation of Astra |

I. INTRODUCTION

As a business association that has an interest to create jobs, APINDO (*Asosiasi Pengusaha Indonesia*, or the Indonesian Business Association) designed a program that has an objective to increase the access of the youth in getting jobs.. Together with the support of ILO (International Labour Organization), APINDO came with an idea of the need of training programs for the youth, as a way to increase their knowledge and skill they need for entering job market.

In its program “Peningkatan Kapasitas APINDO dalam Mempromosikan Peningkatan Kemampuan Kerja Kaum Muda”, APINDO chose to carry out training program to fulfill the demand of motorcycle industry and modern-retail sector.

This paper briefly describe the development in the Indonesian motorcycle industry and modern-retail sector. The description focuses on the recent development of the industry and sector, particularly for the period post the 1997/98 economic crisis, and provides a general description on market potential that these industries have for the future. The descriptions are presented to provide some justification on why these two industries are worth to choose by APINDO for its program.

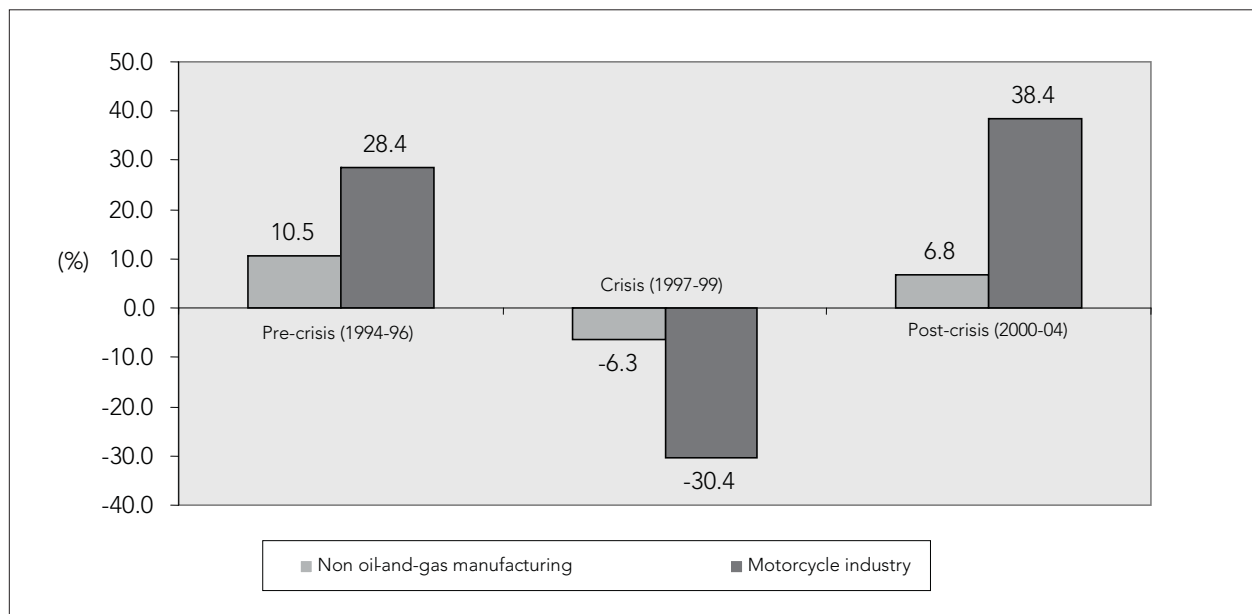
The study does not only review the literature and conduct interviews with people in business of these two sectors – including interviews with other stakeholders, such as business association, national agency for profesional certification (*badan nasional sertifikasi profes*), government (the Ministry of Education and the Ministry Manpower), government’s training institution, workers/ employees, and technical schools – but also indentify the need of for training from the two industries.

II. THE CURRENT SITUATION AND DEVELOPMENT OF THE INDONESIAN MOTORCYCLE INDUSTRY AND MODERN-RETAIL SECTOR

II.1. The motorcycle industry

The Indonesian motorcycle industry has grown rapidly in the past few years. as shown in Figure 1, the output of motorcycle assembly industry grew at about 38% during the years after the crisis (2000-04). This growth rate was substantially higher than that of the pre-crisis period (1994-96). The favorable performance is also noted from the fact that the industry was able to quickly recover from a deep contraction of 30% during the crisis, as well as the fact that the growth rate of the industry was significantly higher than the overall growth rate of the Indonesian manufacturing sector.

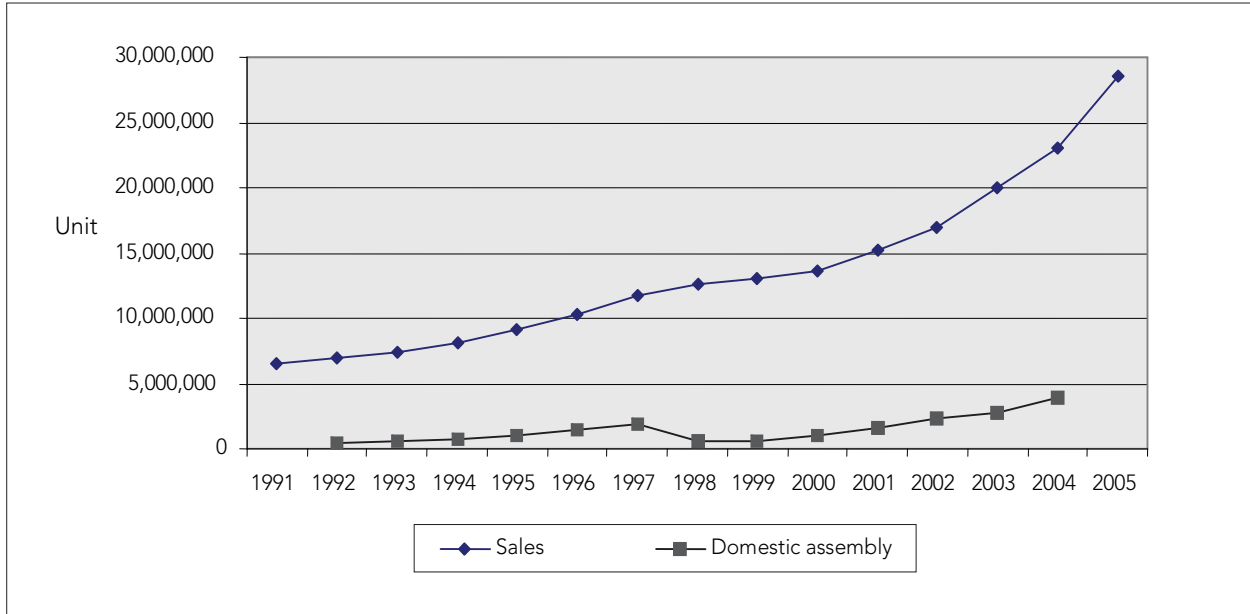
Figure 1
Output growth rate (%) of the Indonesian non oil-and-gas and motorcycle, 1994-2004



The rapid production was followed by a rapid growth in the consumption of motorcycle. In other words, one factor contributing to the rapid production was the large and rapid growth of domestic consumption. Figure 2 shows this. The consumption of motorcycle in Indonesia grew at about 15% per annum over the five years period after the crisis, which substantially higher than the growth rate for the pre-crisis period about 10% per annum).

