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## **Analysis of the Reorientation of the National Vocational Training Development Program**

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### **Abstrak**

ILO found that only 59% of graduates from BLK at the level of UPTD and UPTP - which transformed into BPVP, could be absorbed by industries in 2022 due to the mismatch of competencies with the needs of the labor market. Therefore, the reorientation of the National Vocational Training Development Program is urgently needed to create skilled and competent human resources (HR) in line with the needs of industries and the labor markets. The purpose of this study is, to analyze the issues arising in the management of HR in vocational training institutions in creating skilled and competent HR, along the absorption of BLK graduates into companies/industries. This study uses a descriptive analysis method aimed at analyzing the management of HR in BLK. The results of the study indicate that BLK management has not yet adhered to standardized norms, the level of absorption of BLK graduates into companies/industries is still low, and there is a mismatch between the competencies of BLK graduates and the labor market. The implications of the study results for the Ministry of Manpower are: (1) refocusing training targets based on training needs analysis and national development priorities; (2) standardizing training programs considering the typology of BLK and the distribution of vocational training institutions; (3) identifying potential training needs and revitalizing training resources in vocational training institutions; (4) mainstreaming vocational training and apprenticeships by developing funding patterns and partnership programs between the government and the business/industrial sector, also the central and regional governments.

**Keywords:** reorientation, blk, vocational training development

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### **1. Introduction**

In the past four years, the government has intensively pursued infrastructure development to drive the economy, enhance competitiveness, productivity, and equitable development. Since 2019 and onwards, government policies have focused on improving the quality of human resources (HR) to maintain the infrastructure already built and ensure that the populace

continues to reap the benefits of development. The enhancement of HR quality also aims to elevate the quality of Indonesia's workforce to become skilled and absorbed entirely into both domestic and global labor markets.

The development of HR quality is encapsulated within the Vision of Indonesia 2045, which is founded on Indonesia's basic capital strengths: population, human capital, social-cultural capital, and natural resources. The "Indonesia Emas 2045" vision has been translated into the National Long-Term Development Plan 2025-2045, outlining Indonesia's strengths in maritime power, global megatrends, and achievements from previous development periods. Furthermore, in the Presidential State Address during the Annual Session of the People's Consultative Assembly commemorating the 78th Anniversary of the Republic of Indonesia in 2023, President Joko Widodo underscored the importance of HR development in facing the increasingly dominant digitalization of the world economy (Setkab, 2023).

Improving the quality of HR is the primary factor driving economic transformation. Continual efforts are made towards developing healthy, productive, and innovative human resources to ensure inclusivity and justice. Therefore, the government's endeavors to realize a fair and prosperous nation, aiming to eradicate extreme poverty, stunting, and develop remote regions, must succeed. These government policies are inseparable from Indonesia's efforts to address the challenges posed by the development of digitalization and artificial intelligence, which have led to the emergence of new forms of technology-based jobs. Digitalization presents numerous challenges in labor transformation that must be anticipated, including challenges related to skill transformation and job transformation due to digitalization and energy transition.

The strategy for human resource development is a critical agenda in Indonesia's reform efforts to respond to prevailing crisis conditions. Hence, the government should ensure that human resource development is capable of addressing both current and future challenges. This necessitates sensitivity to internal and external changes at the national and global levels. Human resource development aims to shape individuals of quality with skills, work capabilities, and work loyalty to a company or organization.

The government has demonstrated a serious commitment to revitalizing vocational education and training through Presidential Regulation No. 68 of 2022 concerning the Revitalization of Vocational Education and Training. This regulation is expected to stimulate the realization of multi-sectoral collaboration involving central and regional governments, Ministries/Agencies (K/L), as well as the Business and Industrial Sectors (DUDI) to support the national strategy for strengthening vocational education and training. Vocational education and training are not solely the responsibility of the Ministry of Education, Culture, Research, and Technology (Kemendikbudristek), but also the Ministry of Manpower (Kemnaker), which oversees education and training through Vocational High Schools (SMK), Polytechnics, Vocational Higher Education Institutions, Training Institutions, and Vocational Training Centers (BLK) at the level of Technical Implementation Units (UPTD) and Technical Implementation

Units (UPTP), which UPTP has now transformed into Vocational Training and Productivity Centers (BPVP) as an extension of Kemnaker's efforts (Kompas, 2023).

