

Policy Formulation In Integrating Vocational Education Graduates With The Labor Market In Indonesia

AFFILIATION:

^{1,2,3,4}Universitas Muhammadiyah
Jakarta

CORRESPONDENCE:

abdul.rahman27316@gmail.com

HOW TO CITATE:

Rahman, A., Dwi, W., Zebua, A., & Satispi, E. (2021). Policy Formulation in Integrating Vocational Education Graduates With The Labor Market in Indonesia. *Jurnal Studi Pemerintahan (Journal of Government & Politics)*, 12 (3), 331-371

ARTICLE HISTORY:

Received:2021-06-10
Revision:2021-08-19
Accepted:2021-08-19

ABDUL RAHMAN^{*1}, WINDA DWI ASTUTI ZEBUA², EVI SATISPI³, ANDREAN ALAN KUSUMA⁴

ABSTRACT:

This study aims to analyze the policy formulation in integrating vocational education graduates with the labor market in Indonesia. The expected objective of this research is to improve quality of policy formulation in the universe of vocational education and to increasing the massive absorption of vocational education graduates with the labor market in Indonesia. The framework of policy formulation with the model of Political Administrative Program (PAP) which consists of the elements: concrete objectives, evaluative elements, operational elements, political-administrative arrangements, and procedural elements are used in this study. This research used a qualitative method with a phenomenological study. The results showed that the policy formulation in integrating vocational education graduates with the labor market in Indonesia is not fully optimal. there are some weaknesses that become critical notes such as: far gap between the projected proportion of job opportunities per year with the number of graduates in vocational education and training, lack of relevance of projections between Strategic Objective Performance Indicators (IKSS) and Program Performance Indicators (IKP) in the realm of courses and training, low projection target of increasing Program Performance Indicators (IKP) per year until 2024, synergy of stakeholders (including the world of work) in the Vocational High Schools development program is still lacking, and fragility of the substance of employment in Law of the Republic of Indonesia Number 11 of 2020.

Keywords: Policy Formulation; Vocational Education; Labor Market

ABSTRAK:

Penelitian ini bertujuan untuk menganalisis perumusan kebijakan dalam mengintegrasikan lulusan pendidikan kejuruan dengan pasar tenaga kerja di Indonesia. Tujuan yang diharapkan dari penelitian ini adalah untuk meningkatkan kualitas perumusan kebijakan di jagat pendidikan vokasi dan meningkatkan daya serap lulusan pendidikan vokasi secara masif dengan pasar kerja di Indonesia. Kerangka perumusan kebijakan dengan model Program Administrasi Politik (PAP) yang terdiri dari unsur: tujuan konkrit, unsur evaluatif, unsur operasional, tatanan politik-administrasi, dan unsur prosedural digunakan dalam penelitian ini. Penelitian ini menggunakan metode kualitatif dengan studi fenomenologis. Hasil penelitian menunjukkan bahwa perumusan kebijakan dalam mengintegrasikan lulusan pendidikan kejuruan dengan pasar kerja di Indonesia belum sepenuhnya optimal. terdapat beberapa kelemahan yang menjadi catatan kritis seperti: jauhnya kesenjangan antara proyeksi proporsi kesempatan kerja per tahun dengan jumlah lulusan pendidikan dan pelatihan vokasi, kurang relevannya proyeksi antara Indikator Kinerja Sasaran Strategis (IKSS) dengan Program Indikator Kinerja (IKP) dalam ranah kursus dan pelatihan, rendahnya proyeksi target peningkatan Indikator Kinerja Program (IKP) per tahun hingga 2024, sinergi pemangku kepentingan (termasuk dunia kerja) dalam program pengembangan SMK masih kekurangan, dan rapuhnya substansi ketenagakerjaan dalam Undang-Undang Republik Indonesia Nomor 11 Tahun 2020.

Kata Kunci: Perumusan Kebijakan; Pendidikan kejuruan; Pasar Tenaga Kerja

INTRODUCTION

In essence, education plays a crucial role in building the nation and improving the welfare of society. Hence, each country strives to design its own educational manifesto to reach that aim. In the Indonesia context, according to strategic study conducted by the Ministry of National Development Planning ([Bappenas, 2019b](#)), Indonesia's education development strategy until 2045 includes: increasing access and participation in education, equitable distribution of educational services, increasing the role of the community in education development, increasing teacher professionalism, changing learning approaches, improving school culture, improving reading culture, increasing foreign language mastery and preserving local languages, increasing educated workforce and entrepreneurship, increasing the field of science in colleges, colleges as centers of excellence, and increasing character education, increasing vocational education.

However, this projection is still confronted by three main problems that are currently still pervading such as: *First*, the low competitiveness of innovation and lack of human resource competence. Based on a study by the World Economic Forum (WEF) in 2019 in the framework of the Global Competitiveness Report, Indonesia's ranking is in the 50th position out of 141 countries worldwide. Although that position is relatively good, Indonesia is still left behind other ASEAN countries, such as Thailand (40th), Malaysia (27th), and Singapore (1st). According to 13 indicators measured, there were 2 indicators with the lowest scores: innovation capability (38 points) and human resources competence (64 points) ([Schwab, 2019](#)). *Second*, the low achievement of the Human Development Index. According to United Nations research (Nations, 2019), Indonesia is only in 111th place out of 189 countries measured. Indonesia's position in various indicators is still relatively low, especially the indicator for the average length of schooling which is only 8 years. This condition is not so good, especially when compared with neighboring countries such as Singapore (11.5 years), Malaysia (10.2 years), and Philippines (9.4 years).