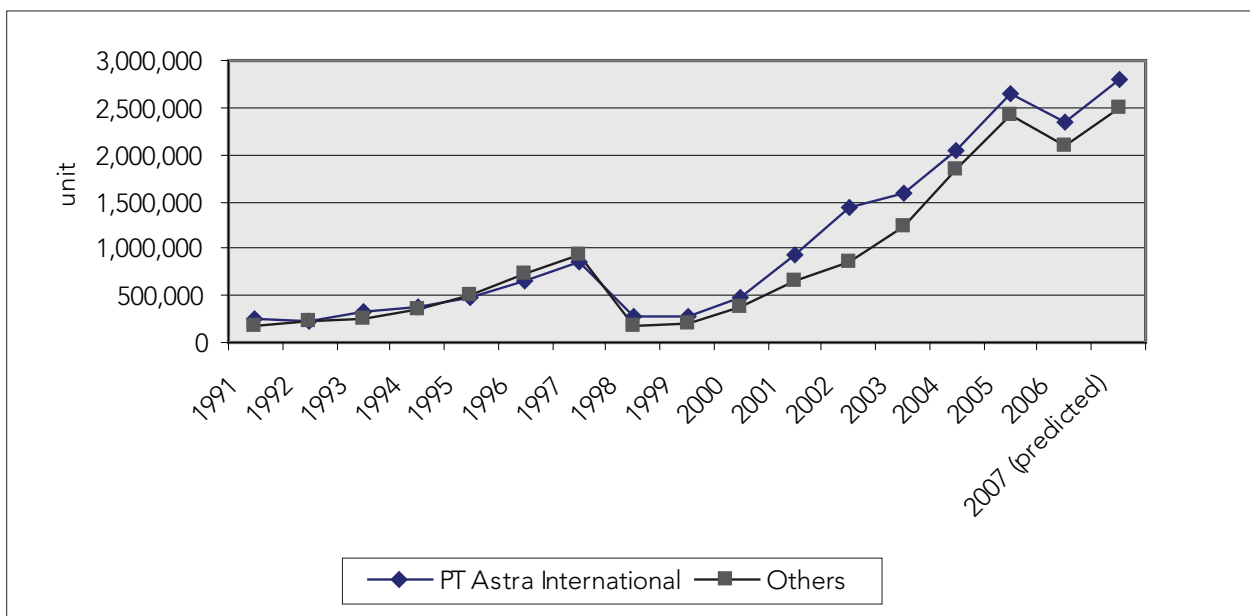
It is worth noting that the higher consumption growth rate – than the growth rate of domestic motorcycle production – suggests that quite large part of domestic consumption was fulfilled by imports.

Figure 2.
Sales and production of the domestic motorcycle assembly (units of motorcycles),
Indonesia, 1991-2005



The reduction of fuel subsidy by the government, at once stage, reduced the consumption of motorcycle. This is shown in Figure 3 on the sales performance of PT. Astra International and few other motorcyclers producers. However, the decline was predicted to end and the situation should recover (i.e. an increase in sales). This prediction is supported by the recovery of *Retail-Sales-Index* (RSI) published by Bank Indonesia for the period April – Juni 2007, in which RSI for the component of automotive or motorcycle goods grew with the rate that is considerable high, that is, about 23% per annum (on year-on-year basis).

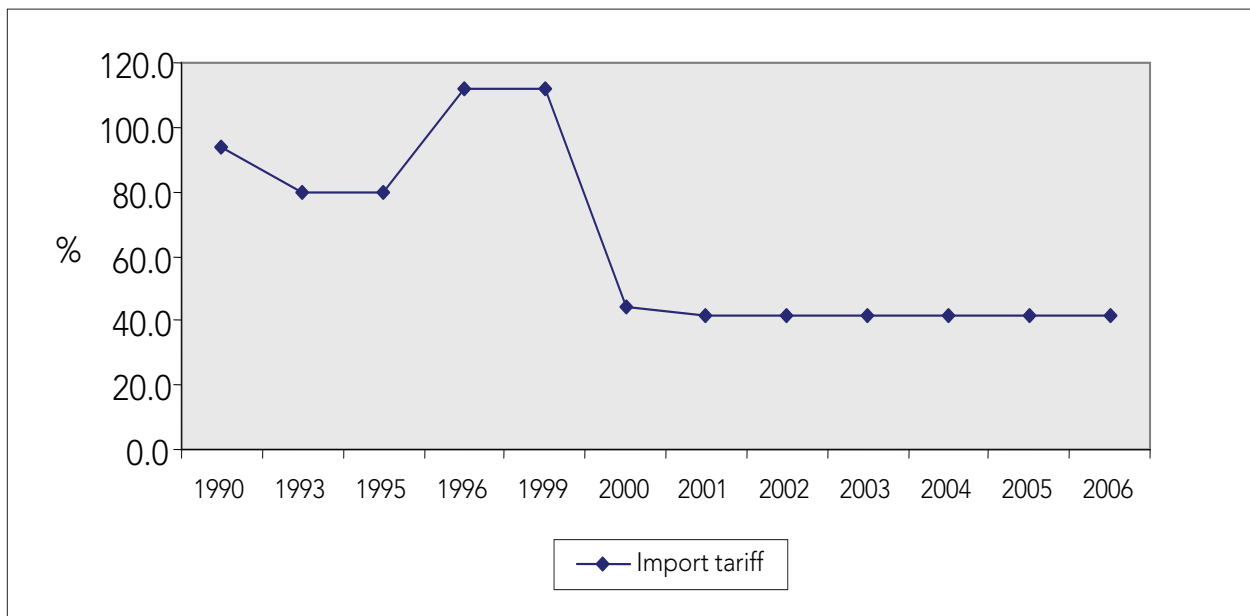
Figure 3.
The sales of motorcycle in Indonesia, 1991-2007



What factors trigger the high growth for domestic consumption, which in turn motivate the high sales and production of motorcycle industry in Indonesia? Obviously there are many factors that can answer this question. Nonetheless, two factors seem to be the most important one: (1) significantly reduced import-tariff rate, and (2) relatively low inflation rate for the post-crisis period.

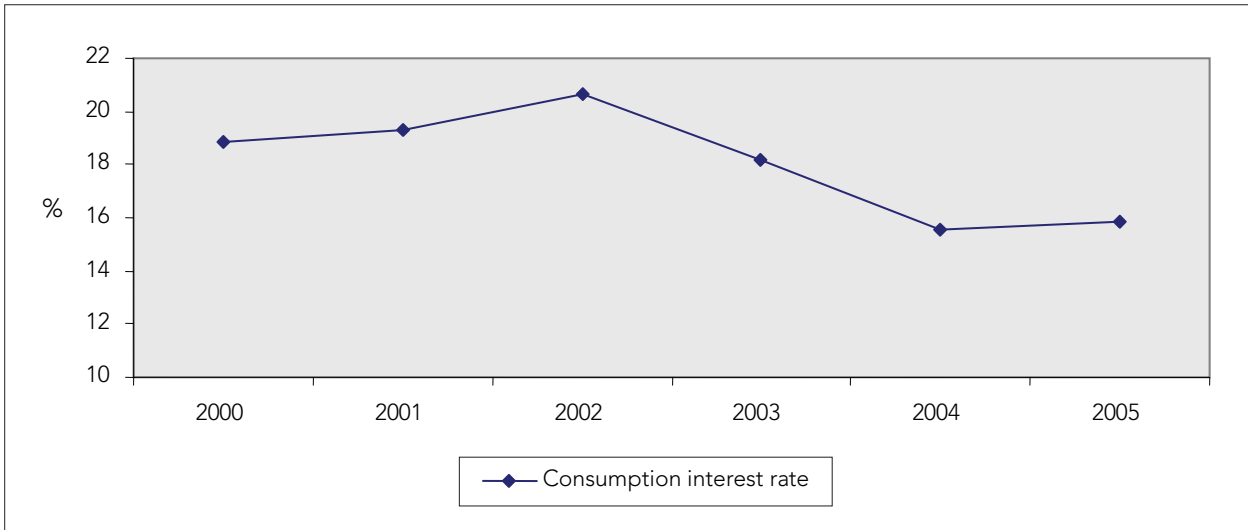
The nominal import-tariff rate for motorcycle reduced significantly at the year of 2000, as one of the impacts of economic reform during the 1997/98 economic crisis. As described in Figure 4, the nominal tariff rate for import of motorcycle fell about half of the earlier rate, or 50%. The tariff reduction gives a 'discount' for the domestic motorcycle price to go down, which seems to be what happened. Therefore, it is not a surprising fact that motorcycle sales jumped since 2000, because consumers are relatively 'richer' or have higher purchasing power. In other words, the price reduction that comes from the reduction of the nominal import tariff causes consumers to have higher purchasing power, although nominal income does not necessarily increase.

Figure 4.
Import tariff rate of motorcycle (%), Indonesia, 1990-2006



Meanwhile, low interest rate in the years after the crisis – which happened because of the success of macroeconomic reforms – should have helped the consumers to increase their purchasing power even more. This happened because the low inflation rate caused a relatively low interest rate for consumption credit, and as in many other countries, the consumption of *durable* goods, such as motorcycle, is often supported by consumption credit. Figure 5 indicates this, where the interest rate for consumption credit declined significantly over the period 2002-04.