However, thus far, in the context of the labor market, vocational training providers, especially BLKs, have not been able to significantly contribute to providing competent human resources that can compete in the labor market and possess skills aligned with the needs of the industrial world. When considering the distribution of graduates and their participation, many graduates have not been able to meet the needs of the DUDI, their competencies do not match the requirements, and there is still minimal awareness among the public to participate in vocational training programs. According to data from the Ministry of Manpower for quarters I to IV of 2023, the total number of certified workers amounted to 1,231,078. Although this data may not fully depict the overall condition of certified workers as there are certification institutions outside the Ministry of Manpower, data from the Statistics Indonesia (BPS) shows that there were 139.85 million labor forces in August 2023. This indicates that the number of certified workers compared to the labor force is far from ideal.

Therefore, the development of vocational training will be a top priority in building the quality of Indonesia's human resources, meaning that the quality and access to vocational training provision need to be enhanced. This would enable the public to benefit more from vocational education and training to improve skills, thus enabling them to compete in the dynamic labor market, including empowering the poor to improve their quality of life and lift themselves out of extreme poverty.

Based on this background, this study analyzes the issues arising in the management of HR in vocational training institutions, including internship efforts in Indonesia, to create skilled and excellent human resources. Furthermore, this study also aims to contribute to finding renewal solutions needed to carry out the Reorientation of the National Vocational Training Development Program as a direction for labor development.

## **2. Research Methods**

This study aims to analyze the issues arising in the management of human resources (HR) in vocational training institutions in Indonesia to create skilled and excellent human resources, as well as to identify the absorption conditions of BLK graduates in companies/industries. The study utilizes both primary and secondary data for further in-depth analysis. Primary data is obtained through Focus Group Discussions (FGDs) between the Ministry of Manpower and the Ministry of National Development Planning of the Republic of Indonesia/National Development Planning Agency (Kementerian PPN/Bappenas). The primary data obtained is then analyzed using descriptive analysis methods. Secondary data in this study is obtained from literature reviews related to the absorption of BLK graduates in companies/industries from sources such as the Ministry of Manpower, ILO, BPVP, BPS, books, journals, and other supporting documents.

### 3. Results and Discussion

#### 3.1. The Distribution of Labor Force in the Labor Market

The persistently high unemployment rate remains a serious issue that can impede the economic growth and development of a country. Unemployment can have adverse effects on the socio-economic well-being of the population and national stability. According to BPS, Indonesia's working-age population (labor force) as of August 2023 totaled 212.59 million people. Out of this figure, 147.71 million people, or 69.48%, constitute the labor force, 139.85 million people, or 94.68%, are employed, and 7.86 million people, or 5.32%, are unemployed. The majority of the labor force works in the informal sector, accounting for 59.11%, and most have a maximum education level of primary school (SD), with 36.82% of the total.

In addition to the persistently high unemployment rate, there are approximately 2.9 million new job seekers (new entries) each year, with the majority requiring job skills.



**Figure 1.** Profile of Laborer Situation in Indonesia August 2023

Source: BPS August 2023, processed

The level of education can indicate the quality and productivity of the workforce. In August 2023, the working population was still predominantly comprised of individuals with educational attainment at the primary school level or below (never attended school/not completed primary

school/completed primary school), accounting for 36.82 percent. Meanwhile, the working population with educational attainment at Diploma I/II/III and Diploma IV, Bachelor's (S1), Master's (S2), and Doctoral (S3) levels amounted to 12.76 percent.