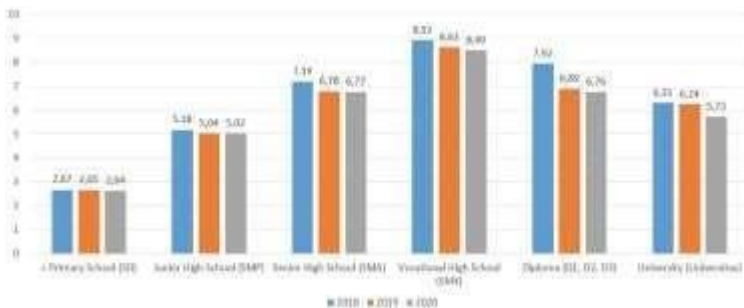
Third, low of per-worker labor productivity. The results of the Asian Productivity Organization (APO) study in 2020 showed that the productivity of Indonesian workers is low. Per-worker labor productivity levels of Indonesia only 19%. This achievement makes Indonesia lagging behind neighboring countries such as Thailand (24%), Sri Lanka (25%), and Malaysia (43%). Also, from other countries such as: Australia (76%), Hong Kong (91%), and the US (100%) ([Asian Productivity Organisation, 2020:46](#)). The complexity of the problems is increasing along with the challenges of education services that are not yet optimal, especially in border areas ([Rahman, Mawar, Wahyuning Dyas Tuti, Handayani, & Sahrul, 2021](#)) and employment for the Indonesian population in the future. Recent ([McKinsey & Company, 2019](#)) empirical studies showed that about 16 % of work activities in the Indonesian economy could be automated by 2030, under a midpoint automation adoption scenario. This percentage is equivalent to the loss of 23 million jobs in 2030. Under the less likely fastest scenario for automation adoption, that proportion could even rise to 33% (2019).

According to these empirical data, the education system in Indonesia must be progressively improved. One of the educational entities that must get the government's attention is vocational education. This is because the effectuation of vocational education is intended to bearing graduates who are ready to work, who have skills according to the needs of the working world. On the other hand, as ([Billet, 2014](#)) stated, vocational education is a very significant and valuable dimensions. Its purposes especially are directed to fulfill salient social and economic purposes.

Experience in India shows that vocational education in the middle school stage can increase the chances for graduates in getting higher income compared to general secondary education ([Agrawal & Agrawal, 2017](#)). In Turkey, the development of vocational education and training (VET) has a determinate impact in improving the quality of the labor supply ([Barabasch & Petrick, 2012](#)). In Canada, co-investment and collaborative applied research between college communities, polytechnics, and company partners able to produce intensify productivity, increase sales, and better new product development.

Meanwhile in Australia, transformation of vocational education through the Training Reform Agenda (TRA) delivers labor to be more sensitive to industry needs and not fall down in stiff educational governance so that could produce the skills needed to reconstruct development of Australia (Jones, 2018). In Indonesia, the policy regarding vocational education is explicitly stated in Law No. 20 of 2003 concerning the National Education System. Article 15 of the Law states “The type of education includes general education, specificity, academic, profession, vocational, religious education and special education” (Law Number 20 of 2003 concerning The National Education System, 2003). At a more operational policy level, based on the Regulation of the Minister of Education Number 45 of 2019 concerning Organization and Work Procedure of the Ministry of Education, Culture, Research and Technology the Directorate General of Vocational Education was formed which has the tasks for organizing the formulation and implementation of policies in the field of vocational education (Culture, 2019). In this regulation, the scope of vocational education includes: Vocational Secondary Schools, Vocational Higher Education, and Course and Training Institutions.

GRAPH 1. OPEN UNEMPLOYMENT RATE (TPT) ACCORDING TO THE HIGHEST ENROLLED EDUCATION (%), 2018 - 2020



Source: Central Statistics Agency (BPS) (2020)

Meanwhile, despite various products of vocational education policies have been made, the output of vocational implementation has not yet met expectations. In fact, vocational education graduates are the highest contributor to the Open Unemployment Rate (TPT) as measured by the Central Statistics Agency (BPS) (2020) as shown in the graph 1.

This figure factually shows that vocational education graduates (as reflected through vocational secondary schools/SMK and diplomas) are the largest contributor to the Open Unemployment Rate from all levels of education in Indonesia in 2020 with a cumulative percentage of 15.25%. These data explicitly prove that vocational education graduates have not been optimally absorbed by the labor market.

Therefore, this research was conducted to analyze how policy formulation in integrating vocational education graduates with the labor market in Indonesia. This research is essential to improving policy formulation in the universe of vocational education, also for increasing the massive absorption of vocational education graduates with the labor market in Indonesia.

LITERATURE REVIEW

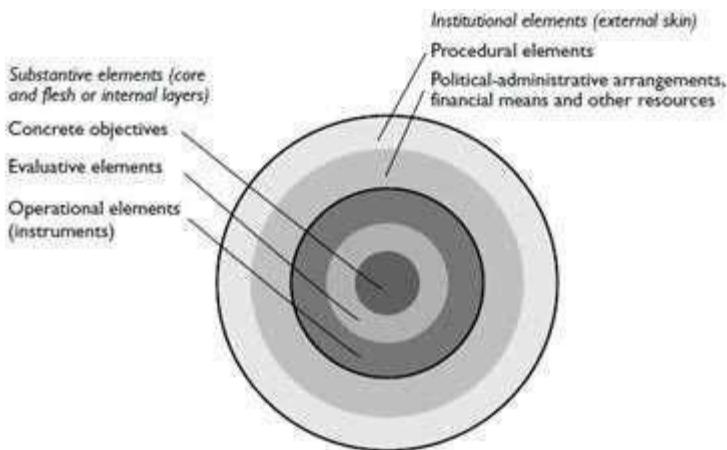
POLICY FORMULATION

In the public policy cycle, formulation is one of the crucial stages. The policy formulation is carried out after the public problem has been admitted government attention need. ([Howlett & Mukherjee, 2016](#)) describes policy formulation as the policy-making stage in which the various options available are considered and then reduced to a number of sets that can be agreed upon by relevant policy actors, especially in government, that can be used to address policy issues. Policy formulation also can be defined as development of policy alternatives to solve problems on the public agenda. Policy formulation takes place in government bureaucracies, interest group offices, legislative committees, special commission meetings, and policy planning organizations, otherwise known as think tanks ([Dye, 2013](#)). In line with that thesis, ([Dunn, 2017](#)) also said that policy formulation was carried out when officials formulate policy alternatives to facing a problem.

