PREPARING INDONESIA’S WORKFORCE FOR INDUSTRY 4.0

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DIGITALIZATION OF THE INDUSTRY

Threats:
- In general, digitalization era will eliminate about 1 – 1.5 billions jobs for 2015-2025, due to replacement of human position with automation machine (Gerd Leonhard, Futurist);
- It is estimated that in the future, 65% of elementary students in the world will work on type of jobs that haven’t existed yet today (U.S. Department of Labor report).

Chances:
- Digitalization era is potential to provide net improvement of workforce up to 2.1 millions new jobs in the year 2025
Transformation of Indonesia’s Labour Market

Industry Transformation Strategy (ITS)
Future Jobs Map (FM)
Manpower Planning (MP)
CHANCES OF DIGITALIZATION

- Digitalization + Online Market place
- Digitalization + Tourism
- Digitalization + Education
- Digitalization + Labour Market

Mobilize the Economy of SMEs

Growth local economy

Create competent human resources

Economic chances
INDONESIA LABOR MARKET SITUATION AND CHALLENGE IN 2019

**Labor Force**
- 136,18 Million (69.32%)

**Employment**
- 129,36 Million (94.99%)

**Unemployment**
- 6,82 Million (5.01%)

**Formal Employment**
- Junior High: 57%
- Senior High: 17%
- Vocational School: 11%
- Diploma: 3%
- University: 9%
- Elementary: 42%

**Non-Formal Employment**
- 57%

**Challenges**
- 58% graduates < Junior High
- 57% non-formal worker
- 5.01% Unemployment
- 2,24 mill new workforce every year
- 63% Job Missmatch
- 23 mill job impacted by digitalization

Source: BPS, February 2019
Government focus

Human Resources Development through VET

“We shall continuously restructure our worker’s qualification level, therefore they all should be trained to be skilled worker and well accepted in our industry”
(Cabinet Assembly, 3 February 2018)

“Once again I want to emphasize that human resource development should be priority for every ministries… … especially vocational school, vocational training, polytechnic …“
(Cabinet Assembly, 7 August 2018)

(Cabinet Assembly, 12 February 2018)

HR development will be our top priority, building hardworking, dynamic HR, building skilled HR, mastering science and technology, inviting global talents to work with us
(20 October 2019)
**Triple Skilling in Vocational Training**

**Target: Worker**

**Objective:** Skill upgrading, skill updating, multi-skilling, career improvement

**Outcome:** worker productivity and meningcompetitiveness improvement

**Data:**
- Workforce: 129 mill
  - Part-timer: 38,7 mil (40,08%)
  - 78 mil (57,29%) low educated workforce <SMP

**Target: Laid off worker**

**Objective:** to provide new skill to enable worker to find new job or to be entrepreneur

**Outcome:** to prevent unemployment

**Data:**
- Involuntary Laid-off Workers: 348 thousand people/year

**Target: Jobseeker, fresh graduate**

**Objective:** skill adjustment / matching

**Outcome:** decreasing unemployment rate

**Data:**
- Unemployment rate: 6,82 mil (5.01%)
- Natural TPT: 3-4%
- 2,24 mil newcomers / year
- 2,45mil youth unemployment aged 20-24 y/o
**COMPETENCY BASED TRAINING**

- Professional Association
  - Industry Association
  - Academics
  - Certification Agency
  - Government

- Public VTC
- Private VTC
- Company TC
- Apprenticeship
- E-learning

**Principle:**
1. Competency Based
2. Demand Driven
3. Longlife learning
4. Inclusive

**Training Funding:**
1. Government
2. Company
3. Individual

- Indonesia Profesional Certification Authority (BNSP)
- Professional Certification Agency (LSP)
MODALITY / CAPACITY OF VOCATIONAL TRAINING IN INDONESIA YEAR 2019

- **National Vocational Training Capacity**: 5,366,525 trainees/years
- **National Certification Capacity**: 4,873,200 certificate/year

**Public VTC**
- 305 Public VTC
- Capacity: 275,000 trainees

**Private VTC**
- 5,020 Private VTC
- Capacity: 2,239,608 trainees

**Community VTC**
- 1,125 Community VTC
- Capacity: 108,000 trainees

**Industry TC**
- 1,799 Industry TC
- Capacity: 1,477,900 trainees

**TC in 17 Ministries**
- 109 TC in 17 Ministries
- Capacity: 1,266,017 trainees

**Certification Agency**
- 1,482 Certification Agency
- Capacity: 4,873,200 people
• **Endorsement of Super Tax Deduction** (PP Number 45 Year 2019) for company conducting vocational training for workers or jobseekers or apprenticeship
  • Up-skilling training subsidy in BLK

• **Up-skilling**

• **Skilling**
  • Skilling Training subsid in BLK
  • Development of Community TC
  • Apprenticeship
  • Pre-employment training card (year 2020 start for 2 million people)

• **Re-skilling**
  • Re-skilling training for 20,000 laid-off workers funded by National Social Security Insurance
  • Pre-employment card (year 2020 start for 2 million people)
LABOR’S COMPETENCY AND PRODUCTIVITY DEVELOPMENT PROGRAM 2019

1. Competency Standard and Training Program Development
   - Vocational Training Subsidy: 277,344 people
   - Competency Standard Development: 150 Standards
   - Training Program & Curriculum Dev.: 275 Program

2. Vocational Training Capacity & Quality Improvement
   - Updating Training Equipment: 50 VTC
   - Accreditation: 450 VTC
   - Skills Development Center: 20 province
   - Establishment of VTC: 1,000 VTC

3. Vocational Training Instructors & Human Resources Development
   - Basic Instructor Training: 1,184 people
   - Advanced Instructor & Management training: 7,481 people

4. Domestic & Overseas Apprenticeship Development
   - Subsidize apprenticeship: 10,000 apprentice
   - Non-subsidize apprenticeship: 200,000 apprentice
   - Overseas Apprenticeship: 1,800 apprentice

5. Certification Program
   - Assessment & Certification: 526,189 people
   - Assessors training: 3,000 people
   - LSP Licensing: 270 LSP

6. Productivity Training Development
   - Entrepreneurship training: 18,800 people
   - Productivity improvement training: 19,925 people
   - ToT in Productivity: 560 people