



International
Labour
Organization

► Policy Note (Indonesia)

SECTOR SKILLS COUNCILS



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This note describes the main functions of sector skills councils (SSCs), the alternatives of how they may be established, and how they go about their work. A final section gives some recommendations about setting them up.

► Background

Most countries organize their education and training services on a geographical basis, with schools, colleges and sometimes universities administered and funded by regional governments or municipalities. However industry often conceives itself on a national (and increasingly international) basis with divisions between *sectors*. So a manufacturer of clothing in one region will consider itself as having more in common with a manufacturer of clothing in another region, than with a boatbuilding yard on the next street.

This means that in planning and delivering vocational education and training the sectoral dimension needs to play an important part. Many countries have developed SSCs of one kind or another to contribute a sectoral 'voice' to education and training arrangements.

► Functions of SSCs

At the core of an SSCs role is specifying the nature of the skills that an industry sector needs. Only those working successfully in a certain industry, and who are exposed to the competitive pressure of domestic and international markets, together with the regulations experienced by firms in the sector, can give a true up-to-date account of what skills are needed in the workforce.

Therefore training quality and standards are central to the work of any SSC. The Annex describes how SSCs go about performing this function.

However SSCs may undertake other functions in the area of skills training, education and workforce development, including:

- Monitoring skills shortages and advising on the quantity of training needed overall and in particular locations;
- Developing 'skills strategies' in partnership with government for dealing with persistent skills and manpower problems in their sectors;
- Helping to develop curricula for relevant vocational education and training in formal education;
- Undertaking promotional activities to encourage suitable people to enter careers in their sector;
- Accrediting training organizations which are recognized as providing good quality skills relevant to the sector;
- Determining methods of assessment for testing or validating skills;
- Approving frameworks for apprenticeship (eg necessary training, experience, entry requirements, duration);
- Awarding certificates for people who have undertaken recommended training, and for people who have completed recognized apprenticeships;

- Acting as a negotiating forum for employers and trade unions on training matters;
- Arranging and administering schemes of levies (payroll taxes) and grants in their sectors which encourage employers to train. Thus employers who do not train contribute funds to those employers which do.

Countries vary considerably in which of these additional functions are undertaken by SSCs, and in whether SSCs have direct regulatory powers (through legislation) or whether they are advisory. It is quite common for some SSCs to have more functions and powers than those in other sectors, depending on their stage of development and the nature of the sector.

Composition and structure of SSCs

Membership

The core membership of SSCs is employers. It is they who recruit labour and who have to compete in domestic and international markets. It is they who know best what standards they expect from their workforce today, and how these may change in the future.

In most countries trade unions are also involved in SSCs. They also have a good understanding of what skills are needed in a sector, and the things that will attract or discourage workers to increase their skill levels.

It will often be appropriate to include representatives from higher education and secondary level vocational education. They can advise on the practicalities of teaching and assessment in knowledge and skills relevant to the sector.

Depending on the sector, relevant professional associations can be included, for example societies of engineers or architects.

Finally it will usually be useful to have a government representative (from the relevant ministry for the sector or the ministry which is responsible for training). It may be appropriate to designate government officials as 'observers' rather than full participants. This marks their status as people who receive advice from the SSC rather than being bound by its decisions.

Employer members should not be confined to human resource managers and specialists. It is important that at least some of the employers should be either chief executives or senior operational officers with direct experience of line management and the pressures of competition.

The chairman of the SSC might either be a leading recognized employer or perhaps a well respected academic from a relevant field in higher education.

Status

The status of SSCs can vary. At one extreme they can be bodies created by legislation, whose functions and membership are established by law or by regulation by government.

At the other extreme an SSC may be formed as a temporary measure to undertake a particular skills-related project – for example to help modernize training in a particular sector. In such cases members may simply be those people with expertise and interest who are prepared to volunteer. Often such 'temporary' SSCs start to take on a more permanent and structured role if the initial project is successful.

In between these two extremes there are wide range of models, including:

- panels appointed by the Ministry of Education or Labour to advise them on skills issues;
- groupings of employers which undertake promotion of careers in their industries, and collaborate with education institutions to define skills. Once established they may form a company to enable the group to handle finance and enter into contracts;
- existing industry associations which take on the role of active skills development, forming special boards within their structure to focus on this issue;
- existing professional associations who already define skills standards for their membership and who take on the role of developing standards and career routes for occupations which are linked to their profession;
- Ad-hoc meetings of stakeholders, usually convened by the government, to discuss various skills issues without fixed membership.