On the other hand, ([Knoepfel et al., 2011](#)) articulates policy formulation terminology with the term “policy programming”. Furthermore, policy programming was constructed into the

framework known as the Political Administrative Program (PAP). PAP represents the set of regulatory actions and norms deemed necessary by the parliament, government, and executing authorities for the implementation of public policies ([Knoepfel et al., 2011](#)). In this study, the main theory used as a tool for analysis is the Political Administrative Program (PAP) framework. The consideration in choosing a PAP is because the elements and the derivatives in its framework are more representative and contextual in answering research questions. There are two main elements in the Political Administrative Program (PAP) framework: substantive elements and institutional elements, both elements have respective derivatives as shown in the figure below:

FIGURE 1. THE ELEMENTS OF A POLITICAL-ADMINISTRATIVE PROGRAM



Source: Knoepfel et al., (2011:154)

The substantive elements are the core or internal layers which consist of: 1) Concrete objectives; 2) Evaluative elements, and 3) Operational elements. Meanwhile, the institutional elements are the external skin which consist of: 1) Political-administrative arrangements (financial means and other resources) and 2) Procedural elements. ([Knoepfel et al., 2011](#)) stated that concrete objectives define the status to be achieved by the adopted solution that would be considered as satisfactory. They describe the de-

sired social status in a field of action once the public problem is resolved. Concrete objectives also imply the definition of units of measure or indicators that refer to the effects of the programs in social reality (indicators of effectiveness). The policy makers should not be confused with the indicators that describe administrative measures or activities in themselves. According to this action logic, the aim of a policy is not to produce services/administrative activities in themselves, but to change social reality in accordance with the explicit or implicit provisions.

At the policy formulation stage, the policy evaluation process has even been implemented. It is because evaluation has a very broad scope, starting from identification of needs or planning, implementation, until the impact of policies or programs. Evaluation is a methodology for studying the depth and extent of the need for human services and whether the services are likely to be used, whether the services are sufficient to meet the identified unmet needs, and how far the services are offered as planned and actually help people who need by reasonable cost in the policies or programs ([Linfield & Posavac, 2019](#)). The evaluative element relates to the type of data (previous policy results) that collected so as to help facilitate the precise ascertainment of the extent to which the defined objectives have been fulfilled and with respect to the durations and techniques in a particular field (natural sciences, social sciences, statistics or economics) ([Knoepfel et al., 2011](#)).

([Knoepfel et al., 2011](#)) use the term ‘operational element’ here because it defines the means used to motivate those affected (particularly target groups) to comply with the policy provisions. This is the *sine qua non* condition for rendering a policy operational. Without this indispensable element, even the most legitimate objectives will go unheeded. This ‘motivation’ can take a number of forms, the following 4 (four) are the main forms usually identified in this context: *First*, the regulatory mode is based on bans, obligations and the allocation of various rights that may be the object of sanctions in the case of failure to respect them. In

this mode, the operational elements cover the general prohibition of an activity (for example, construction), the lifting of a ban by the granting of a permit or special authorization (for example, authorization to use something, authorization to market something), and in the form of a general obligation (to wear a safety belt or safety helmet, for example) with a sanction (for example, fine) imposed in the case of non-compliance.

Second, the incentive mode is more direct than the regulatory mode. It works on the basis of financial payments aimed at influencing the behavior of target groups by means of the 'price signal'. The incentive may be of a negative (tax, incentive levy) or positive nature (tax relief, subsidy) with the intention of (re)distributive effects. *Third*, the persuasive mode uses an information strategy to convince target groups of the proposed objectives. This type of public action often accompanies other forms of intervention. It may, however, become the main mode of action, particularly in areas involving personal liberties that are strongly protected by constitutional rights. This is mainly the case with public health policies (for example, the fight against AIDS, prevention of tobacco use and illegal drug addiction) and efforts to combat racism. *Fourth*, the last intervention mode involves the direct supply of goods and services to the public. This is obvious in the case of many social benefits.

On the other hand, as stated above there are two derivatives of institutional elements. *First*, Political-Administrative Arrangements (PAA). These provisions of the PAA refers to the choice of competent actors/authorities for the implementation of the policy and the administrative services/allocation of resources, in particular human resources (for example: number of posts, professional qualifications) and financial resources (technical equipment, budget provided to cover ongoing expenses). *Second*, procedural elements. The provision of public services generally necessitates the observance of minimal procedures, not only for the purpose of creating a consensus with regard to the basic data. Therefore, Procedural elements play an important role, the scope

of the procedural elements include, for example, the administrative decision, public law contract, directives and other special instruments to ensure the transparency of the exchange of information. More generally, the procedural elements of policies determine the roles and relative power of policy actors in the context of all implementation processes later. In this sense, they should be interpreted as institutional rules, either general or specific to public policy (for example, consumer protection policies, environment policies, labor policies) ([Knoepfel et al., 2011](#)).

VOCATIONAL EDUCATION

Apart from general education, vocational education is one of the main spectrums in the universe of education. Principally, vocational education can take place at the level of higher education, secondary education, post-school, courses and training as well as other education / training. Vocational education is formulated to develop the abilities of soft skills and (especially) hard skills for prepare human resources (work or entrepreneurship) to have values that can contribute significantly to increased productivity.

A further projection is that the implementation of vocational education is expected to contribute progressively to increasing the nation's competitiveness. The ILO (together with UNESCO) uses the terminology TVET (Technical and Vocational Education and Training) to refer to those aspects of the educational process involving, in addition to general education, the study of technologies and related sciences, and the acquisition of practical skills, attitudes, understanding and knowledge relating to occupations in various sectors of economic and social life ([Pilz, 2017](#)).