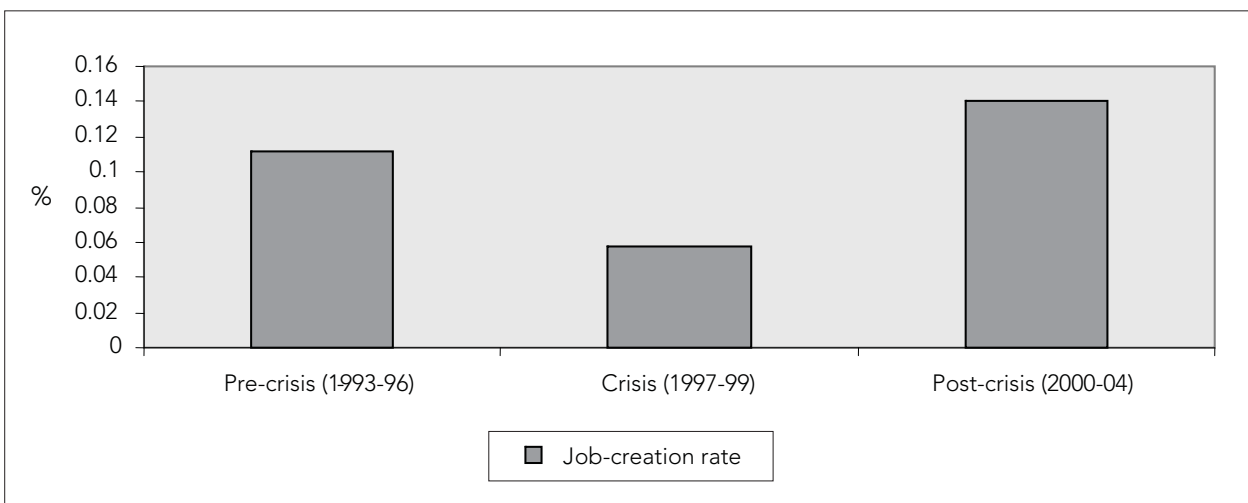
Figure 5.
Consumption interest rate (%), Indonesia, 2000-05



The choice of the motorcycle industry, as a sector focused in the APINDO's program from 2007-08, becomes important because of the rapid development happened in the industry in the past few years, as described in the analysis above.

In addition to that, the motorcycle industry is also important considering the contribution of this industry in employment. As shown in Figure 6, expansion rate of employment (or often known as *job-creation rate*) in this sector increased in the period after the crisis, compare to that of the pre-crisis. Given the fact that Indonesian economy growth rate has been, in general, lower than the growth rate during years before the crisis, the increase in the job-creation rate suggests that the motorcycle industry is considered as one of the industries that has potentials for increasing labour force participation.

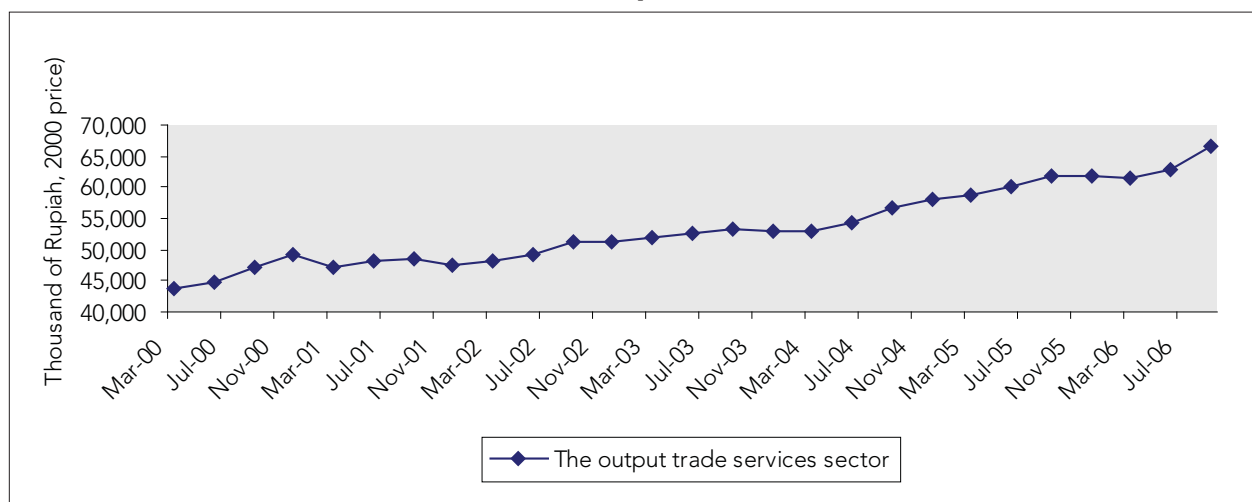
Figure 6.
Job-creation rate (%), Indonesian motorcycle industry, 1993-2004



II.2. Modern-retail services sector

Similarly to what happened in motorcycle industry, the performance of modern-retail sector has been favorable in the period after the crisis, as described in Figure 7. In the Figure, the general trading sector - according to national income statistics – had been growing rapidly within a six-years period, from 2000 to 2006. It is a similar picture if we look in the detail in the modern-retail sector. In particular, the number of market players in this sector (i.e., the *retailers*) increased substantially at the rate of 15% over the period 1997-2003 (Poesoro 2007)

Figure 7.
The output trading service sector, Indonesia,
March 2004-September 2006



According to some studies (for example, World Bank (2007)), there are several explanation for the favorable development in this sector.

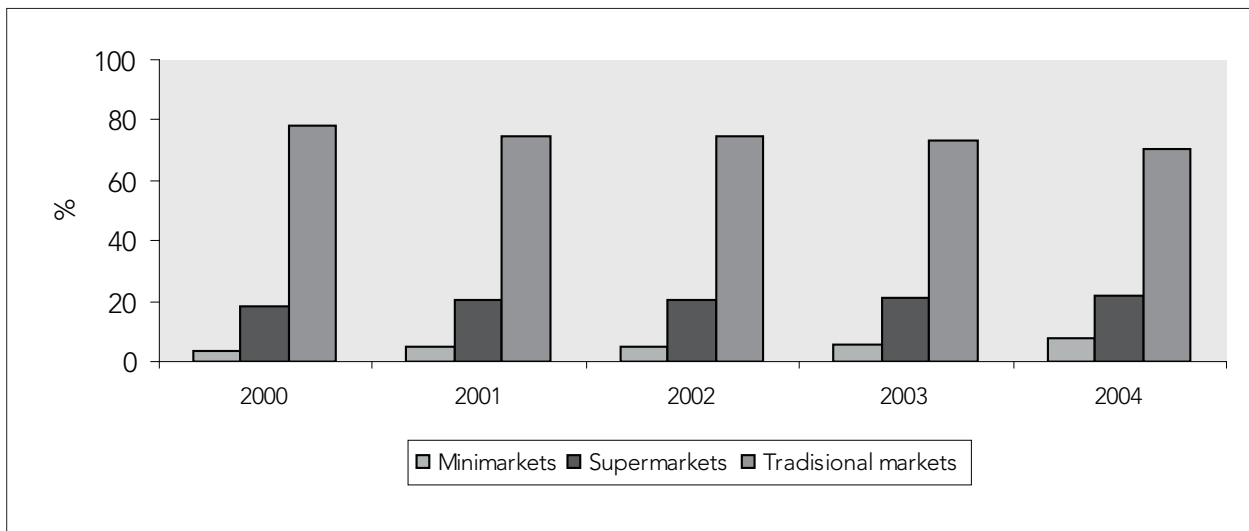
The most important explanation, perhaps, is the change in the regulation of *foreign direct investment* (FDI) in the Indonesian modern-retail sector, in 1998. In that year, the regulation that restrict FDI in the sector was liberalised (i.e. there was no longer restriction), as one of the results of the IMF Lol (Letter of Intent). As an immediate impact, two groups of *chain-hypermarket* in the world, that is, *Carrefour* and *Continental* soon established their stores in some big cities in Indonesia.

Almost all economic indicators supports further development and the growth of the retailers. One of them is the high level of the urbanisation rate in Indonesia, which in turn provides large market potential for the retailers in big cities.

Related to the urbanisation, the development of modern-retail services is also supported by the revitalised property and real-estate markets. According to some studies, the development of modern residential has a positive correlation with the development of stores of modern retailers.

The rapid development of modern-retail sector can also be seen from the declining market share of traditional-retail services sector, which therefore, implies higher market share for modern-retail services sector (see Figure 8, quoted from Poesoro (2007))Market share of retailers in traditional-retail market had been declining since 1998, coincides with the abolishment of FDI restriction in retailing sector. To be precise, the market share of the traditional-retail services sector declined as much as 8% over the period 2000-04.