Case of South Africa

South Africa has taken the more formal path. It has established 21 Sector Education & Training Authorities (SETAs)¹, which are legally appointed with specified functions under the 1998 Skills Development Act. The functions of a SETA under Section 10 of the Act include:

- developing a sector skills plan and monitoring training in its sector;
- receiving and disbursing training levies;
- developing and registering learning programmes;
- liaising with central government skills agencies.

Occupational qualifications and associated skills standards are coordinated by the Qualifications Council for Trades and Occupations (QCTO)², but SETAs are deeply involved in this work through a formal recognition as Development Quality Partners. The QCTO may delegate its role in formulating qualifications directly to a SETA.

Note:

1 <https://nationalgovernment.co.za/units/type/8/seta>

2 <https://www.qcto.org.za/index.php>



Case of the Philippines

The Philippines demonstrate a more specific, task-focussed approach. As part of its recent Training for Work Scholarship Programme which funds job-related vocational education mainly in private sector technical and vocational institutes (TVIs), the government wanted to strengthen linkages with industry. An old system of 'Industry Boards and Industry Associations' (which ceased to attract government funding in the late 1990s) was revitalised to provide a more meaningful input by employers. Eleven important employment-generating sectors were selected for active partnership. These included the software, health management, outsourcing, plumbing, engineering and electronics industries. The industry associations in these sectors were involved with identifying priority training programmes, modernizing and improving the content and quality of training (by updating government training regulations), selecting TVIs for delivery of training (and in some cases establishing their own), involving firms in on-the-job training, and facilitating the employment of the programme's graduates.³

Note:

³ Information from: OECD (2017), "Engaging local employers in skills development and utilisation in the Philippines", in Better Use of Skills in the Workplace: Why It Matters for Productivity and Local Jobs. <https://doi.org/10.1787/9789264281394-12-en>.



Case of the UK

The UK has adopted a more evolutionary approach. Only two of its sector bodies are established on a statutory basis (both in the construction industry, with legal powers to raise levies from relevant employers). Others include longstanding industry organizations (e.g. Semta in science and engineering⁴), looser confederations and professional associations. There is no uniform statutory structure and the bodies can be enterprises in their own right (for example, providing consultancy, research and certification services to employers in their industry) or not-for-profit organizations with trustees appointed by their members. The Federation for Industry Sector Skills & Standards brings together many of these bodies at the national level.⁵

Note:

⁴ <https://semta.org.uk/>

⁵ <https://fissss.org/sector-skills-council-body/directory-of-DKS/>

Some occupations are to be found in many sectors – for example business clerks, marketing staff, personnel managers *etc.* Rather than have each industry sector develop standards and recommended training routes, it may be appropriate to establish *cross-sector* arrangements for some of these groups. Existing professional associations (eg for accountants) can often perform these functions. Sometimes it will make sense for two or three sectors to agree that an occupation which is common to all of them (eg maintenance engineer) should be handled by just one of them.

Coverage

If there is a formal structure, and particularly if an SSC has the function of raising levies or making grants, there needs to be careful definition of the boundaries of each sector, so it is plain which employers are represented by each SSC. Where the organization of SSCs is looser and employer participation is voluntary, the definition of coverage need not be so exact, as employers who consider themselves as belonging to the scope of an SSC can always join it.

There will always be new, emerging or very small industry sectors which will not immediately find a 'home' in the SSC sector. No country can support institutions which cover each and every portion of industry and commerce. Existing SSCs should be encouraged to widen their scope to take in new sectors of the economy, and occasionally it will be necessary to establish a new or reformed SSC.

There is no right answer to the question of how many SSCs it is necessary for a country to have. Countries need to avoid having over-large sectors (eg covering all of manufacturing), while at the same time not having so many small and specialized bodies that it is not possible to support or pay attention to them all. In practice 20-30 bodies covering most of the important parts of the economy would seem about the right number.

There is also a question about whether SSCs should cover the public sector. In some cases the skills and manpower needs of key public sector staff (eg teachers, postal workers) can be handled internally without the need for separate SSC arrangements.

► Establishing and supporting SSCs

It is of course possible, as in South Africa, to establish a complete set of SSCs from the outset, with uniform legislation governing all of them. This, however, would need very careful planning, for example about the exact coverage of each, and considerable co-ordinated activity by government. If the structure proves unsuitable there will be much wasted effort and frustration in offending people who have been persuaded to participate.*

A less risky path, therefore, is to proceed a step at time, starting with those sectors where there is most concern about skills and/or where some industry co-ordinating structures already exist (eg employers' associations or established mechanisms for collective negotiations with trade unions). Experience of SSC-type activities can then be used in setting up similar arrangements in other sectors. It will be helpful to have successful models to point to as examples.