The issue of low productivity is closely related to the low quality of human resources. According to data from BPS, the number of workers is still dominated by those with primary school education or below, totaling 51.5 million people or 36.82 percent. However, not all workers with higher levels of education possess the readiness and capacity required by the labor market. Skills mismatch, disparities in educational quality between regions, and limitations in trainable and employable talents pose challenges to enhancing labor productivity.

On the other hand, around 200 National Strategic Projects (PSN) are projected to create job opportunities and absorb more than 11 million skilled workers, including infrastructure development projects such as toll roads, ports, airports, and high-speed railway projects. Additionally, projects in the renewable energy sector, such as the development of solar and wind power plants, are also expected to create new jobs. Improvements in the business climate and increased investment will be focused on supporting national priority sectors such as energy, manufacturing, especially export-oriented industries, tourism, creative economy, digital economy, as well as education and vocational training. Therefore, vocational training institutions such as BPVP and BLK UPTD are expected to be responsive in supplying workforce needs massively based on the distribution of existing strategic projects.

Furthermore, the transition to renewable energy in Indonesia should be accompanied by human resource preparations, especially since this could create more job opportunities in the renewable energy sector. Coaction Indonesia mentions that the potential for green jobs in Indonesia exists in almost all sectors. Investment in energy transition is estimated to create around 800,000 new jobs in the electricity sector alone by 2030, and the number of jobs is expected to reach 3.2 million by 2050. The government is expected to have inclusive, comprehensive, and coordinated strategies and policy instruments to develop the necessary workforce capacity, including through the empowerment of BPVP and vocational training institutions in addressing and responding to the challenges of the current dynamics. Otherwise, Indonesia may miss out on the economic benefits (workforce) of the digital economy and energy transition.

Another challenge is the uncertainty in the labor market due to digitization, the pandemic, and crises resulting in workers being vulnerable to layoffs. These individuals also require access to skills enhancement or new skills. According to the Indonesian Employment Data Portal, during the period from January to November 2023, there were 57,923 workers who were laid off. The highest number of laid-off workers was found in West Java Province, accounting for approximately 30.29 percent of the total.

### 3.2. Policy Transformation of BLK into BPVP

The Ministry of Manpower officially initiated the transformation of BLK in 2022 through Ministerial Decree No. 38 of 2022 regarding the 9 leaps of the Ministry of Manpower. This decree stipulates that one of the 9 leaps involves a revolutionary transformation of BLK into Vocational Training and Productivity Centers (BPVP) as centers for the development of workforce competence and productivity competitiveness at both national and international levels. To realize this policy direction, the Ministry of Manpower implemented six agendas, namely:

1. Rebranding BLK as BPVP to Enhance Attraction and Public Trust.
2. Institutional Reform to Enhance the Performance of BPVP Organization to be More Innovative and Transformative.
3. Redesigning Training to Respond to Contemporary Workforce Challenges.
4. Revitalizing Facilities, Resources, and Infrastructure to Improve the Quality, Capacity, and Accessibility of BPVP.
5. Reorienting Human Resources (HR) of Instructors, Training Personnel, and Competency Assessors to Enhance the Quality and Quantity of Vocational Training Services.
6. Enhancing Partnerships and Collaborations with Stakeholders to Strengthen the Performance of BPVP.

In accordance with Regulation of the Minister of Manpower of the Republic of Indonesia Number 1 of 2022 concerning the Organization and Work Procedures of Technical Implementation Units in the Ministry of Manpower, there are 21 BPVPs which are supervised and directly accountable to the Directorate General of Manpower Development. These include 6 Large Vocational Training and Productivity Centers (BBPVP), located in Bekasi, Bandung, Medan, Serang, Semarang, and Makassar. Additionally, there are 8 Class I Vocational Training and Productivity Centers (BPVP), located in Banda Aceh, Padang, Surakarta, Samarinda, Kendari, Ternate, Ambon, and Sorong. Lastly, there are 7 Class II BPVPs, located in West Bandung, East Lombok, Bantaeng, Sidoarjo, Banyuwangi, Pangkajene, and the Islands of Belitung and Bangka. Furthermore, there are 284 BLKs at the regional level, which are UPTD owned by provincial and district/city governments.