Although it is often not the main choice, Vocational education is a significant and pithy project to develop the necessary capacities to meet the needs of society, help individuals identify and become competent in their chosen occupations, and maintain those competencies throughout a long working life, all of

which depend on the process of thinking and acting ([Billett, 2016](#)). Dewey stated that vocational education has two key goals: help individuals to identify jobs that are suitable for them and develop the capacity to do those jobs ([David Guile & Unwin, 2019](#)). Nowadays vocational qualifications need to be expanded to face the challenges of the industrial revolution 4.0 (even 5.0) and the capabilities of the twenty-first century. Industry needs vocational education that prioritizes individual development and social goals such as critical thinking, adaptability, creativity, and entrepreneurship as prerequisites for workforce relevance ([Hodge, Atkins, & Simons, 2016](#); [Billett, 2016](#); [Jones, 2018](#)). Meanwhile, Rauner classified 8 components of work competence in the vocational education ecosystem such as: creativity, clearness/presentation, functionality, sustainability, efficiency/effectiveness, orientation on business and work process, social responsibility, and environmental responsibility.

Vocational education and training is very important for the competitiveness of industries in leading manufacturing countries. In Germany which has a prominent dual VET system by integrates both work-based practice and school-based learning through the complete course of the study, the employers have a core role as they are committed to recruit students and provide them with the practical skills and education needed ([Niranjan, 2018](#)). Meanwhile in Nordic countries like Norway for example, vocational education (particularly vocational colleges) seen as sources of important and desirable knowledge and competence. The mandate of vocational colleges in Norway is to offer education programs that are needed in working life and are attractive for students, close cooperation with local, regional and national industry and businesses. As a result, the demand for labor graduated from vocational colleges is further emphasized in recent Norwegian industrial policy ([Lund & Karlsen, 2020](#)).

LABOR MARKET

A labor market is a group of jobs, between which workers can

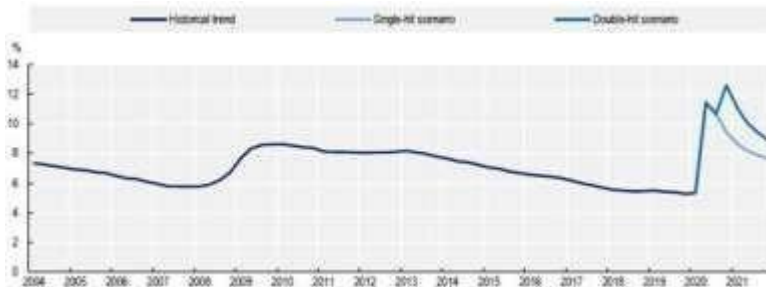
switch with relative ease (for example, computer programmers, lawyers, or unskilled workers), located within a geographic area usually defined by the commuting distance of workers ([Naidu, Posner, & Weyl, 2018](#)). Concerns about the lack of competition in the labor market have reached policy debates. There is growing concern about increasing market concentration and its potential effects on the economy, including increasing markups and decreasing share of the workforce ([Azar, Marinescu, & Steinbaum, 2020](#)).

The European Union (28 countries) have initiated a new wave of workforce market reforms after 2008-2009 crisis to address a several of issues, including segmentation of labor market. This is particularly the case with reforms in labor protection, namely protection against dismissals and restrictions on contracts for certain periods of time; the generosity and coverage of unemployment benefits; and the intensity of active labor market policies ([Eichhorst, Marx, & Wehner, 2017](#)). Meanwhile, in many Anglophone countries, especially in Australia and Canada, improving the relationship between post-secondary qualifications and employment depends more on the structure of the labor market than on the nature of qualifications: it is primarily a matter of demand for qualifications rather than supply ([Wheelahen & Moodie, 2017](#)).

Germany, Canada, The United Kingdom, Austria is an among other countries who focusing on developing solid, innovative vocational education aspects to bolster their future labor strategies ([Jones, 2018](#)). In China case, since government promoted transition of the economic system from a planned economy to a market-oriented economy in 1978, China has experienced rapid economic development and huge economic growth. The Chinese government enforced gradualism labor market reform in which the government retains and controls the public sector (e.g. state-owned enterprises), and simultaneously promotes the private sector (e.g. privately owned enterprises, foreign-owned enterprises, and the self-employed sector) ([Ma, 2018](#)).

Nowadays, the Covid-19 pandemic that has hit the world has had a huge impact on various lines of life. The OECD has called the impact of changes in pandemic conditions a “double hit”. In the OECD projection, besides causing the GDP of OECD countries to fall 9.3% in 2021, the double hit also significantly increases unemployment in all OECD countries. According to the OECD, unemployment in OECD countries has fallen to its lowest level in 50 years at 5.3% at the end of 2019, but has more than doubled at the end of June 2020 to nearly 11.4%. The increase is well above the levels seen during the global financial crisis (OECD, 2020). This phenomenon is illustrated in the below graph:

GRAPH 2. UNEMPLOYMENT RATE OF THE LABOR FORCE IN OECD COUNTRIES



Source: OECD (2020)

In the double hit scenario unemployment remains high, lasting even longer in OECD countries, increasing the risk of hysteresis as long-term unemployment takes root and the participation workforce falls. The OECD-wide unemployment rate is projected to be 8.9% by the end of 2021 under this scenario. Employment is projected to decline significantly in most OECD countries with the largest declines in Colombia, the United States and Ireland (OECD, 2020).

If the double hit scenario does not abate for the next 4 years, then there will be a bigger employment problem. This is because the OECD predicts that in 2025 there will be an escalation in the use of robots to support employment functions in various

343

lines of life. The cost of industrial robots continues to decline and the cost of labor is increasing, the cost savings of using technology to replace the workforce are starting to become significant, even in developing countries. South Korea, Japan, and Canada are the top 3 countries with the highest percentage of robot adoption in 2025 with a percentage of 33%, 25%, and 24% ([OECD, 2019](#)).

STATE OF THE ART OF THE RESEARCH

The table below describes previous studies on public policy topics. The description of the state of the art is also intended to compare and knowing the novel and unique of this research.