Remember that arrangements can vary between sectors. Some SSCs may be not-for-profit, others could be established by regulations. Some may have a wide range of functions, others which are less well supported could have a narrower range. At a certain stage of development the government might decide to rationalise the structure that has emerged, with revised definitions of sectors and a more unified set of functions.

Even though the initial steps may be restricted to a few sectors, it is a good idea to have a rough sketch of all the main potential sectors even though most do not yet have an SSC. This 'rough plan' allows policymakers to know when to encourage the formation of a new SSC and when to suggest that an emerging grouping of employers might best directed to join an existing one.

* An OECD review in 2014 drew attention to the fact that many of its SETAs were not able to properly manage their responsibilities, particularly over the effective disbursement of grants, with high administrative costs.

National skills projects in particular sectors are likely to provide a good opportunity to experiment with the SSC approach. Leading employers can be involved in a time-limited task force to advise on the project, and in this way to become familiar with the issues and to become accustomed to working with each other. From a beginning in a project it may be natural for more permanent arrangements to be developed.

Consultations

As a first step in forming an SSC, consultations with employers and trade unions will be necessary. Initially this is best done informally, finding individuals with an interest in skills issues, and asking them about others in the sector who might have similar interests and concerns.

At an early stage it will be worth thinking about possible candidates to act as chairman. If a possible one can be identified – a respected industry figure, perhaps recently retired, or a neutral academic – he or she may be able to help persuade other senior figures to take part.

In composing the membership, balances will need to be struck – between large and smaller firms, important sub-sectors within the industry, employers and workers, and perhaps different parts of the country. Care should be taken that non-industry representatives (eg from ministries, education providers, local government *etc.*) do not outnumber the employers. If they do it is likely that employers will see the SSC as a bureaucratic, governmental body and gradually retire from it.

Support

Some well-established industry organizations will have their own staff and be able to support SSC functions without help.

However in most cases support staff will be needed. At the minimum there will need to be a competent secretary who will:

- convene meetings
- draw up agendas in consultation with the chairman
- consult with relevant government officials about items to be discussed and any specialists who need to attend particular meetings
- take notes at meetings and distribute them to members shortly afterwards
- communicate the decisions and recommendations of meetings to the relevant people.

If a secretary's task is confined to these items, it might be possible for one person to service two or three SSCs.

A secretary may also be able to commission simple research work. But if the SSC is to undertake work on current and future skills needs or formulating occupational standards it will need additional staff or the ability to draw on other institutions (eg university departments).

Tips

Where possible build on existing industry associations. If SSCs need to be established from new:

- Accept that it will take a number of meetings before members get to know each other and begin to appreciate what their task involves. Do not make the agendas too ambitious in the early days.
- It will be helpful if government officials, the secretary and/or the chairman meet leading members individually before the first meeting to brief them and to get a sense of their personal expectations.
- Do not distribute large documents or tables of figures to participants at short notice before meetings. This will irritate members and confuse them. A short paper with bullet points on the main items for advice or decision on each issue will help discussion. Members can ask for further detail if they want to.
- Ensure that employers have the chance to participate in the discussions. Often they will be cautious about expressing opinions. Try to prevent discussions being dominated by arguments between government officials and training providers – employers (and sometimes trades unions too) will feel they should not get involved.
- Government officials should try to resist making lengthy explanations and defences of government policy. It will usually be enough for them to note the points that are made, or to seek clarification.
- Circulate notes shortly after each meeting which outline the main points of discussion and any firm decisions or recommendations made. This will show members that they have been listened to.
- If there are major, contentious issues which cannot be resolved in an open meeting, invite a small sub-group to discuss it separately and to bring their recommendations back to the main meeting.
- Invite a minister or a senior ministry official to occasional meetings. This will demonstrate commitment and increase the status of the SSC in the eyes of its members.
- If possible arrange occasional meetings in relevant industrial or educational locations outside the capital. This will add to interest and allow members to talk to people 'in the front line'.

SPECIFYING SKILLS

A central task of an SSC is to determine which are the essential skills needed for their sector and to define the nature of these skills. These definitions:

- allow providers of education and training to design programmes which lead to these skills, and;
- form the basis for assessments of individual trainees to determine whether or not they are ready to perform the required activities at work – often accompanied by a certificate.

