

A REVIEW OF GOVERNMENT PROGRAMS ON JOB CREATION AND SKILLS IMPROVEMENT IN INDONESIA

TINJAUAN ATAS PROGRAM – PROGRAM PEMERINTAH MENGENAI PENCIPTAAN LAPANGAN KERJA DAN PENINGKATAN KEAHLIAN KERJA DI INDONESIA

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Abstrak

Studi ini menginvestigasi beberapa program dari 10 kementerian atau institusi yang terkait dengan penciptaan lapangan kerja dan peningkatan keahlian bagi masyarakat miskin dan yang rentan miskin. Analisis kualitatif digunakan sebagai metodologi untuk meninjau relevansi, efektivitas, keberlanjutan, dan dampaknya terhadap penciptaan lapangan kerja dan peningkatan keahlian bagi masyarakat miskin dan rentan miskin. Studi ini meninjau 35 program yang meliputi 182 kegiatan dan 293 sub kegiatan. Dari semua program tersebut, dipilih 10 program yang paling relevan dan potensial dalam menciptakan lapangan pekerjaan dan peningkatan keahlian bagi masyarakat miskin dan rentan miskin. Dua temuan utama dari studi ini adalah, pertama, kesepuluh program tersebut dalam jangka panjang relevan dan mempunyai potensial dalam rangka penciptaan lapangan kerja dan peningkatan keahlian bagi masyarakat miskin dan rentan miskin. Kedua, dari kesepuluh program tersebut, program peningkatan kapasitas pemerintah dalam menyediakan layanan bagi pekerja migran di Pilar 1, program Sekolah Lapang (SLPTT program) di Pilar 2, program magang di pilar 3, bisa ditingkatkan skalanya mengingat program – program tersebut mempunyai dampak yang potensial dalam penciptaan lapangan kerja dan peningkatan keahlian bagi masyarakat miskin dan rentan miskin.

Kata kunci: Peningkatan keahlian, penciptaan lapangan kerja, kemiskinan, program pemerintah

Klasifikasi JEL: J08, J68, J24

Abstract

This study investigates various government programs within ten ministries/institutions that implement the programs for employment creation and skills improvement for the poor and vulnerable in Indonesia. The methodology used in the study is based on qualitative analysis, emphasizing the relevance, effectiveness, sustainability and impact of the programs on job creation and skills improvement for the poor and vulnerable. The study has reviewed 35 programs encompassing 182 activities and 293 sub-activities. From these programs, ten most relevant programs are selected for further analysis in terms of their implementation and potential impact on job creation and skills improvement for the poor/vulnerable. The two main conclusions are raised in the study. *Firstly*, the ten programs investigated are relevant in terms of having a potential to create long- term employment and improve skills for the poor/vulnerable. *Secondly*, among the ten programs, the program for improving government capacity in providing service to migrant workers in Pillar 1, the program of Sekolah Lapang (*SLPTT program*) in Pillar 2 and the apprenticeship (*magang*) program in Pillar 3 can be scaled up as those programs have potential impact to job creation and skills improvement for the poor/vulnerable.

Keywords: Skills Improvement, Job Creation, Poverty, Government Program

JEL Classification : J08, J68, J24

INTRODUCTION

Over the years, maintaining high economic growth has long been the main concern of the Indonesian government. This can be undertaken mainly through macroeconomic stabilization, a series of deregulation to boost investment both from foreign and domestic capitals, and trade liberalization. High economic growth can expectedly be achieved through maintaining a competitively minimum wage policy, providing government supports to education and training, and facilitating information flows of labor demand and supply. As a result, over the last decade, Indonesia could maintain massive capital inflows to support high economic growth amid the global crisis since 2009.

However, apart from maintaining high economic growth, poverty and unemployment remain problematic for Indonesia. The national strategy to accelerate poverty reduction is undertaken through a clustering program: Cluster I focus on social assistant programs provided to the very poor households, such as the rice program for the poor (*Raskin*), health assistant for the poor (*Jamkesmas dan Jamskesda* programs). Cluster II emphasizes the community empowerment programs through various *PNPM-Mandiri* programs. Cluster III focuses on income generation and/or employment creation, including micro credit programs, such as *Kredit Usaha Rakyat (KUR)* to micro, small and medium scale enterprises (MSMEs). All programs within the clusters are administratively chaired by the Vice President Boediono through the development of the National Team for accelerating poverty reduction, known as *Tim Nasional Percepatan Penanggulangan Kemiskinan (TNP2K)*.