TABLE 1. STATE OF THE ART OF THE RESEARCH

No.	Research Title (Author, Year)	Theory/ Concept	Research Methods	Results
1	Analyzing Coalitions in China's Policy Formulation: Reforming The Role of Stateowned Enterprises in China's Energy Sector (Efird, Lester, & Wise, 2016)	The Expected Utility Model and the Senturion Model	Analysis of plausible outcomes of the collective decision making processes (CDMPs) China that may be engaged in over the role of its state owned enterprises in the upstream oil and gas sector. Also, analysis used KAPSARC Toolkit for Behavioral Analysis (KTAB) to construct a particular model of CDMPs, based on the Spatial Model of Politics (SMP)	Regarding of private companies' entry into energy markets in China, the research find that little reform is likely. The inertia of key actors holds back the potential for a significant opening of the energy sector. Despite the erosion of CNPC's political clout, there is little consensus for major reform to China's market position.
2	The Importance of Public Diplomacy in Formulating a Maritime Policy for The Indian Ocean Region (Senaratne, 2016)	Public Diplomacy Concept	Content analysis method	The use of public diplomacy is a beneficial tool in formulating a common maritime policy. It also argues that this tool is useful in influencing public and governments in cooperating towards formulating and implementing policies and strategies that are important for maritime safety and security in the Indian Ocean Region.

No.	Research Title (Author, Year)	Theory/ Concept	Research Methods	Results
3	Is the Participatory Formulation of Policy Strategies Worth the Effort? The Case of Climate Change Adaptation in Austria (Prutsch, Steurer, & Stickler, 2018)	Hierarchy of Participation	Case study regarding formulating Austrian adaptation policies through stakeholder involvement section	(Decisional) participation has its benefits in formulating comprehensive policy strategies but that it is most likely not able to overhaul stakeholder well-documented weaknesses, such as weak political commitment and implementation failures.
4	Electronic Governance Platform: Towards Overcoming the Challenges of Non-Inclusion of Citizens in Public Policy Formulation and Implementation in Nigeria (Gberevbie, Ayo, Iyoha, Duruji, & Abasilim, 2018)	SMARRT Government Framework (Simple, Moral, Accountable, Responsive, and Transparent Government)	Literature study from resources such as: books, journals and government websites of 20 states were analysed to ascertain whether there are avenues for citizens to interact with governments in policy formulation as a way of promoting participatory governance	The adoption of electronic governance is yet to be achieved due to the low level of literacy rate and government inability to provide the necessary infrastructure. The Federal Government of Nigeria should be produce a sound and clear guideline on how to adopt electronic governance in policy formulation through an increase in budgetary allocation towards infrastructural development and mass education of citizens.
5	Vocational Education and Training in India: a Labour Market Perspective (Agrawal & Agrawal, 2017)	Skill Development of Vocational Education and training (VET)	Quantitative research by nationally representative survey on employment and unemployment	A large section of the population in the age group 15–59 years does not have any kind of formal training. Among the VET holders, a large share is accounted for by non-formal trainees. Quite a high proportion of formal trainees in the workforce remain unemployed reflecting under utilization of human resource.
6	Socio-technical Imaginary of The Fourth Industrial Revolution and Its Implications for Vocational Education and Training: a Literature Review (Avis, 2018)	Socio-Technical Imaginary Concept	Qualitative approach with literature review	The 4th IR's association with digitalization and artificial intelligence is ambivalent. Meanwhile, technology and artificial intelligence are entwined with social relations, being sites of class struggle.

345

No.	Research Title (Author, Year)	Theory/ Concept	Research Methods	Results
7	The Importance of Vocational Education Institutions in Manufacturing Regions: Adding Content to a Broad Definition of Regional Innovation Systems (Lund & Karlsen, 2020)	Innovation Systems Framework	Qualitative approach with descriptive methods	Skilled workers and engineering technicians is the keys when implementing new manufacturing technologies. Furthermore, the research explain how the vocational education institutions and Regional Innovation Systems (RISs) are co-evolving with emerging technologies in terms of changed knowledge demands in the industry, prompting new education programmes in vocational education institutions.
8	Vocational Education Qualifications' Roles in Pathways to Work in Liberal Market Economies (Wheelahan & Moodie, 2017)	Vocationally Oriented Qualifications Concept	Case studies based on Australia and Canada experience at three levels of analysis: at the national level, meso level, and by whether qualifications are used as a signal in regulated occupations or as a screen in unregulated occupations.	Improving links between postsecondary qualifications and occupations depends more on the structure of the labour market than on the nature of qualifications: it is mainly an issue of the demand for qualifications rather than their supply.

Source: Processed by Researchers (2021)

Although the topic is relatively same with the researchs before, which is regarding policy formulation and vocational education, but from various contexts, this research is different from the eight studies above. For example, from the context of substance, there has been no research that has tried to analyze aspects of policy formulation in integrating vocational education graduates with the labor market. In addition, from the context of the research locus, no research with this substance has been conducted in Indonesia. Therefore, this research clearly has its own novelty.

RESEARCH METHOD

This research used a qualitative method with a phenomenological study. A qualitative approach was chosen to be able to further exploration and understanding the meaning of individuals or groups ascribe to a social or human problem ([W. J. Creswell & Creswell, 2018](#)). Meanwhile, phenomenological studies describe the common meaning for several individuals of their lived experiences of a concept or a phenomenon to be a description of the universal essence ([J. W. Creswell & Poth, 2018](#)). In the context of this research, phenomenological studies are internalized to getting a grasp of the very nature of policy formulation in integrating vocational education graduates with the labor market in Indonesia.

This research utilized primary data and secondary data. Primary data obtained from in-depth interview and online observation. In-depth interviews conducted through the Zoom Meeting application and based on purposive technique. Meanwhile, online observation conducted through the YouTube application. The peoples who in charge of policy formulation in integrating vocational education graduates with the labor market in Indonesia were selected to be interviewed deeply and determined as subjects in online observations such as: such as: Minister of Education, Culture, Research and Technology, Deputy Chairman of the Indonesian Chamber of Commerce and Industry for Manpower Sector, Director General of Vocational Education, and Director of Courses and Training Directorate General of Vocational Education, Ministry of Education, Culture, Research and Technology.