Figure 8.
Retailers market share based on types of retailer shops,
Indonesia, 2000-04

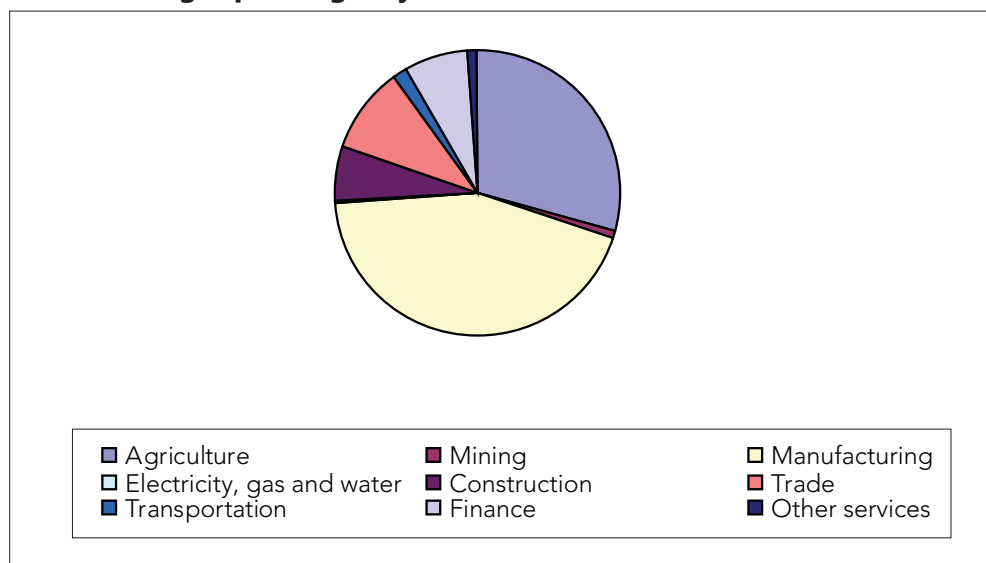


There are three major reasons of why modern-retail sector is focused in the APINDO's program. First, as in the motorcycle industry, the modern-retail sector grew rapidly after the crisis. In particular, the entry of many new retailers – which was motivated by the more conducive investment climate in this sector – creates big business opportunities in this sector. This is described by many plans of expansions that will be done by modern retailers operating in Indonesia at the moment. For example:

- ♦ *Carrefour* planed to open 9 new stores in 2007, adding up its stock of stores which had reached about 30 in Indonesia at this moment.
- ♦ Until June 2007, Group Hero had opened 23 new stores and will continue to do so in the future.
- ♦ *Metro Cash and Carry*, that is, big retailer companies from Germany, planed to open 20 stores in Indonesia, which cover big cities in the country, including Jakarta, Bandung, Semarang, Surabaya, Bali, dan beberapa kota di Sumatera

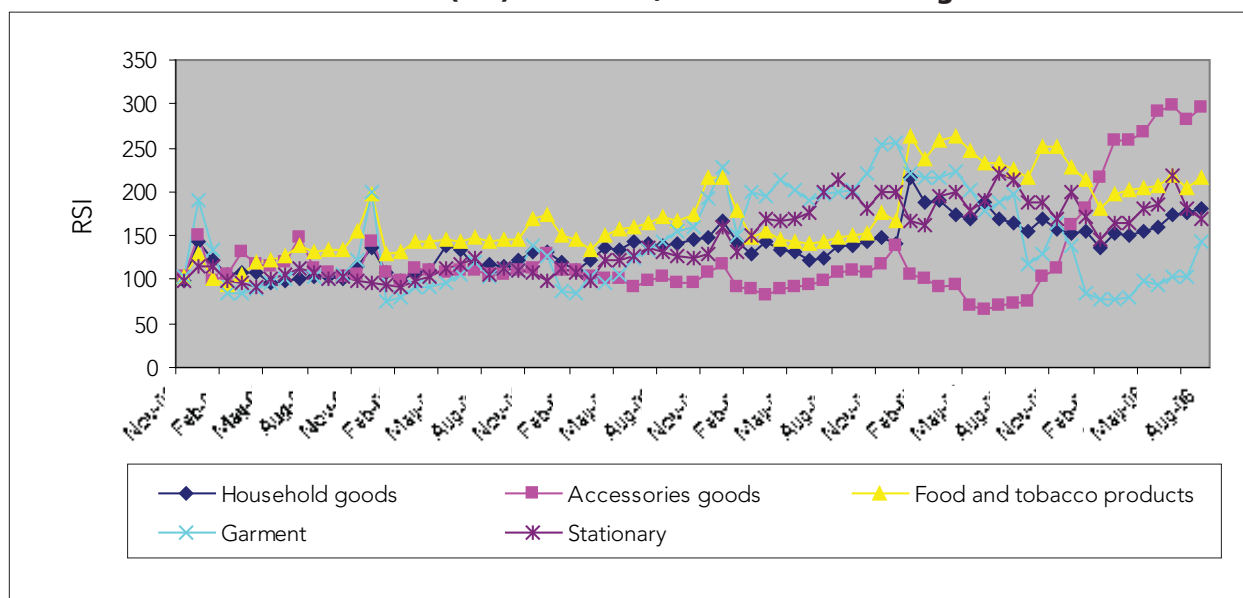
The second reason is that, the modern-retail sector is considered to be a sector that absord quite large amount of employment. This is illustrated by Figure 9 which shows that the share of potential employment opportunity in trading sector – the sector which include modern-retail sector – ranks the third biggest after the share of the potential employment opportunity in agriculture and manufacturing sector. In particular, it can be argued that the modern-retail sector demands substantial amount of labour that acquire marketing skill.

Figure 9.
Pangsa peluang kerja sektor formal, Indonesia, 2001



The third reason is that more conducive climate for investment in this sector which was followed by the switch in the consumer behaviour from consuming from traditional market to modern-retailer shops (see Figure 8). This is also illustrated by Figure 10 where there have been an increases in the trend of Retail-Sales-Index (RSI) from all groups of products that are usually sold in modern-retail shops.

Figure 10.
Retail Sales Index (RSI) Indonesia, November 2000-August 2006



III. THE CAPACITY OF EMPLOYMENT ABSORPTION AND THE NEED FOR TRAINING: FINDINGS FROM FIELD STUDY

III.1. Motorcycle industry

The result of interviews with some motorcycle industry's *stakeholders*, in particular the interviews with PT. Astra International (AI) as the holding company of PT. Astra Honda Motor (AHM) and their vendors, such as PT. Yutaka and PT. Showa, confirms the description derived from the secondary-level data above that there is a favorable development in the industry. The senior company officers interviewed claimed that the production of motorcycle *parts* and *assembly* of motorcycle in each of these companies experience an increase, both from the aspect of production and sales. In addition, the increase in the use of motorcycle the demands the maintenance and serviceto also increase following the general production and sales trend.

As an illustration, for the prodcution of the parts and assembling activity, PT. AHM in 2005 built new plant in Cikarang with a production capacity of 120,000 units/month. This plant adds the total number of plants that this group of business have to three plants altogether, and the installed capacity reach to be three million units. In the meantime, real, or used capacity, as of in 2006 already reached the level 2,350,000 units.

According to the official data from the website of AHM, total employment as of May 2007 are 13,027. Employment were distributed across the three plants and in head office, Dies and Mould Division, and AHM Training Center. It was predicted that a plant can absorb employment as many as 4,000 labor. This prediction was based on the interview where for the purpose of operating new plant in 2006, AHM recruited new employment between 3,000 to 5,000 people.

It is clear from both the information in the website and the interview that employment absorption usually happen when there is a new plant to be opened. The new plant was open when the market was favorable.

The favorable market condition, which demands the company to open another new plant, of course, does not come every year. Few more years are needed to find such a favorable market condition, and at that time, a mass recruitment could occur.

Even so, if there was no significant increase in production when the market is growing or favorable, there should be a constant demand of labor at any point of time, for the reason of replacing workers whose contrac is expired. This condition does not have anything to do with the current rigid labor regulation, which forces companies to hire contract workers instead of permanent workers.

Apart from sub industry activity of parts production and assembling, the core business of service and maintainance is another sub industry activity that gives good prospects for employment absorption. For this core of business, there are at least 20,000 AHASS (Astra Honda After Sales Service) workers in Indonesia with average employment absorption of 5 mechancs for evert AHASS

workshop. Therefore, there are potential employment absorption of about 100,000 workers with 10% per annum employment turn-over rate, and these are only in Astra business group alone.