Moreover, there are 17 other government ministries/agencies that also have vocational training institutions. The number of private vocational training institutions registered with the Ministry of Manpower is 5,020 LPKs, and 524 BLKs for overseas training (BLKLN). Additionally, 2,127 Community BLKs have been developed in religious education communities, and a number of companies also have vocational training institutions, the total number of which has not been fully identified. The overall capacity of these vocational training institutions is 5,443,181 trainees per year. In addition to vocational training institutions, there are also 1,874 Professional Certification Institutions (LSPs) with a capacity of 4,926,635 assessors per year.

In developing skilled human resources, the Ministry of Manpower also conducts productivity improvement training to enhance the skills and productivity of the workforce, aiming to cultivate a mindset and work ethic conducive to increased productivity in both

companies and independent entrepreneurship, as well as among training alumni. The process involves the application of tools, techniques, and methods in productivity enhancement, along with strategies to achieve these objectives.

Based on Satudata from the Ministry of Manpower in 2023, there were already 6,646 participants in productivity improvement training. Meanwhile, the number of participants in Competency-Based Training (CBT) until the second semester of 2023 reached 139,194 individuals. However, this figure is relatively small compared to the training capacity and the capacity of assessors. Therefore, this transformation should be carried out extensively, with more concerted and serious implementation, coupled with monitoring and achievement standards.

This research needs to look at the labor regulations in these countries regarding PKWT, outsourcing, layoffs, severance pay, and minimum wages and compare them with labor regulations in Indonesia. The countries compared are developed and developing countries, namely the United States, the Netherlands, Belgium, Brazil, and Republic of Korea.

### 3.2.1. Issues Facing Vocational Training Institutions

Vocational training plays a strategic role as a driver and accelerator of economic growth in Indonesia. Vocational training, which focuses on applied skills and emphasizes practical experience, is believed to be a key driver of economic empowerment in communities. However, the issues that arise in the management of human resources in vocational training institutions and apprenticeships in Indonesia include:

### 3.2.2. Employment Rate of Vocational Training Institution Graduates

Before the intensive transformation from BLK to BPVP, based on a study by the International Labour Organization (ILO) in 2022, approximately 59% of companies employ BLK graduates, with 77% requiring competencies at the operator and technician/analyst levels. This significantly impacts the success rate of job training implementation in BLK. Additionally, employers have a low level of trust in hiring BLK graduates. A survey of 42 companies found that the majority of companies recruiting BLK graduates are located on the island of Java, with 11 companies located near BLK Jakarta, 6 companies near BLK Bekasi, 2 companies each near BLK Bandung, Semarang, and Bali, and 1 company confirmed to be near BLK Tangerang.

According to a study conducted by Bangsa (2022) in his research on "The Role of Vocational Training Centers in Enhancing the Competence of Prospective Workers and its Implications for Students' Personal Resilience (A Study at the Large Vocational Training and Productivity Center (BPVP) Serang, Serang City, Banten Province)," it was found that the graduated of BPVP Serang from 2019 to 2021 placed in jobs were still below 50% of the target placement rate of 65% per year.