On the other hand, secondary data obtained from desk study on the documents such as: National Medium-Term Development Plan 2020-2024, Strategic Plan of the Directorate General of Vocational Education 2020-2024, Law of the Republic of Indonesia Number 13 of 2003 concerning Employment, Law of the Republic of Indonesia Number 11 of 2020 concerning Job Creation, Regulation of the Minister of Education, Culture, Re-

search, and Technology, handbook of priority programs at the Directorate General of Vocational Education, Directorate annual report, report of the performance and budget evaluation, etc.

Data collection was carried out from November 2020 to March 2021. In addition, in order for the research to be more contextual, research was limited by determining the focus of research which was determined based on indicators in substantive elements and institutional elements of public policy formulation, namely: 1) Concrete objectives; 2) Evaluative elements; 3) Operational elements; 4) Political-administrative arrangements (financial means and other resources); and 5) Procedural elements (Knoepfel et al., 2011). Data were analyzed through three concurrent flows of activity: (1) data condensation, (2) data display, and (3) conclusion drawing / verification (Miles, Huberman, & Saldana, 2014).

RESULT AND DISCUSSION

CONCRETE OBJECTIVES

At the macro level, concrete objectives in policy formulation in integrating vocational education graduates with the labor market in Indonesia are reflected in the objectives, indicators, and targets of National Medium-Term Development Plan (RPJMN) 2020-2024 who designed by the National Development Planning Agency (Bappenas). In the RPJMN document, there are 9 objectives which projected throughout 2020-2024. The aspect of the relevance of education and manpower is included in the seventh objective, namely increasing labor productivity and creating employment opportunities. The indicators and target on these objectives are showed in Table 2.

The data in the table above clearly shows that the proportion of job opportunities per year is not equal with the number of graduates in vocational education and training in Indonesia. As a baseline, in 2020 number of employment in the labor market is only in the range of 2.7 to 3 million people, while the number of graduates in vocational education and training reaches 3.82

million people, so that there is unemployment gap of 820 thousand - 1.12 million people.

TABLE 2 OBJECTIVES, INDICATORS, AND, TARGETS OF NATIONAL MEDIUM-TERM DEVELOPMENT PLAN (RPJMN) 2020-2024

Objectives	Indicators	Target in 2020	Target in 2024
Increasing labor productivity and creating	Provision of employment per year	2.7 - 3.0 million people	2.7 - 3.0 million people
employment opportunities	Number of vocational education and training graduates	3.82 million people	5.96 million people
Gap		820 thousand – 1.12 million people	2.96 - 3.26 million people

Source: Bappenas (2019)(Data Processed by Researchers)

In 2024 too, even with a bigger gap. This is because the projection number of employment in the labor market is still same in the range of 2.7 to 3 million people, while the number of graduates in vocational education and training has increased significantly until 5.96 million people. This practically also creates a bigger gap, the number of unemployed graduates of vocational education and training in 2024 is projected to reach 2.96 - 3.26 million people.

This reality is very worrying, especially in a pandemic like today. An empirical studies using google trends data and the ARIMAX model showed that during the COVID-19 pandemic period (2020) in Indonesia the open unemployment rate is expected to increase, with a range of 5.46% to 5.70% (Rizky, Fajar, Prasetyo, & Nonalisa, 2020).

The National Medium-Term Development Plan (RPJMN) 2020-2024 is a development reference, both at the central government level and at local government level. At the central government level, Ministries and Agencies internalize the RPJMN through the Ministry Strategic Plans or Agency Strategic Plans. Whereas at the local government level, Provincial and District/City government abstract the RPJMN into the Medium-Term Local Development Plan (RPJMD).

In the context of the Directorate General of Vocational Edu-

education, Ministry of Education, Culture, Research and Technology, there are Strategic Plan of the Ministry of Education, Culture, Research and Technology 2020-2024. In that Strategic Plan indicators, there are Strategic Objective Performance Indicators or commonly abbreviated as IKSS and Program Performance Indicators or commonly abbreviated as IKP. The IKSS is a measuring tool that indicates the success of achieving the Strategic Goals of Ministries/Agencies, while IKP is a measuring tool that indicates the success of achieving the results (outcomes) of a program.

At the operational level (micro), concrete objectives in policy formulation in integrating vocational education graduates with the labor market in Indonesia are reflected in the IKSS and IKP of Directorate General of Vocational Education, Ministry of Education, Culture, Research and Technology below:

TABLE 3. PERFORMANCE INDICATORS OF THE DIRECTORATE GENERAL OF VOCATIONAL EDUCATION 2021-2024

Strategic Objective Performance Indicators (IKSS)	Program Performance Indicators (IKP)	Mea- sure	Target			
			2021	2022	2023	2024
Percentage of vocational education graduates who get employment/entrepreneurship within 1 year after graduation with a minimum salary of 1x Regional Minimum Wage (UMR) (IKSS 2.4)	Percentage of Vocational High School (SMK) graduates who get employment/entrepreneurship within 1 year after graduation with a minimum salary of 1x Regional Minimum Wage (UMR) (IKP 2.4.1)	%	66,5	67,7	68,8	70,0
	Percentage of Higher Education Institutions Providing Vocational Education graduates who get employment/entrepreneurship within 1 year after graduation with a minimum salary of 1,2x Regional Minimum Wage (UMR) (IKP 2.4.2)	%	54,1	56,1	58,0	60,0
	Percentage of coursework and training graduates who get employment/entrepreneurship (IKP 2.4.3)	%	56,3	57,5	58,7	60,0

Source: Culture (2021)(Data Processed by Researchers)

Directorate General of Vocational Education, Ministry of Education, Culture, Research and Technology includes the percentage of vocational education graduates who get employment/ entrepreneurship within 1 year after graduation with a minimum salary of 1x Regional Minimum Wage (UMR) as IKSS. The IKSS is broken down into 3 IKP which represent vocational education entities such as: Vocational High School (SMK), Higher Education Institutions Providing Vocational Education, and Course and Training Institute.