In terms of educational background for the workers, interview results indicate that plant operation demands workers with educational background of high school (i.e., the level of *Sekolah Menengah Atas*, or SMA) or the high-school version of vocational school (i.e., *Sekolah Teknik Menengah*, or STM), while the demand for workers with bachelor-degree level of educational background is just too small. The ratio given is 1:1.000, or one bachelor-degree worker equivalent for 1,000 SMA or STM graduates.

Employability (or readiness to work) from new graduates is often a problem. Interview results indicate that industries, or companies, face high gap in skill between what the industry needs with what the knowledge the graduates have, in this case for the high-school level graduates, and particularly for the STM graduates. The Astra historical data for recruitment record that not more than 15% of applicants that meet the qualifications that the company needs.

Even for those who meet the company's requirements, the company still needs to provide some expensive intensive-trainings to prepare the new recruits for their readiness to work.

According to ASTRA's experience, there are only few educational institutions which are able to produce graduates that meet the standard imposed by ASTRA. These institutions are the Academy of Mechanical Engineering (or *Akademi Teknik Mesin Industri*, ATMI, in Solo), the Manufacturing Politechnic (or *Politeknik Manufaktur (Polman)*, in Bandung, ASTRA's Manufacturing Politechnic (i.e. Polman ASTRA), and Santo Mikael Vocational High School (or *Santo Mikael Sekolah Menengah Kejuruan*, SMK, in Solo). These four institutions produce graduates that meet ASTRA's standard requirements, both technically and *behaviorally*.

Ideally, business players hope that the graduates of the high-school level are qualified for some basic knowledge, and therefore, training materials can be focused on some specific topics, which are company-specific, without repeating basic knowledge and skill that should be given in the formal education of these graduates. If this ideal situation occurs, it means helping companies in reducing the cost for training the candidates of the workers.

There are two categories of competency which are usually emphasized as a benchmark in evaluating workers' performance, both for the new recruits and those who have been in the job. The first category is *technical*, and the second one is *behavioral*. Included in the *technical* category is *thinking ability*, which comprises the capability of *numerical*, *abstraction*, etc.

To ensure the conformity of these competency standard, some tests are conducted before an applicant is accepted to be an employee of AHM. The first test is *thinking ability*, which usually able to collect 40% of the applicants conducting the tests.

All 40% of these applicants that past the first test then conducts a behavioral test. Usually, 38,5% of these applicants, or 15% from the original number of applicants conducting the tests, would be collected in the further selection process.

Those who past the technical and behavioral test will undertake a medical test in the next step, and usually, 67% of them, or 10% from the original numbers of the applicants, would be accepted as junior employee of AHM.

III.2. The modern-retail services sector

Complementing the study on the rapidly growing modern-retail services sector, this study also conducted interviews with some business practitioners in the sector.

According to them, in 2007 and 2008, there are some additional of 1,000,000 squared meter of space for Mall/ or modern-retail in Jakarta. This implies a demand for employment as many as about 100,000 people for *sales promotion person* (SPP), because at least, there is a need of one SPP for every 10 squared meter of the space. As a simple illustration, the need for SPP can be seen from the large amount of vacancy advertisements in either national or local newspapers. SPP here is defined as workers or employees in the counters of modern-retailers, or shops, that have a duty to serve potential consumers for the goods sold in those stores.

The business practitioners advise APINDO to focus its training program on the SPP for several reasons: 1) the growth of this sector is very high and therefore needs a lot of workers or employees; 2) there has been a quite low level of skills of SPP candidate in terms of knowledge and marketing behavior ; and 3) there has not been any standard competency, curriculum, dan and modules for SPP training.

This study found that in fact a quite long time period is needed to train an employee in order to meet standard qualification. It is needed at least three months of training for having SPP that ready to work. Business practitioners argue that developing competency units, curriculum, and training modules, which are now spreaded accros many companies but usually are not systematized, should be beneficial for the development of the modern-retail sector.

IV. THREE IN ONE

Three in One is a paradigm being now promoted by the Indonesian Ministry of Manpower and Transmigration. The paradigm emphasize a harmonization of three components of the national training system, which are training, certification, and placement. In this paradigm, a training is considered effective if at the same time ensure the placement of the training graduates and acknowledge the competency achieved by the process of certification.

Based on this paradigm, this study also explore some partners that can be ask for collaboration, both for the process of training and placement.

The results, in regard to the training in automotive sector (i.e., for the motorcycle industry), is the commitment by PT. Astra International and its *vendors*, i.e., PT. Yutaka and PT. Showa, to support APINDO in developing materials for the training and conducting training *pilot project* for the candidates. There subjects were determined to be the focus of training, which are: 1) **Machining** (the *core competence* of PT. Showa; 2) **Welding** (the *core competence* of PT. Yutaka); dan 3) **Mechanics** (scope of business of AHM, supported by Astra Aspira under supervision of Yayasan Dharma Bhakti Astra, YDBA - a social foundation of Astra).

These companies are expected to be able to contribute in: 1) drafting/developoing training materials; 2) implementing training (including training on the job) using the training facilities that the companies have; and 3) recruiting (i.e. placing the workers from the training).

The absent of unit/standard competency, curriculum, and training modules for *Machining* and *Welding* from the government poses a challenge in the collaboration program. This also applies for *Mechanics*, for which standard competency is available and prepared (by the government) but yet to be translated into curriculum and its training modules. What can be expected is that the collaboration program promoted by APINDO could provide a crucial contribution to fill these gaps. The standard competency, curriculum, as well as the training modules, which will be developed, could be used as a reference by the government for developing curriculum for formal education and improving the quality of the government's training centre (i.e., *Balai Latihan Kerja, BLK*).

In regard to the training for the skill in serving consumers in the retailer's shops, APINDO had a commitment from PT Wacoal Indonesia for on-the-job training and recruiting the workers after the training. APINDO had also a support from IIFI (*Indonesia International Fashion Institute*) which committed to involve in the process of drafting or developing competency unit/standard, curriculum, and training modules for SPP. At the same, IIFI conducts and provide all infrastructures for the training.

The involvement of government and the government's training unit (i.e., *BLK*) is only very limited (limited only to *focus group discussion*), because they does not have any interest on this sector/subject. It is only after the competency unit/standard, curriculum, training modules, and the training are completed, a dissemination of the program will be done, included to the government

and BLK for further utilisation and development. Given this, Depdiknas and Depnaker had mentioned their commitments to be involved in this program.

Focus Group Discussion conducted on October 2, 2007, also brought a commitment in terms of certification. The Institution for Profesional Certification in Automotive (*Lembaga Setifikasi Profesi, LSP*) is one of the professional certification institution that had mentioned its support in the certification process from the training graduates. As for the SPP training, there had not been any commitment from any institution because there has not been any professional certification institution for this industry.

V. TRAINING MATERIALS

In principle, materials for the training, which include competency unit/standard, curriculum, and training modules, will be drafted/developed and reported in a separate report which in nature is very technical.

In this part, we only present some major points regarding the training materials. In particular, the discussion for modern-retail sector has much wider space compared to that for motorcycle industry, because the basics for training in modern-retail sector is not nicely structured.

V.1. Training materials for motorcycle industry

Up until this report was written, the technical training team has been still developing description on the systematic training materials for *Machining* and *Welding*; even so, they will continuously be examined and developed. This development should ideally lead to a drafting of Competency Unit, Curriculum, and Training Modules.

As for the training materials in motorcycle industry, our source-persons from SKKNI and the experience of the industry's practitioners suggest the following basic points for guidance:

1. Mechanic for motorcycle is a profession that guarantees for job security and a bright future career. They who choose the profession have the job security because of no threat for losing their jobs for the reason of aging. In fact, the as they acquire more experiences, they can climb up to higher career level, and with the useful information and capital they have, they can open, manage, and operate their own workshops. Therefore, vision and motivation is not really an issue or problem.
2. Mechanic profession is a *highly skilled* job. Therefore, training that focus on skills is the only choice. Focusing on skills implies allocating a lot of time for practice.
3. Competency is an important dimension closely related with this profession (i.e., as a mechanic). Attention to detail and persistency, for example, are aspects that can not be compromised. Because of this, focusing on the development of attitude should equally be given the same attention with the development of skills, and needs to be really considered in the training.
4. Even if knowledge can be acquired from practice, it is still needed a particular slot of time outside the practices in providing the knowledge to the training participants.