According to TNP2K, the strategy development of MSMEs is emphasized within five pillars: Pillar 1 focus on providing information and job services; Pillar 2 on skills and capacity improvement of job seekers; Pillar 3 on micro and small business empowerment programs, while Pillar 4 emphasizes infrastructure development to provide job to the poor and Pillar 5, emergency program for job creations. It is widely recognized that a large number of programs have been undertaken by ministries, aiming to create jobs and improve skills capacity of the poor.

This study focuses on reviewing various government programs that fall within Pillar 1, Pillar 2 and Pillar 3. It begins with selecting the 20 largest programs in terms of having annual budget above Rp 5 billion. Furthermore, the study examines the implementation result and issues of the 10 best programs through undertaking field surveys in eight cities namely Jakarta, Bogor, Bekasi, Yogyakarta, Semarang, Kendal, Kupang and Pontianak.

With regard to infective programs of the government described above, the objectives of the study are the following:

- To identify and investigate the largest 15 to 20 government programs dealing with job creation and skills improvement.
- To evaluate each of the selected programs on effectiveness, efficiency and their impact on employment for the poor/vulnerable.

LITERATURE REVIEW

Indonesia has a considerable size of population which leads to an increase in labor force, which is very dynamic structurally and changes rapidly. The Indonesian labor market has a dualistic in nature in which formal employment exists alongside with informal employment, high unemployment rates, and low labor quality. The rate of unemployment since the financial crisis of 1997 has been quite high, despite a downward trend in recent years. Although the unemployment rate has tended to decrease, the quality of employment is low, as more than 60% of labor force work in informal sector. According to the ILO (2011), Indonesia has been unable to gain benefit from the momentum of economic growth to create high quality of jobs. The latest ILO report on labor trends in 2013 concludes that Indonesia has not succeeded to create productive employment. In spite of unequal distribution of employment across provinces, the employment availability remains concentrated in Java and Bali.

There are several studies have been done regarding evaluation of government program concerning job creation and skill improvement. A study by Anita and Salawati (2011) shows that funding support provided by *Pelayanan Pembiayaan Pertanian dan Pengembangan*

Usaha Agribisnis Perdesaan (PUAP) program in Pontianak can improve farmer household incomes, compared to that of farmers having no funding support from PUAP. Similarly, Anggriani (2012) also shows that farmer participation in PUAP Program can lead to improvement in income in Bogor District, for the similar conclusion can also be referred to Yacob et al (2013) for the case of Kampar District. However, a study by Burhansyah (2010) concludes that the PUAP program in West Kalimantan fail to develop *Gapoktan* into sound

microfinance institution, due to weak facilitation process, geographical dispersion, and suboptimal support from the local government.

RESEARCH METHODOLOGY

The selection of programs reviewed in this study taken from a summary data on Job Creation Programs in the 13 Government Ministries/ institutions.¹ Table 1 presents the distribution of programs and activities in 2013 according to the pillars.

Table 1. Number of Programs, Activity and Sub-activity by Government Ministry/Institution

Ministry/ Institution	Pro- gram	Activity (Ac)*	Sub- activity (SA)	Pillar 1		Pillar 2		Pillar 3		Pillar 4		Pillar 5	
				# of Ac	# of SA	# of Ac	# of SA	# of Ac	# of SA	# of Ac	# of SA	# of Ac	# of SA
1. Home Affair	3	11	0	3	0	2	0	4	0	2	0	0	0
2. Agriculture	7	24	45	0	0	10	2	7	9	2	7	0	0
3. Industry	5	7	31	0	0	4	0	0	9	0	0	0	0
4. Education	2	18	48	2	0	5	5	8	0	5	8	6	35
5. Religion	3	9	22	0	0	1	1	7	8	1	7	3	4
6. Manpower	2	12	27	2	6	6	1	1	6	1	1	0	0
7. Marine & Fisheries	2	18	36	2	2	8	2	6	13	2	6	0	0
8. Tourism	3	44	16	2	3	35	0	0	11	0	0	0	0
9. Cooperative & MSME	1	12	0	0	0	0	0	0	0	0	0	0	0
10. Information	4	10	35	1	1	5	1	6	3	1	6	0	0
11. Youth & Sport	1	9	21	2	5	0	0	0	16	0	0	0	0
12. BNP2TKI	1	3	2	1	0	1	0	0	1	0	0	0	0
13. BNSP	1	5	10	2	3	3	0	0	0	0	0	0	0
Total	35	182	293	17	20	80	14	35	76	14	35	9	39
		100%		9%		44%		34%		8%		5%	

Source: Data on Job Creation Programs by 13 Ministries, compiled by TNP2K team (April, 2013).