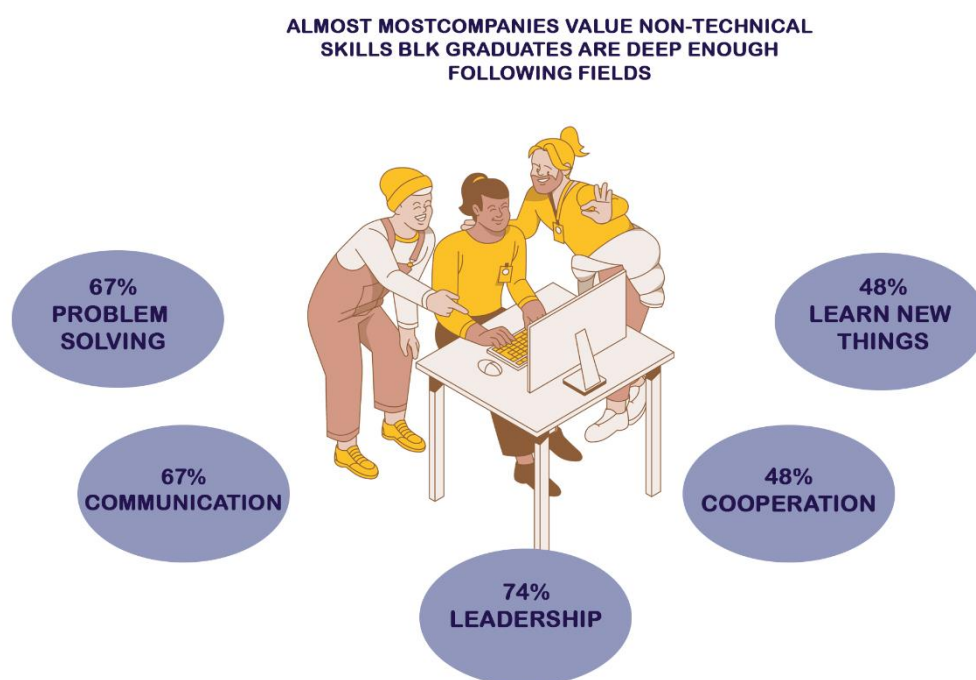
The research found that over the past three years, only 46.37% of graduates of BPVP were placed. With this result, the number of graduates of BPVP placed in companies has yet to reach the target. Therefore, vocational training centers must strengthen cooperation with DUDI so that



training graduates of BPVP can be maximally placed in companies and meet the needs of the industry. Cooperation is expected to enhance companies' trust in hiring BLK alums. It can be formalized through a Memorandum of Understanding (MoU), taking into account training curricula according to the needs or desires of the industry.

### 3.2.3. Mismatch of Graduates' Competencies with Available Job Opportunities

The Fourth Industrial Revolution and the energy transition in the context of climate change have significantly impacted the labor market. Automation and digitalization in industries have altered job dynamics and necessitated workers to acquire new skills to keep pace with technological advancements. One of the major challenges is the gap between the skills possessed by graduates of vocational training institutions and the current needs of industries. Industries tend to focus more on technical competency training (hard skills) rather than character formation and soft skills development. Although technical skills are crucial, soft skills also play a pivotal role in modern workplaces. Some important soft skills include communication, teamwork, leadership, initiative, adaptability, and problem-solving abilities. All these skills are becoming increasingly important in a constantly evolving work environment that requires quick responses to technological changes and market demands. The lack of skills and behavioral attitudes among graduates of vocational training institutions renders them unable to compete for employment opportunities.



**Figure 2.** Perceptions of Companies Regarding the Competencies of BLK Graduates  
*Source: ILO 2022, processed*



Windarto (2015) in the study "Integration of Vocational Training and Apprenticeship to Meet the Needs of Competent Workers" emphasizes efforts to enhance relevance and absorption of graduates by building cooperation between the business/industry and training providers, especially with BPVP or BLK. This collaboration includes curriculum improvement, internship implementation, joint training, and so on. Therefore, to ensure the alignment of competencies of vocational training institution graduates with available job opportunities, it is essential that the competencies acquired from their training are in line with the requirements of the labor market, thus enabling graduates to be absorbed into suitable job positions.