Based on these understanding, training materials for motorcycle mechanics will covers the following:

1. Even when it is predicted to be not so problematic, this program aims at developing the training participants as the candidates of the profession that has vision. Maka Therefore, regarding the dimension for Vision, the training provides an understanding of five components

of the Vision that can be able to lead the training participants to realise that their profession is a high-value profession. The five components are: 1) the source of valuable income, 2) taking social responsibilities, 3) opportunity to fulfill satisfaction of the job, 3) opportunity to improve career or even opportunity to become entrepreneur, and 5) opportunity to build up life skills.

2. Regarding knowledge dimension, we identify the following materials as the components of knowledge need to be acquired. This is in line with the Indonesian National Standard in Working Competency Standard (or *Standar Kompetensi Kerja Nasional Indonesia, SKKNI*): General Knowledge: the description of motorcycle industry, the outlook of the business in motorcycle workshop, workshop administration, entrepreneurship basic knowledge, customer service basic knowledge, and *emotional intelligence* basic knowledge; Specific Knowledge: hydraulic system, engine, cylinder head, cooling system, fuel system, manual and automatic transmission unit, braking system, steering system, suspension system, chain, battery, electrical system, ignition system, technical drawing, tools and kit in working place, operating manual handling, weighing tools, welding techniques, components for operating and maintainance, and the procedure for working Health, Safety, and Environment (or *K3L, Kesehatan dan Keselamatan Kerja dan Lingkungan*).
3. Referring to the SKKNI, materials for the skills are mapped as the following. Problem Solving: Conducting manual operation handling; removing cylinder heads, evaluating the condition of their components, assembling the cylinder heads; assembling and installing braking system and its components; evaluating steering system; evaluating suspension system; evaluating, maintainaning, and removing battery; minor repairing of electrical system; repairing ignition system; Maintenance: maintaining operational components and repairing; maintaining hydraulic system; maintaining engine and its components; maintaining cooling system and its components; maintaining fuel system; maintaining manual and automatic transmission unit; transmission unit braking system; transmission unit suspension system; transmission chain ; Administering: using and maintaining tool and kit in the workplace; using and maintaining weighing tools; Technical Comprehension: reading and understanding technical drawing; conducting welding techniques; understanding K3L procedure. In addition to these, skills related to communication, team work, customer-service, and learning skill needs to also be developed in the training.
4. Supporting the attention on the dimension of knowledge and skills, the development of mental attitude include a personal and inter-personal mentak attitude. The particular personal mental attitude will be developed are *work standards, initiative, attention to detail, patience, dan persistence*; while the particular inter-personal mental attitude will be developed are *assertiveness, leadership, team orientation, and responsiveness*.

These training materials are of course need to carefully translated into the design of training program, with a support of careful learning and evaluation method.

V.2. Training for modern-retail services sector

The training materials for Sales Promotion Person (SPP) are originally developed based on several basic considerations:

1. Understanding that SPP is a job that is considered a simple job and without a clear career path. Workers of this job are difficult to see clear vision of the future and to get satisfaction from the job except for the income gained/produce, either for the workers or the workers' family. The absence of a meaningful vision affects the performance of their work.
2. Because being considered as a simple job, the candidates for SPPs or even the SPPs do not bring with them or be given with sufficient knowledge, which is able to develop their career and working on the job with positive mental attitude. While in fact, having sufficient knowledge should allow them to develop their career and a better future from this profession..
3. Understanding that doing the works in the shops, using the valuable time the workers have, is a valuable opportunity to develop and improve professional working attitude. Therefore, if the direction of this attitude development is clearly mapped, there should be too a development in the professional working attitude from the SPP candidates, which in turn should contribute to their performance in the shops and to opportunity to grow in the future.
4. Understanding that a mix of skills for doing this profession is not a simple one, should we want to produce SPPs that are able to survive over the course of their career and in the future. Identifying all skills need to be acquired by a SPP therefore becomes very important task.

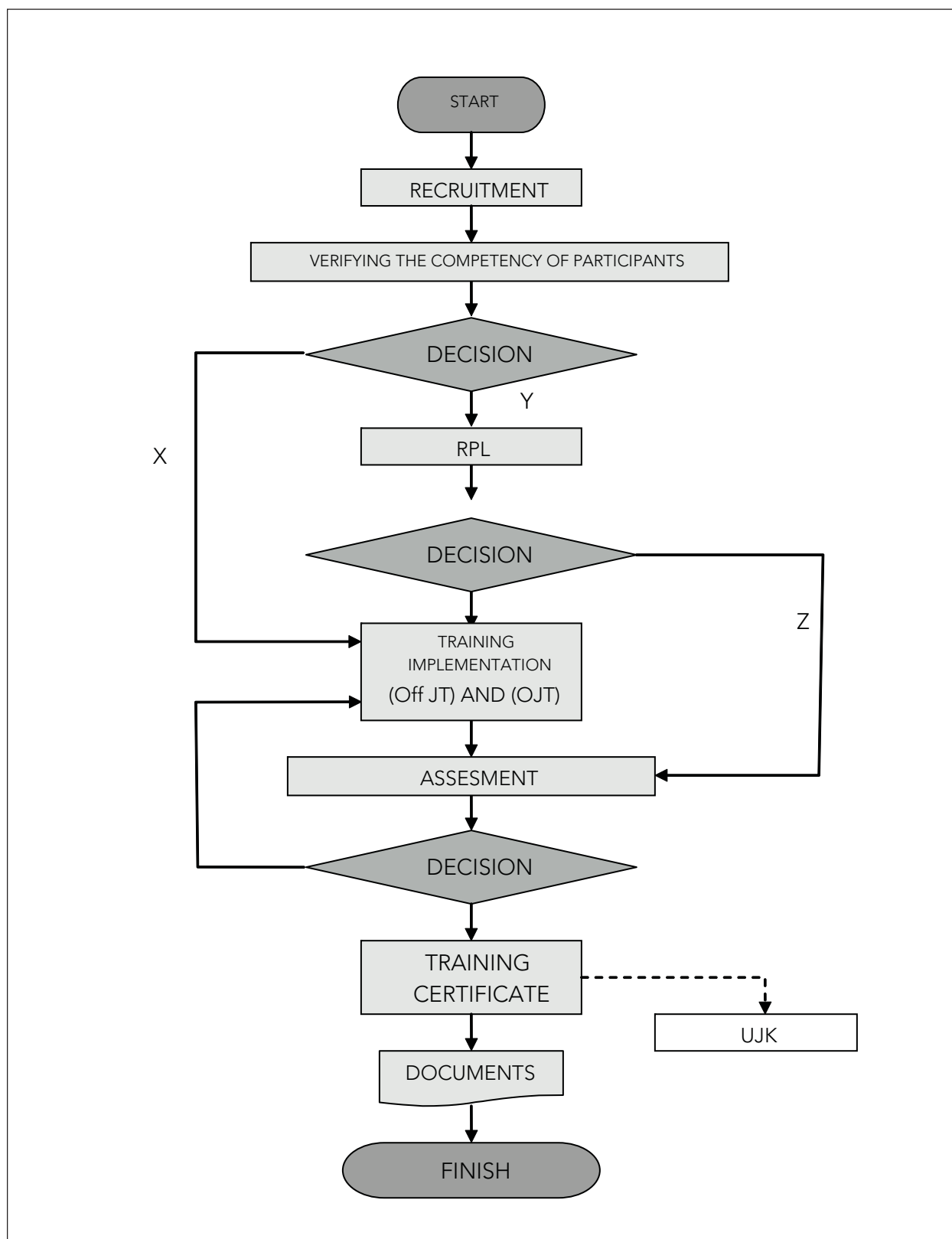
Based on the exploration conducted through review of literature, casual observation, and interviews, we determined a description of a training material as written below:

1. The training materials are designed in such a way to create "A Great Sales Person", that is, a SPP which is *visionary, smart, skilful, and professional in terms of attitude*. These characteristics are in line with the four dimension developed by the training program, which are the dimension of vision, knowledge, skill, and attitude.
2. In terms of vision, what aimed to be achieved is depositing five component of vision which can bring forward the training participants in realising that the SPP profession is a valuable profession. These components of vision place SPP as 1) a valuable source of income, 2) fulfilling social responsibility, 3) opportunity to fulfil job satisfaction, 3) opportunity to enter the next steps in career, and 5) opportunity to develop *life skills*.
3. On the dimension of knowledge, the training directs the participants to enrich their knowledge with seven topics of general knowledge, and six topics of specific knowledge. All the seven topics in general knowledge are: 1) the description of retail business, 2) the outlook of retail business, 3) the description of retail management, 4) *customer service*, 5) *emotional intelligence*, 6) *salesmanship*, and 7) some basics of *product knowledge*. Meanwhile, specific knowledge includes: 1) *job description*, 2) *job requirement*, 3) marketing techniques, 4) techniques for self-expression, 5) *customer service* techniques, and 6) consumer behavior.
4. On the dimension of skill, we need to develop 22 types of specific skills, which are the elaboration of the seven generic knowledge. All these generic knowledge are: 1) communication, 2) interaction, 3) *teamwork*, 4) sales/marketing, 5) administration, 6) self expression, and 7) learning skill. The description and specific discussion on all these knowledge can be seen in a separated report on the technical aspects of the training.

