

Training Workshop on "Promoting Good Governance of TVET for Efficient System Management" 10 – 12 May 2022

POLICY DEVELOPMENT FOR PROMOTING GOOD GOVERNANCE OF TVET (part 2)

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Part - 1

- Indonesia: Managing Big Size of TVET
- Why Do We Need for Good Governance?
- What Are Key Performance Indicators for Good Governance of TVET?

Part - 2

- Policy Development for Promoting Good Governance of TVET: Indonesia Experience
 - **1. Institutional Collaboration**
 - 2. Link and Match with Industry
 - 3. Stable and Sustained Financing



Policy Development for Good Governance of TVET: **1. Institutional Collaboration**



Jobs disruption due to automation

Automation and the future of work in Indonesia 2030

23 million jobs could be displaced by automation

27 - 46 million new jobs could be created

10 million of these jobs will be new types of occupations *healthcare*, construction, manufacturing, and retail

will benefit from increased labor demand

Source: Adapted from McKinsey (2019)



"Mine is my own".

- TVET in Indonesia is managed by 10 government institutions independently.
- Lack of coordination among stakeholders.

"Vocational High School is decentralized". This creating complex problem on governance.

Before 2019, TVET is managed under three Directorate Generals at the Ministry of Education and Culture. This makes lack of coordination and integration.



Presidential Instruction No 9/2016 on Revitalization of Vocational Education





The government has issued Presidential Decree Number 82 of 2019 which regulates the institutional architecture of TVET at the MoECRT for better governance.

TVET is now integrated and managed under one roof by Directorate General of Vocation. This makes the governance of TVET much more effective, efficient and productive.

Lesson learnt from other countries



Types of inter-ministerial coordination:

- Type 1, **MoE** or equivalent body in the lead: the Russian Federation and Turkey
- Type 2, **MoL** or equivalent body in the lead: Malawi and Tunisia
- Type 3, dedicated TVET ministry in the lead: India and Burkina Faso
- Type 4, **TVET-focused government agency** in the lead: Jamaica and the Philippines
- Type 5, coordinating council placed higher than relevant bodies: France and Bangladesh
- Type 6, TVET disaggregated across line ministries: Republic of Korea and Canada.

Source: UNESCO (2018)



Policy Development for Good Governance of TVET: **2. Link and Match with Industry**



Huge mismatch between student occupational expectation after graduation and labor market

>50% of Indonesian workers are mismatched

HORIZONTAL MISMATCH

(comparing required educational major for the job with worker's actual educational major)

2008		2015	
67 35%	Mismatch	60 62%	
02,33/0	Somewhat Match	00,0270	
37,65%	Well-matched	39,38%	

VERTICAL MISMATCH

(comparing required years of schooling for the job with worker's actual years of schooling)



Source: Adapted from Wisana (2018).

mismatch has substantial real wage penalty both in the short and long run



MoERT policy to strengthen collaboration TVET institution and industry







Existing Condition		New Policy Direction	
Developed by TVET institution	1	Developed by TVET institution and industry	
Pre-determined educational program		Flexible, modular, life-long learning	
Mono-discipliner (within Study Program)	-	Trans-discipliner (between Study Programs)	
Focused on hard-skills		Balance: hard-skills and soft-skills	







Source: Adapted from Andriusaitiene 2018)

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Existing Condition	\Box	New Policy Direction
Teacher-centered learning		Learner-centered learning
Lectured-lead by licensed teacher		Project-based by everyone
Teaching		Learning
In school/campus		In diversity of context (including in the industry)





Existing Condition

Most research end up in the journals

Dual-system in the industry

New Policy Direction

Down-streaming research into business products

Dual-system and Teaching Factory

Teaching Factory (TF)

Definition:

It is a learning method that can provide students with practical experiences like the real situation at the industry, so that they can bridge the competency gap between the needs of industry and that are learned in the TVET institutions. This will build the industrial environment in the academic surrounding.



Objectives:

- It makes learning more effective for students as it takes place in a realistic environment.
- Students be more practice-oriented and focused on problem-solving.
- With rapid changes in technology, this concept allows active collaboration with the industry to maintain relevance and thus allows people to benefit from the latest technologies.
- This practice-oriented training also increases the confidence and make them immediately productive upon employment.
- It creates a powerful effect not only on the quality of teaching and learning but equally, on the attitude and mindset of staff and students.

https://my.southsouth-galaxy.org/en/solutions/detail/the-teaching-factory-concept

Four Pillars of Teaching Factory



1 Product	 Must deliver as much of the competence of students as possible. Must be of high quality and worth selling. Needed on an ongoing basis. Does not require much investment.
2 Learning Schedule	 Using the <i>Block schedule</i>: Efficient use of resources. The schedule is arranged in a theoretical and practical time rotation system. Continuous schedule to meet completeness of competencies.

Four Pillars of Teaching Factory



3	Lesson plan	 Using Job Sheets: It contains sequences of material to deliver student learning achievements with the final result in the form of product (goods or services). It is designed and implemented based on procedures and work standards to produce products according to quality standards.
4	Work culture	 Enforcement of work culture will consistently affect the soft skills of educational outcomes. Usually assessed through 3 (three) aspects: Discipline, Transparency and Honesty

Policy Development for Good Governance of TVET: **3. Stable and Sustained Financing**



Problem

TVET is more expensive than other level of schooling

	Operational cost	
	General High School	Vocational High School
IDR non-personnel operational cost (NPOC) (per student per year)	735,000 – 3,850,000	1,845,000 — 4,429,000
% NPOC used for minor maintenance and repairs	51	74

Source: Perdana, N.S. (2019). Medium education financing analysis in Gowa District. J. Nalar Pendidikan.



The "20 percent rule."

A 2002 constitutional amendment which stipulates that at least 20 percent of the total state budget must be spent on education.

The "endowment fund for education".

Since 2011 Government has established endowment fund for education (including TVET) to warrantee the sustainability of education financing .

The "school operational grant".

Government provides per student block grants to all schools in Indonesia (BOS) to cover operational cost.



The "super tax deduction incentive."

- The government has issued Government Regulation (PP) Number 45 of 2019 which regulates the provision of super tax deduction incentives of 200% for business players and industry players who carry out vocational activities.
- This provides opportunities for industry in the form of tax savings that come from a reduction in gross income of a maximum of 200% on expenses for work practice, apprenticeship and / or learning activities. Tax saving can also be used to increase efficiency, productivity, profitability and competitiveness.



The "competitive fund for vocational education"

- This package programs is promoted by the MoECRT (part of "emancipated learning" program) to accelerate vertical integration between High School and Higher Education as well as accelerating the development of D4 program.
- Eligible for:
 - Developing "fast track" program from Vocational High School to D2 (Diploma 2 Higher Education).
 - Upgrading D3 into D4



The "matching fund for vocational education"

- As one of the package programs promoted by the MoECRT (part of "emancipated learning" program), the Matching Fund is here to encourage a closer and accelerated collaboration ecosystem between campus and the business and industry.
- Scheme is 1:1 and eligible for:
 - Developing Centre of Excellence
 - Down-streaming applied research
 - Developing start-up vocational campus



Thank You