Based on table 3, it can be analyzed that among the three IKPs there is one that is irrelevant, namely the IKP 2.4.3. IKP which represents the target of the Course and Training Institute does not have a concrete minimum number. Whereas in IKSS it is clearly stated that the percentage of vocational education graduates who get employment / entrepreneurship within 1 year after graduation have been targeted getting minimum salary of 1x Regional Minimum Wage (UMR).

In addition, the target set and the increase each year is still relatively low because the average increase is only in the range of 1% to 2%. The most critical note is in IKP 2.4.2, because when compared with similar targets at the Directorate General of Higher Education, Ministry of Education, Culture, Research and Technology the number differ greatly. If in Directorate General of Vocational Education, Ministry of Education, Culture, Research and Technology (as shown on the table 3) the target since 2021 until 2024 is 54,1%, 56,1%, 58%, and 60%, in Directorate General of Higher Education di the same period (2021-2024) is 80%, 81%, 82%, and 82% ([Ministry of Education, Culture, Research, 2020](#)).

It can be summarized that concrete objectives at the macro level are less feasible. Explicitly, it is clear that there is a large gap because in the National Medium-Term Development Plan (RPJMN) 2024 the projected number of provision of employment per year is much smaller than the number of vocational education and training graduates. This gap results in the high

potential for unemployment of vocational education graduates in the future. For this matter, when the government dares to set a big target for vocational education and training graduates, it should also be accompanied by a responsibility to provide (targeting) large employment opportunities as well.

Meanwhile, at the micro level concrete objectives, there are two important aspects that deserve the attention of policymakers. *First*, the need for the Course and Training Institute to have a concrete minimum number in the Program Performance Indicators (IKP). This is important because the Course and Training Institute is one of the entities in the vocational education ecosystem besides Vocational High School (SMK) and Higher Education Institutions Providing Vocational Education. Therefore, if Vocational High Schools (SMK) and Higher Education Institutions Providing Vocational Education have a concrete minimum number in the Performance Indicators (IKP) Program, the Course and Training Institute should also have it.

Second, the need for the Directorate General of Higher Education, Ministry of Education, Culture, Research and Technology to reformulate the target of Program Performance Indicators 2.4.2 (Percentage of Higher Education Institutions Providing Vocational Education graduates who get employment/entrepreneurship within 1 year after graduation with a minimum salary of 1.2x Regional Minimum Wage). This is because when compared to the Directorate General of Higher Education, Ministry of Education, Culture, Research and Technology, the gap is quite far (20% to 28%). Whereas, in terms of levels, both of them are equally at the higher education level, the basic difference is only in terms of nature, higher education is more academic, while vocational higher education is more practical.

EVALUATIVE ELEMENTS

In the context of policy formulation in integrating vocational education graduates with the labor market in Indonesia, evaluative elements will be analyzed from the main policies of each

educational entity at the Directorate General of Vocational Education Ministry of Education, Culture, Research, and Technology in 2020.

As stated by the Director General of Vocational Education that “in the entity of Vocational High School, the main policy is the Vocational High School Center of Excellence (SMK CoE). The Vocational High School Center of Excellence (SMK CoE) policy in 2020 aims to improve learning in the world of work, increase the competence of teachers and heads of Vocational High Schools, as well as their facilities and infrastructure. Meanwhile, the priority areas in the SMK CoE include: machinery and construction, creative economy, hospitality, care services, and foreign cooperation. The implementation of the SMK CoE was followed by 491 Vocational High Schools from a total of 2043 Vocational High School registrants, either public and private Vocational High Schools.

In the Vocational Higher Education entity, the main policies are the Vocational Higher Education Strengthening Program (PPPTV). PPPTV aims to encourage the improvement of the quality of vocational higher education learning through revitalizing learning facilities, improving the quality of human resources, increasing partnerships with the world of work, and encouraging the production of quality online modules. PPPTV was attended by 57 State Universities and 113 Vocational Education Organizing College Study Programs” (Interview, 15 March 2021).

On the other hand, for the Course and Training entity, the main policies are Employment Skills Education (PKK) and Entrepreneurial Skills Education (PKW). Employment Skills Education (PKK) is an education and training service program that is oriented towards developing work skills in accordance with industrial needs, given to students so that they have competence in certain skill areas as evidenced by a certificate of competence to work and be absorbed in the industrial world, the business world, and other world of work ([Education, 2021a](#)).

Meanwhile, Entrepreneurial Skills Education (PKW) is an

educational service through courses and training to provide knowledge, skills and foster entrepreneurial mental attitudes in managing self-potential and the environment that can be used as provisions for entrepreneurship and pioneering the establishment of independent businesses guided by business partners ([Education, 2021b](#)).

In terms of recipient category (public and private schools), the number of recipients of Vocational High School Center of Excellence (SMK CoE) is quite fair. This is because the gap between Private Vocational High Schools and State Vocational High Schools is not too far away. There are 270 State Vocational High Schools, while Private Vocational High Schools are 221 schools. However, from perspective of quantity, the policy targets for the Vocational High School Center of Excellence (SMK CoE) are still very minimal. This is because only 491 Vocational High Schools are designated as SMK CoE out of a total of 14.379 Vocational High Schools, it is meaning that only 3,41% of Vocational High Schools who have been SMK CoE throughout Indonesia.