5. Meanwhile, on the mental/behaviour attitude, we argue a need to develop 12 basic values. Five of these are personal-specific (i.e., working with high standard, self organisation, initiative, attention to detail and passion); and the rest are the attitudes that inter-personally in nature (*assertiveness, leadership, persistence, persuasiveness, flexibility/versatility, team orientation, and responsiveness*).

These training materials surely are still need to be elaborated in the units of competency, curriculum and syllabus, be implemented with the support of source persons and competent sfasilitator, as well as good training environment.

VI. MAIN PROCESSES IN THE TRAINING PROGRAM¹



¹ Adopted from *Lampiran Peraturan Direktur Jenderal Pembinaan, Pelatihan, dan Produktivitas tentang 'Pedoman Pelatihan Berbasis Kompetensi'* – (Attachment of Regulation of General Director of Supervisory, Training and Prodcutivity regarding 'Guidance of Competency Based Training')

Notes:

- X: Training participants who participate in competency based training (PBA) for all competency units.
- Y: Training participants who participate in competency based training (PBA) for specific competency units.
- Z: The participants can immediately involve in the Assessment, without a requirement to participate in competency based training (PBA)

The description of training process according to the flowchart diagram above:

1. Recruitment
 - a. Registration of the candidates for the training participants.
 - b. Selection of the candidates for the training participants.
 - c. Announcement of the result of the selection process.
2. Verifying the competency of the training participants
 - a. Collecting supporting documents (documents on the previously participated training program, working experience and other working experience which are relevant with the trained competency unit).
 - b. Verifying supporting documents in regards to the trained competency unit.
3. Decision of the verification
 - a. Training participants which are needed to participate PBK for all competency units (i.e., the X).
 - b. Training participants which have acquired some competency units enter the process of Recognition of Prior Learning (RPL).
4. *Recognition of Prior Learning (RPL)*
 - a. Interviewing the participants on the acquired competency, according to the available supporting documents.
 - b. In order to ensure the acquired competency, if it is necessary, it can be proved by some other methods, such as written test, demonstration, etc.
5. The decision of RPL
 - a. From the RPL result, the participants whose competency units deemed to be yet fulfilling the requirements need to participate in PBK process.
 - b. From the RPL result, the participants whose competency units deemed to have fulfilled the requirements immediately moves or enter the assessment process (Z).
6. Training implementation

The process of training implementation is initiated by:

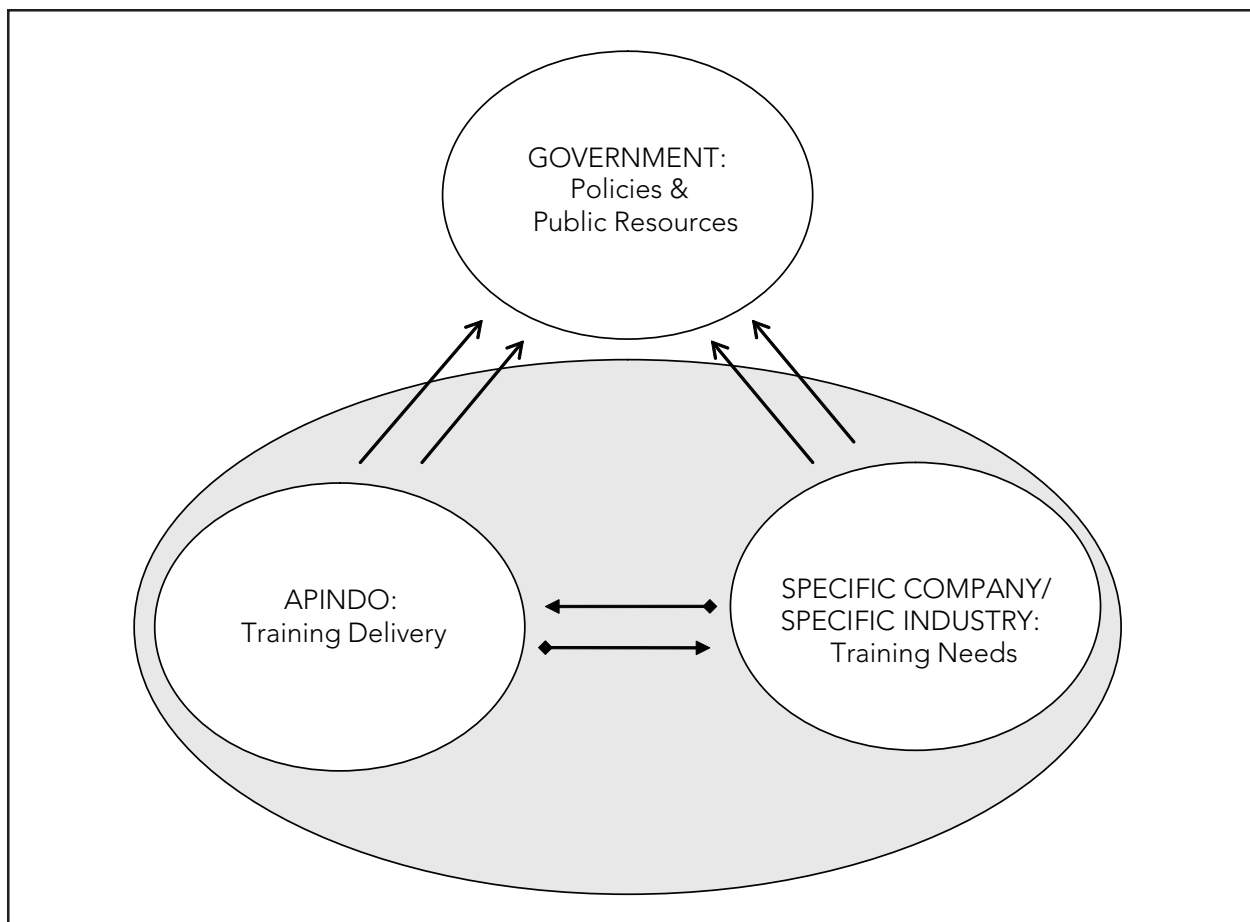
 - a. Preparing training program according to the determined competency units;
 - b. Determining instructors and mentors;
 - c. Providing facilities for the pelatihan off-the-job dan on-the-job trainings;

- d. Setting the training methodology that is considered suitable for the specific competency units;
 - e. Monitoring the implementation of activities for the off- dan on-the-job training.
7. Assessment
 - a. Assessing the training participants according to the determined/fixed competency units.
 - b. The participant can follow the assessment based on the decision on RPL and the result of the training process.
 8. Evaluation decision
 - a. The training participants who are considered to meet all required-work demonstration are deemed to graduate.
 - b. The training participants who are considered not to meet all or some of the required-work demonstration must participate in the training process of the un-passed work-demonstration.
 9. Training certificate
 - a. The training participants who deemed to graduate will be given certificate.
 - b. The certificate is issued by the relevant institution that implement the training.
 10. Documents
 - a. All documents on the training participants are filed.
 - b. The certificates for the participants are integrated to the institution for the training.
 11. Competency test
 - a. The graduated training participants are recommended to do competency test.
 - b. The competency test are conducted by the institute for profesional certification.

VII. THE ROLE OF APINDO

Considering all inputs gained over the course of the study, there are two proposition for the role of APINDO in the program, as described below.