At the minimum an SSC needs to define occupational profiles. These are statements about the main job roles which are important to the sector. An SSC does not need to define all the jobs – a number will be found in a wide range of other industry sectors, for example personnel officers, managers, clerks *etc.**

Typically SSCs start with the job-roles which they find most difficult to fill and which they see as a priority for recruitment and training. Occupational profiles focus on the functions and particular skills which are characteristic of each role.

An SSC may go on to specify skill standards (often called occupational standards). These expand on the occupational profiles and indicate each of the associated area of skill in more or less detail, giving indications of the context in which they will be exercised and the level of proficiency that is expected. They are expressions of what a newly appointed skilled worker will be expected to be able to do.

It will be helpful to divide standards into practical competences on the one hand, and necessary knowledge and understanding on the other. Frequently training courses are separated into theoretical (knowledge-based) elements taught in class rooms and practical elements learned in workshops or on-the-job.

Standards can be expressed broadly or very precisely (eg giving the exact conditions in which they need to be exercised and the criteria for judging satisfactory performance). If a formal curriculum (teaching plan) is used to support training, the standards can be expressed fairly broadly, but if learning is informal (eg mainly on-the-job) then more guidance about standards may be necessary to aid consistency.

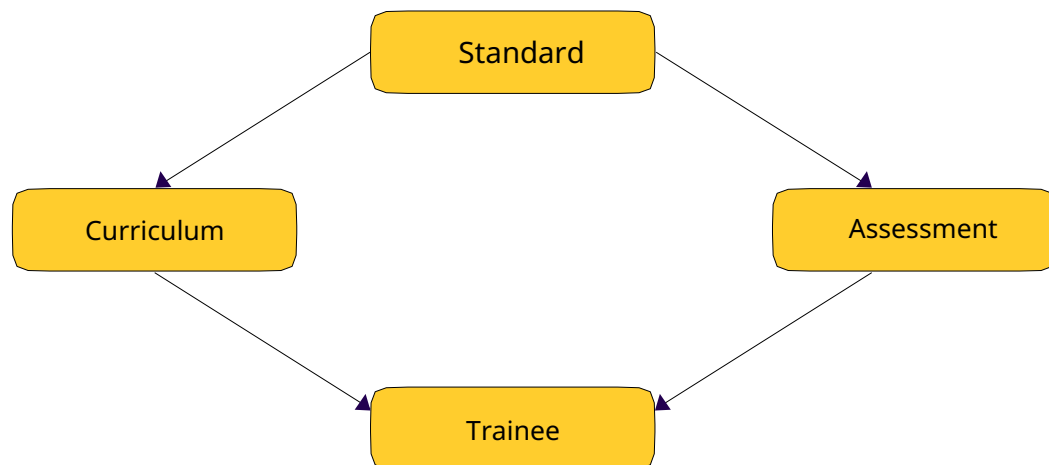
An SSC may need to commission experts to research and elaborate standards. Leading employers are likely to have staff who are expert in particular job roles and who know what is expected; they could be seconded to a project to develop standards. But whoever develops standards will need to undertake extensive consultation with actual supervisors and jobholders to ensure that the standards are realistic and comprehensible. It is also important that the SSC itself discusses and approves the standards to ensure that they have the authority of leading people in the sector.

For countries which have a national qualifications framework, certificates awarded for training and assessments which are based on skill standards formulated by a recognized SSC are entered into the national framework.

* Cross sector arrangements will be necessary to cater for these roles. See page 4.

In the case of countries which are developing a unified format for qualifications (ie. there are rules about how standards and certificates are expressed, common sizes and nomenclature *etc.*), the technical development of standards may be centralized, with SSCs playing an advisory or validating role rather than undertaking the development of standards themselves.

It is important to realize that standards by themselves are not a sufficient basis for training. They need to be made operational either through curricula or assessments* or (most commonly) both:



An SSC does not necessarily design curricula or assessments, though this can happen. These elements require expertise in teaching and testing which usually employers and trades unions do not have.

* Curricula are plans for teaching. They may consist of explanations, practice exercises, textbooks, visual aids etc. They start with simple, basic matters and progressively move to harder, more specialized topics. Assessments are the evaluation of whether a student has mastered the relevant standards. They can consist of written or oral tests, set projects or tasks, or observation of behaviour at work.

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Employment and Skills cluster works with the government of the Republic of Indonesia and social partners with the aim of improving skills development systems and promoting Decent Work for all. In particular, the team promotes: industry-TVET collaboration; e-/distance-learning; revitalization of national skills development systems; and women's access to TVET and employment.

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