(*) total activity consists of activities from 5 pillars.

As presented in Table 1, there are 35 main programs consisting of 182 activities that encompass 293 sub-activities. The above list however, may not include all programs related to job creation and skills improvement that were implemented by the government ministries or institutions. The amount of the budget for these programs was Rp 20.3 trillion distributed to Pillar 1 to Pillar 5 activities.

Interviews were conducted for the 20 largest programs with the resource persons from the selected government ministries/institutions. The interview was to explore the perspectives of the resource persons in such aspects as relevance, impact, sustainability and effectiveness of the programs. Apart from that information on profile

¹ Composed by TNP2K in late April 2013

and overview of the business processes of the selected programs was also collected. Field visits to the government ministries were conducted from May to June 2013. The information gathered was then examined against the relevance, impact, sustainability, and effectiveness of each program. The analysis resulted in the choice of 10 best programs based on the highest rank of the average scores associated with the relevance, impact,

sustainability, and effectiveness of each program on jobs creation and skills improvement for the poor and vulnerable. The 10 best programs selected by the study are presented in Table 2. It shows that the 10 best programs cover two (2) program activities from Pillar1; three (3) programs from Pillar 2 and five (5) programs from Pillar 3.

Table 2. List of 10 Best Programs on Job Creation and Skills Improvement by Pillar

Best Programs	Pillar	Ministry	Amount (billion Rp)
Peningkatan Pengembangan PasarKerja	1	Manpower	23.81
Peningkatan Kapasitas Pemda dalam Pelayanan TKI	1	BNP2TKI	2.98
Sekolah Lapang Tanaman PanganTerpadu	2	Agriculture	1,527.28
Peningkatan Kualitas SDM Industri	2	Industry	226.86
Sinergi Balai Diklat Perikanan dan SUPM dengan BLK dan SMK Kelautan dan Perikanan	2	Marine & Fisheries	120.00
Pelayanan Pembiayaan Pertanian dan Pengembangan Usaha Agribisnis Perdesaan (PUAP)	3	Agriculture	350.00
Penumbuhan dan Pengembangan IKM	3	Industry	99.02
PNPM KP	3	Marine & Fisheries	437.30
Bantuan Perkuatan Modal Awal (start up capital) bagi Wirausaha Pemula	3	Cooperatives & MSMEs	54.00
Diklat Peningkatan Produktivitas SDM KUMKM	3	Cooperatives & MSMEs	135.22

Source: Data on Job Creation Programs by 13 Ministries, compiled by TNP2K (April, 2013).

Field visits to eight cities namely Jakarta, Bogor, Bekasi, Jogjakarta, Semarang, Kendal, Kupang and Pontianak were conducted to evaluate the effectiveness, efficiency and impact of the 10 best programs through the information collected on the results of program implementation at provincial and/or district/city levels. Information was also gathered on the perception of program beneficiaries (individual or company), and other relevant stakeholders. The selection of visited

areas was based on the recommendations of the resource persons at the government ministries/ institutions. Respondents were selected by snowball sampling method, and field visits were conducted from mid of July to early September 2013. A gap analysis was applied to compare the program design and its implementation results. The number of respondents and location are presented in Table 3.

Table 3. Number of Respondents by location

Number of Program	Location	Number of Respondents
2	4 locations: Kupang, NTT Kab. Kupang, NTT Kab. Kendal, Central Java Semarang Central Java	20 Respondents in total (3 implementers, 7 beneficiaries) (2 implementers, 2 beneficiaries) (3 implementer, 3 beneficiaries)
3	3 locations: Kupang, NTT Jogjakarta Pontianak, West Kalimantan	14 Respondents in total (2 implementers, 2 beneficiaries) (1 implementer, 2 beneficiaries) (2 implementer, 5 beneficiaries)
5	5 Locations: Bogor Bekasi Jakarta Jogjakarta Pontianak	20 Respondents in total (3 implementers, 3 beneficiaries) (0 implementer, 2 beneficiaries) (0 implementer, 1 beneficiaries) (4 implementers, 2 beneficiaries) (3 implementer, 2 beneficiaries)

Source: Data Analysis (2013)

Framework of the Study

To achieve the objective of the study, we develop research framework as provided in Figure 1. With regard to the five pillar strategy to develop employment for the poor, the study focuses mainly on the first three pillar, which are Pillar 1 emphasizing on development of information and employment services; Pillar 2 on the improvement of skills and capacity of job seekers and Pillar

3 on the development of micro-small scale enterprises (MSEs) and employment promotion. The reason is that the successful achievement of the programs fall within these pillars is expected to have long-term effects of providing jobs and skills improvement for the poor and vulnerable, while the last two pillar (Pillar 4 and 5) tends to have short-term impacts on employment.