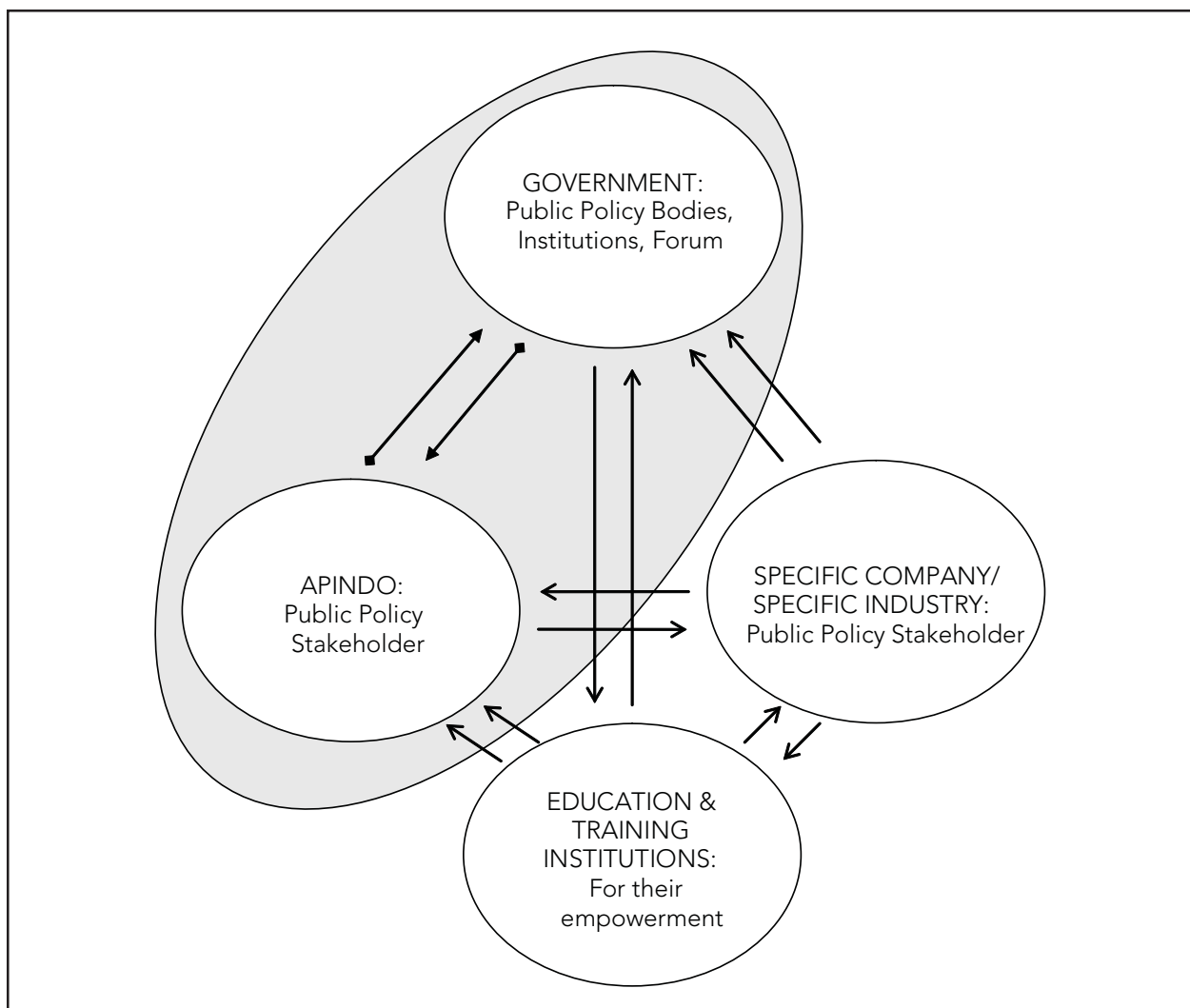
Model 1: APINDO as a Training Programme Provider/Institution



1. Apindo plays a role of a *training institution*, through a body that is formed for this purpose.
2. The Apindo's close relationship with companies that need workers, as well industries with a high demand for labor, is capitalized for several purpose:
 - a. Getting a more accurate picture of which skills or competency that are needed by job markets or industries it wants to serve;
 - b. Getting the experts or resource-persons and infrastructure from the companies which could put together training world and working practice in real world;
 - c. Getting access for company facilities that can be used either as the place for training or the place for on-the-job training; and
 - d. To ensure that the training graduates can be absorbed by job market or industry.

3. As in institution that represent business in Indonesia, Apindo has a good position to the government. Therefore, it can be expected that the government would likely to share resources it has, including the software of the guidance to create a training program, curriculum, syllabus, and training modules. The use of these softwares surely will simplify and facilitate certification process, if needed.
4. In its relative strong position in respects to industry players, Apindo can promote its social agenda in the training program, such as, involving people from less-developed region in the country, to be the training participants or involving women in the training program. This way, Apindo plays an advanced role in involving companies in *social inclusion* or *social cohesion*.
5. As being indicated by this study, the efforts to set the role of Apindo as the provider of the training program, however, face some constraints, as the following:
 - a. Companies from the targeted group of industry have their own established training system, and this could create some overlapping which therefore creating problems in allocating portion of training.
 - b. Training modules owned by these companies have been developed over a long time-period, which then pose high value in terms of *property right* and therefore these modules are difficult to be shared for common/public interest.
 - c. Furthermore, sharing the knowledge is even more difficult because some of these companies consider that the training system is one of the sources for their *competitive advantage*.
 - d. Because of the high value in the training resources, developing a partnership with these companies requires the existence of benefit from these companies (i.e., the partner companies).
 - e. Because of these companies has long developed and established their own training system, a development of a new training system (i.e., with support of Apindo) can be considered as an *underdog* action.
6. However, as long as the constraints above could be handled in clever way, the model of APINDO's role can be further developed towards as model of *employer-owned training system*, as the one occurred in Hong Kong, with the characteristics:
 - a. Low or even the absence in the role of government;
 - b. *Highly employer-driven, or demand-driven*;
 - c. Flexible in adjusting for changes in industrial business and economic environment;
 - d. Contributing to improvement in the industry and economic competitiveness because creating the high amount of skilful human resource.
7. In the example of Hong Kong, collaboration or partnership with association becomes essential.

Model 2: APINDO as a leading and active player in the development of National training system



1. Apindo plays a role as a *key stakeholder of training policies and initiatives*.
2. The achievement of this role assumes the existence of enough capacity in several areas related to the position of Apindo.
3. The first area is participation mobilisation of companies in consortium/sub-consortium that is formed to formulate the SKKNI and create training modules. As for now, there are already 62 SKKNIs, and there would be more SKKNI will be made for profession or job that have not yet have its SKKNI. There must be a lot of modules need to be created.
4. The second area is advocating the interest of business in the process of training policy making, certification, and placement of workers/employees. It could be the case of unfair policies, or forcing in nature, such as, for example, *compulsory placement* which are forced to the business. Apindo stands to protect business interest in such case.
5. The third area is information for job market. In general we, in Indonesia, do not have a system of job market information that is easily and *widely* available, which has some ability to lead and direct individuals from labour force and education/training institutions in preparing the skill effectively. Apindo can put forward a partnership scheme between the government and business to develop this system.

6. There are still many *governance* issues in the field of training that needs an active role of Apindo, for example, more focused programs with clearer priority, higher utilization of the government training institutions (i.e., the BLKs), clear monitoring of the promoted and government-funded programs, etc.
7. The model of this involvement does not mean eliminating the chance of Apindo in providing training. Conducting training program is the way adopted by Apindo to do experiments, promoted, or creating operationalized model of training program that had been created in the partnership program between the government and business.
8. Major orientation of this policy making process, in the area of training, is utilization of the government's educational and training institutions, in order to be able to produce high-quality and relevant output with the demand from industry.
9. The core business of Apindo from the implementation side is *project piloting*.
10. The direction of this model of Apindo involvement is towards a developed national training system that is *employer-driven*, with an effective *partnership* between the government and business, supported by professionals.
11. The main area for the attention is the national training system, of the national *skills system*, and *public policies on training*.
12. The immediate issue is the capacity of Apindo which is still need to be improved in terms of the national training system.

VIII. CONCLUDING REMARK

Considering all arguments in the discussion of the role of APINDO, we suggest APINDO to take the role as in Model 2, as the institution that actively involved in developing the national training system.

The choice of the role in model 2 at the same time force APINDO to increase its capability in conducting research and developing organization, either for the internal or external perposes. The choice seems to be more strategic compared to the choice of model 1 which place APINDO as a direct provider of training services. This maybe not the APINDO's positioning for it to be able to interact more in the strategic level, and also for not being trapped in activities that in nature are very technical and operational. Even so, it is fully APINDO's decision to choose, because, if the alternative model 1 is chosen, for the reason of getting *income* from the services of providing training, this also one of some practical considerations that migh be needed by APINDO.

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