#### 3.2.4. Lack of Governance of Institutions and Lack of Relevance to Labor Market Demands

Currently, vocational training systems like BLK are still supply-oriented and not demand-oriented, despite the highly dynamic and disruptive changes in technology and business processes in the labor market. This lack of orientation causes BLK to be less responsive and adaptive in preparing a highly competitive workforce capable of adapting to rapid industrial developments. According to the survey results from ILO in 2022, cooperation between companies and BLK is still weak. The data indicates that 81.5% of companies do not have MoU with BLK. Additionally, 86.7% of companies do not have recruitment contracts with BLK. Furthermore, 84% of companies cited awareness of BLK programs as the reason for not collaborating with BLK.

In terms of institutional aspects, the management of BLK is not standardized, and the existence of BLK in each region is not organized based on functions and classifications, with no UPTP established in each province. Regarding training programs, the curriculum and teaching methods implemented in BLK are not aligned with the needs of the labor market. The lack of recognition of graduates by the business and industrial sectors, as well as the absence of standardized design and curriculum programs, fail to meet the demands of future jobs.

Kusnadi, Luki, & Faqihudin (2021) in their study on "The Effectiveness of Job Training Programs at the Technical Implementation Units (UPTD) of the Work Training Center at the Department of Manpower and Transmigration in Subang Regency" emphasize that job training should consider the needs of the labor market and DUDI. In the implementation of job training, the provided programs should be clearly directed towards sectors of the labor market that absorb a large number of workers so that training participants conducted by BLK can be more targeted and help ensure that the workforce obtains employment.

Moreover, gathering job vacancy data should be carried out more vigorously to ensure industry needs are met. By taking these simultaneous steps, the conducted training can be more targeted to fulfill the gathered job vacancies. This approach is clearly more measurable than maintaining training programs as they have been conducted without considering the existing job vacancies.

#### 3.2.5. Insufficient Capacity and Underutilization of Practical Equipment in Vocational Training Institutions

The insufficient capacity and underutilization of practical equipment in vocational training institutions have led to the limited creation of innovative products and services needed by

industries and beneficial to society. Currently, there are at least 7.8 million unemployed individuals, 2.9 million new entrants to the labor market annually, 3.3 million people living in extreme poverty, 22.5 million persons with disabilities, 25-50 thousand workers laid off annually, 1.9 million workers for national strategic projects in 2024, and 1.6 million workers for the green economy sector by 2030. These groups require new skills and competencies to compete in the labor market.



**Figure 3.** Modality of Vocational Training in Indonesia in 2020

Source: Directorate General of Vocational Training and Productivity Development, Ministry of Manpower 2021, processed

Based on data from the Directorate General of Vocational Training and Productivity Development, Ministry of Manpower in 2020, the national vocational training capacity, comprising government-owned, private, community-based, industry-based, and ministry/agency-owned institutions, could accommodate 5.44 million participants annually, while the national certification capacity could accommodate 4.92 million individuals per year. However, considering the evolving discussions around the emergence of Artificial Intelligence (AI) and the Internet of Things (IoT), the facilities and equipment in BLK are outdated, and the lack of cooperation with the private sector prevents BPVP from being a competency-based training institution (center of excellence). Additionally, the facilities, equipment, and infrastructure in BLK are often not in line with the evolving needs of the business and industrial sectors, and they are not yet fully accessible for people with disabilities, resulting in limited training capacity and quality.

Pratama, Widowati, & Maesaroh (2021) in their research journal titled "Effectiveness of Job Training Programs at the Technical Implementation Units (UPTD) of the Work Training Center at the Department of Manpower in Semarang City" found that funding or financial support influences the renewal of facilities and infrastructure, including supporting the increase in the number of training participants. Therefore, budget support from both local and central governments is expected to facilitate the implementation of up-to-date training programs that are more relevant to the current industry needs.

So far, budgeting remains a challenge in the development of BLK, but the Ministry of Manpower has made efforts to provide financial support to training institutions. Additionally, the Ministry of Manpower encourages local governments to support the implementation of training programs, thereby facilitating the participation of the local community in these programs and convincing industries of the importance of partnerships with BLK and private vocational training institutions (LPK).