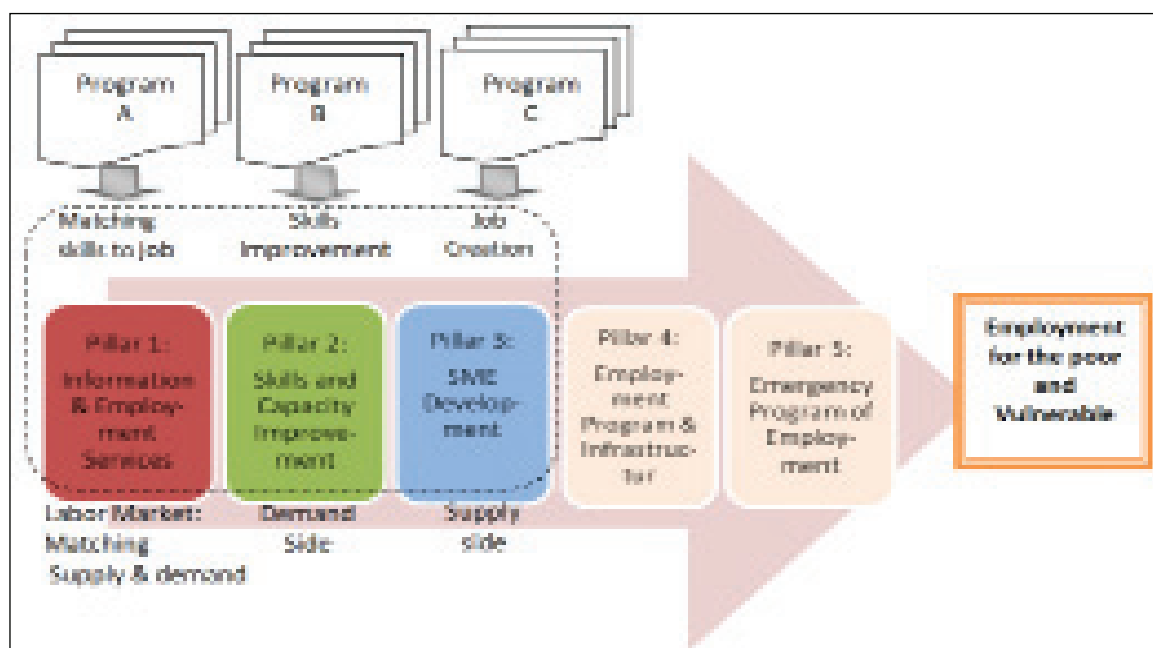


Figure 1. Framework for the Study

Note: [Dashed Box] Scope of the study

RESULTS AND DISCUSSION

Pillar 1: Labor Market Information Services

In order to promote job creation, in the 2013 fiscal year, the Ministry of Manpower and Transmigration put a priority on Labor Market Development, while BNP2TKI focused on a program of Improvement in Local Government Capacity in serving migrant workers. The following describes these two programs.

On-Line Labor Market Information

Provision of labor market information may be conducted through job fairs and an online labor market. In a job fair companies offer job vacancies to job seekers. A job fair generally is conducted for a couple of days through which companies and job seekers are most probably charged to participate, which is especially true for job fairs organized by private organizer and usually conducted in big cities or towns. Job fairs carried out by the government are usually free of charge.

Unfortunately, job fairs do not always succeed in matching the supply and demand especially the case for outside Java where it is rather hard to get qualified workers which meet the requirements of firms. This was what happened in Kupang, Nusa Tenggara Timur in 2013.

The development of online labor market program is to facilitate both job seekers and companies to get information for suitable jobs and workers through the website established by the MOMT: Info Pasar Kerja. The online labor market program is another form of labor market information which is facilitated by information technology, such as the internet. With this technology, in real-time, job-seekers can register themselves into the online system.

The application of the online system is one of the main services provided by the city/district government to the public, especially in Java, such as in Semarang. The implementation of this program has increased the number of job seekers in utilizing this facility to upload their personal data, including their qualifications and working experiences. The online labor market system in

Semarang has been very helpful, especially for companies that require a continuously large influx of employees (such as operator-level employees, sales people and drivers). By obtaining more potential applicants, it enables them to choose the best candidates they want.