### 3.2.6. The Quality and Quantity of Training Instructors Need to Be Improved

The lack of quality training instructors with didactic qualifications and industry experience has led to stagnation and insufficient adaptation of curricula and teaching methods to meet the needs of the labor market. The limited quantity and quality of training instructors in BLK and other vocational training institutions hinder the effectiveness and efficiency of vocational training. This will impact the ability to achieve excellence, creativity, and sustainability of BLK and other vocational training institutions in facing competition and global challenges.

Currently, BLK and other vocational training institutions are far from ideal conditions to fulfill their functions as places for job training for job seekers (skilling) and workers seeking to improve their skills (reskilling & upskilling) to acquire competencies and enhance their work productivity. On the other hand, financing for training provision in BPVP and other vocational training institutions has not yet become a priority, especially in BLK UPTD.

According to Satudata Ministry of Manpower 2023, the number of instructors in Indonesia until the second semester of 2023 is 10,387 people. Approximately 31.37% are government instructors, and 68.63% are private instructors. This number is considered insufficient compared to the overall capacity of vocational training institutions, which can train up to 5,443,181 individuals per year. Therefore, the quality and quantity of instructors must be continuously improved to produce high-quality graduates.

According to Yeni (2023), in her research on "Development Strategies for Soft Skills Competencies of Workers at Work Training Centers (BLK)," she explains how to ensure that soft skills learning is carried out in line with the set targets and objectives. BLK management must have mechanisms/programs to improve instructor competency, especially related to soft skills content, and monitor and evaluate the implementation of soft skills learning. First, instructors should be provided with training related to student-based learning. Second, the implementation of soft skills learning should be monitored by providing mentor instructors with the ability to assess instructors' teaching. Finally, evaluate the learning program plans from instructors to ensure the inclusion of student-based learning components in every learning program conducted.

The issues mentioned above pose challenges for the Director General of Vocational Training and Productivity Development, or the Director General of Manpower Development (Dirjen Bina Lavotas) at the Ministry of Manpower, as the national overseer of vocational training in Indonesia. By employing the 5 Whys analysis approach, this dynamic is identified as a national policy problem because:

1. The absorption rate of BLK graduates and other vocational training institutions in companies/industries is still low.
2. The output or graduates of BLK and other vocational training institutions not aligned with the needs of the labor market.
3. The facilities, infrastructure, and curriculum of vocational training and apprenticeship not aligned with industry needs, and why is the quality and quantity of training instructors inadequate.
4. The lack of governance of labor market information and a lack of relevance between the BLK system and other vocational training institutions with the demands of the labor market.
5. The focus on the target of national vocational training and the budget for BLK management still minimal because it is not a priority.

#### **4. Conclusion and Recommendations**

Based on the analysis provided, it is evident that the management of BLK does not conform to established standards. The persistently low integration rate of BPVP and BLK graduates into the corporate/industrial sector, alongside the incongruity of their competencies with the demands of the labor market, necessitates immediate resolution. These issues constitute a national concern, requiring the attention of both the government and the broader populace as we navigate the complexities of the contemporary labor dynamics.

From the discussion above, the author proposes several alternative solutions. These solutions include:

- 4.1. Refocusing training targets (skilling, upskilling, reskilling) based on Training Needs Analysis (TNA) and national development priorities.

Based on the Focus Group Discussion (FGD) between the Ministry of Manpower and National Development Planning Agency (Bappenas) conducted in mid-2023, this recommendation yields policy recommendations for the Directorate General of Skill Development, Ministry of Manpower, to actively promote and provide intensive mentoring to vocational training institutions to refocus training targets, considering the typology of Vocational Training Centers (VTCs) as Facilitators and Developers, and the distribution of vocational training needs in order to enhance the performance of VTCs and vocational training institutions to be more responsive, innovative, and transformative comprehensively. This includes accompanying programs for both government and private vocational training institutions. Implementation begins with Training Needs Analysis (TNA) and skill mapping, redesigning programs and training curricula based on the target groups in need of skilling, upskilling, and reskilling to address the challenges and priority needs of national development. The Triple Skilling policy is mapped into 3 targets based on the respective workforce needs, detailed as follows:

- 1) **Skilling:** Programs aimed at new entrants to the workforce and the unemployed, particularly young job seekers, to prepare them for employment. These individuals lack work experience and require skill adjustments to add value to their employability.
- 2) **Re-skilling:** Programs designed for workers facing layoffs as a safety net for the workforce. This program prioritizes workers seeking career transitions or facing layoffs, requiring skills that need to be adjusted and refreshed to support them in finding new employment opportunities.
- 3) **Up-skilling:** Programs intended for workers, especially Small and Medium Enterprises (SMEs) and frontline industries, to enhance their competitiveness and adaptability to the increasingly dynamic challenges and uncertainties of the market.

The executors of this recommendation include the Directorate General of Vocational Training and Productivity Development, Head of Vocational Training Centers (VTCs), Head of Vocational Training Centers (VTCs) UPTD, and Regional Manpower Agencies responsible for labor affairs in their respective regions.

- 4.2. Restandardizing training programs based on the refocused targets, considering the typology of Vocational Training Centers (VTCs) and the distribution of vocational training institutions and potential training needs

With the consideration of the need for training development, it is concluded that providing incentives to companies contributing to vocational training is an alternative solution to encourage the vocational training system to function more effectively and create job opportunities for new graduates from the vocational training system. Several companies that have implemented workplace learning (on-the-job training or internships) for job seekers have reported cost and time savings in recruitment, as well as the assurance of hiring competent and high-quality workers. Increasing private sector participation in increasing industrial financing for vocational training will be incentivized with a tax deduction of up to 200% (super tax deduction) and other incentives for industries. This aligns with Government Regulation (PP) Number 45 of 2019 concerning Amendments to Government Regulation Number 94 of 2010 concerning the Calculation of Taxable Income and Payment of Income Tax in the Current Year and Minister of Finance Regulation Number 128/PMK.010/2019 concerning the Reduction of Gross Income for the Implementation of Internship Activities, Apprenticeship, and/or Learning in the Framework of Human Resource Development Based on Certain Competencies.

Based on empirical examples, many countries manage national skill funds/skill development funds, where the funds are collected by the government from the private sector and then returned in the form of direct incentives. The executor of this recommendation is the Directorate General of Vocational Training and Productivity (Binalavotas) in collaboration with the Ministry of Finance, Regional Manpower Agencies including involvement of Indonesian Employers Association (APINDO) and Indonesian Chamber of Commerce and Industry (KADIN), and engaging international development partners such as ILO, ADB, JICA, World Bank, and other development partners..

- 4.3. Developing partnership programs between the government and the business/industry sector, as well as between the central government and local governments

By strengthening cooperation between the central government, local governments, and the private sector (business and industry), it is possible to address the infrastructure and equipment issues in Vocational Training Centers (BLKs) that are outdated. This can be achieved through the design and implementation of the teaching factory concept, which is a learning approach based on the production of goods or services in BLKs, following industry standards and procedures, and actively involving the private sector in BLK development. The execution of this recommendation involves the Directorate General of Vocational Training and Productivity Development (Ditjen Binalavotas) collaborating with Regional Manpower Agencies, Business Associations (APINDO and KADIN), and Workers' Organizations (Labor Unions/Workers' Unions).

- 4.4. Providing fiscal and non-fiscal incentives to the business and industrial sectors

Revitalizing vocational training centers by developing training funding patterns via fiscal and non-fiscal incentives to the business and industrial sectors is an urgent matter that needs immediate attention. This initiative can accelerate the creation of skilled workers/entrepreneurs who are competitive, thereby ensuring the sustainability of businesses and enhancing productivity in the business and industrial sectors, ultimately leading to the improvement of the national economy.

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