However, companies in Kupang, NTT had different experiences. Our field visit to Kupang has found that providing job information via online system did not mean that the companies received a large number of job applications, even after weeks of waiting. Nevertheless, advertising the job vacancies on the radio resulted in the companies receiving a huge number of applications. This indicates that online job market only works well in the areas where access to internet is available.

Although job seekers and job providers enjoy the benefits of the online labor market program, in fact this program in Indonesia still needs improvements. Some deficiencies have been found in the information system program built by the Ministry of Manpower. Furthermore, a lack of commitment from the local government leads to suboptimal result of the program implementation. For instance, the local government does not provide sufficient place/room to run the equipment provided by the program. As a result, labor market information from the system is not properly processed to support training institutions to provide their services.

Improvement Program for Local Government Capacity to Serve Migrant Workers

This program is designed by BNP2TKI (The National Agency for the Placement and Protection of Indonesian Migrant Workers) executed by the Manpower Office at the district and municipal levels. The purpose of the program is especially to facilitate jobseekers to find overseas employment, and officially record the number of migrant workers sent overseas. Such official record is expected to reduce the number of illegal migrant workers.

An important aspect of the program to develop local government capacity to serve migrant workers is the improvement in recruitment process of migrant workers including safe

migration procedures, fixing KTKLN, and improving the online system service in regencies/cities throughout Indonesia. Such improvement is carried out by tightening the recruitment officer where all recruitment officers should have their biometrics and fingerprints recorded. Improvement of the registration system began when prospective migrant workers input their data in Manpower offices at regency and city levels. The workers then undertake the following steps, including training in Overseas Training Centers (BLKLN), the use of Closed Circuit Surveillance BLKLN through Television (CCTV), health certification with secure forms, and data input of recruitment officers online by entering identification, such as fingerprints and retinal images.

However, the major issue related to migrant worker service programs is insufficient skills training provided to migrant workers prior to the departure, as many PPTKIS do not have BLK. For example, 98 out of 99 PPTKIS in NTT do not have a training center (BLK) in the province, so there is no guarantee that the overseas workers from this area have had the required skills before being placed in the destination countries.

For both programs implemented in Java (Kendal Regency) and outside Java (Kupang Regency), stakeholders interviewed see the relevance of this program, because it helps the local government officials in charged to provide information (reports) on migrant workers from the area. For companies, this program provides certainty (gives advantages for companies which have done the job well). For the migrant worker candidates, this procedure would give certainty to be sent and performed safely in foreign countries. The impact of the program is the number of illegal agents has decreased (only professional agents that are registered at the Manpower office still exists). However, this program has caused a decrease in the number of migrant workers sent to foreign countries, since the administrative process of sending migrant workers become more difficult and rigid.

Although the program is needed by the community, it technically faces several problems. Firstly, the software application used in the program is incompatible with the

existing information needed from the candidates. Secondly, when staff members make errors in inputting data, there is no crosscheck system to edit the information that is already filled in the system. Only the central government officials can make revision on the incorrect data in the system. Thirdly, due to the rigidity in terms of procedures, especially concerning training hours, it has increased the duration for migrant workers to embark. Fourthly, a lack of local government commitment is also found to be problematic. The lack of such commitment is especially associated with the unwillingness of the district government to maintain and improve the skills quality of staffs in charged to the program. Fifthly, a tracking system is unavailable since there is no information on migrant workers that have returned home. Meanwhile, besides the above constraints, another problem appeared concerning the slow access to information especially in areas outside Java.

From the description above, it can be concluded that both two programs examined in Pillar 1 and 2 have good design even though they are not considered as excellent program due to a lack of tracking mechanism. However, the implementations of the programs are constrained by insufficient infrastructure and facilities, low quality of human resource and lack of cooperation among institution to enhance law enforcement. Moreover, the targeted output of the programs has not been optimally utilized to improve the quality of labor market.

Pillar 2: Skills Improvement Programs

One reason for increasing unemployment is because skills gap exists in the labor market. Here, the skills quality of job seeker is below than qualification required by job providers. In such the case the quality of job seeker needs to be improved, so as to reduce unemployment. Therefore, skills improvement through training is supreme important to reduce gap between demand and supply of skills. Skills improvement or skills development is also important to address the opportunities and challenges to response to rapidly change in economic environment and new technologies in the context of globalization (Kawar, 2011:p1).