Moreover, from the perspective of regional distribution, the Vocational High School Center of Excellence (SMK CoE) policy is still uneven. This premise is evidenced in the data below:

TABLE 4. DISTRIBUTION OF VOCATIONAL HIGH SCHOOL CENTER OF EXCELLENCE (SMK COE) IN INDONESIA

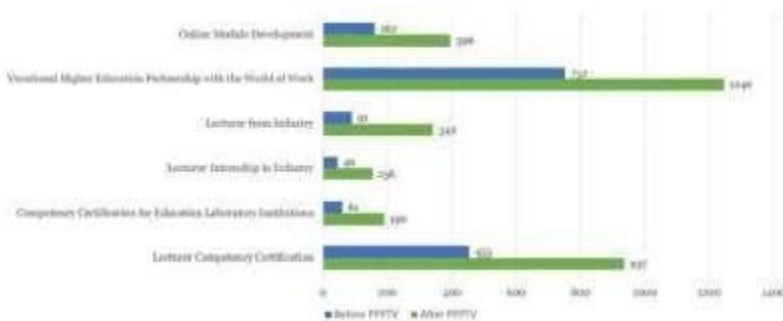
No.	Islands	Number of SMK CoE
1	Java	2.27%
2	Sumatra	0.50%
3	Borneo	0.25%
4	West Nusa Tenggara, East Nusa Tenggara, and Bali	0.20%
5	Celebes	0.14%
6	Papua and Maluku	0.05%
Total		3.41%

Source: Directorate of Vocational High School (2020) (Data Processed by Researchers)

Based on the data above, it is explicitly seen that the Vocational High School Center of Excellence (SMK CoE) policy is still centered on Java with a percentage of 66,4%, the gap is so

far if compared to the regions with the lowest number (Papua and Maluku) which are only 1,6%. These data indicate that the SMK CoE policy is not yet fully optimized and still needs improvements. Based on the results of online observations in YouTube application, on one occasion the Minister of Education, Culture, Research, and Technology also acknowledged that “there are still several problems that need to be resolved in the Vocational High School (SMK) entity. SMK is still difficult to answer the needs of the world of work, there are still various challenges that must be resolved after the SMK CoE policy, including: Opportunities to increase the competence of teachers, heads of Vocational High Schools, and supervisors of Vocational High Schools who in line with the needs of the world of work still a few, not all Vocational High Schools have facilities that meet standards, school management still tends to be burdened with administrative matters, not all Vocational High Schools have developed a curriculum with the world of work, the synergy of stakeholders (including the world of work) in the Vocational High Schools development program is still lacking” (Online observation, 17 March 2021).

GRAPH 3. INDICATORS OF VOCATIONAL HIGHER EDUCATION STRENGTHENING PROGRAM (PPPTV)



Source: Directorate of Vocational and Professional Higher Education (2021) (Data Processed by Researchers)

Meanwhile, for the main policies of Vocational Higher Education entity namely Vocational Higher Education Strengthening Program (PPPTV), from the 6 policy indicators, all indica-

tors increased significantly compared to before the Vocational Higher Education Strengthening Program (PPPTV). This is shown in the graph 3.

However, there is a minor note from the policy evaluation of the Vocational Higher Education Strengthening Program (PPPTV), namely the low number of applicants who pass the early selection. As stated by the Director of Vocational and Profession Higher Education “there were 255 proposals submitted, but at the early stage of selection (administrative selection) only 142 proposals passed. From this we can conclude that the understanding toward guidebook is relatively low” (Interview, 06 March 2021).

On the other hand, the main policies of Course and Training entity, namely Employment Skills Education (PKK) and Entrepreneurial Skills Education (PKW), from the aspect of achieving targets both of policies are relatively successful. This is because the PKK target is 50,000 recipients and PKW 16,000 recipients, while the realization of the two policies is able to exceed the target. As stated by the Director of Courses and Training “The Ministry of Education, Culture, Research and Technology has distributed PKK to 53.744 students and PKW assistance to 16.676 students throughout Indonesia” (Interview, 05 March 2021). This achievement is quite good, because the two policies were just launched last year.

Based on the empirical data above, it can be analyzed that the evaluative elements in Vocational High School, namely the Vocational High School Center of Excellence (SMK CoE) are still not fully optimal. There are several critical notes that need to be paid attention by policy makers. For example, related to priority areas that only cover 5 fields (machinery and construction, creative economy, hospitality, care services, and foreign cooperation). With a very large number of Vocational High Schools and fields which also very heterogeneous, the scope should be expanded, especially in the current pandemic conditions.

Other fields such as: Health, finance, food and beverages, digi-

tal marketing, and other essential fields need to be considered to be included in the development of the School Center of Excellence (SMK CoE) program in the future. If the Vocational High School Center of Excellence (SMK CoE) program is to be continued and developed, the target recipient needs to be increased to a minimum of 10% of the total Vocational High Schools throughout Indonesia. Also, the distribution of Vocational High School program recipients needs to be more equitable, not to be concentrated in one area only (such as in Java), so that the benefits can be felt equally by all eligible SMK throughout Indonesia.

Meanwhile, the evaluative elements in Vocational Higher Education, namely the Vocational Higher Education Strengthening Program (PPPTV) in general can be said to be good, because there are significant achievements of the indicators. However, considering the fact that the number of applicants is still relatively small, and those who pass the outset stage (administrative selection) are also very few, a special strategy is needed if this policy is to be continued. For example, by increasing the intensity of socialization and increasing socialization media in various channels. Even (if necessary), the socialization event is always attended and filled directly by the Director General of Vocational Education and the Director of Vocational and Professional Higher Education.

On the other hand, the evaluative elements in Vocational Higher Education, namely Employment Skills Education (PKK) and Entrepreneurial Skills Education (PKW), although in terms of achievement, they are able to exceed the target, but more advanced measurements are needed regarding outcomes, even their impacts. For example, the measurement of whether or not the work capacity and entrepreneurship of program recipients have increased or not. Although from a financial perspective (possibly) it will require a big additional budget, but substantively this measurement will be able to better understand the utility of the policy/program.

OPERATIONAL ELEMENTS

The results of research observations showed that the Directorate General of Vocational Education of the Ministry of Education, Culture, Research, and Technology takes the third form, namely the persuasive mode uses an information strategy to convince target groups of the proposed objectives. Based on the results of online observations in YouTube application, on one occasion the Minister of Education, Culture, Research, and Technology said that “vocational education must link and match with industry or the world of work. Elements of link and match between vocational and industry or the world of work include: 1) The curriculum comes from industrial partners; 2) Practitioners and lecturers come from industry; 3) Marriage certificate (recruitment agreement). The essence of the benefits of the link and match policy for the industry or the world of work is the efficiency of cost elements such as: saving on education and training costs, time efficiency, and accelerating their business” (Online observation, 22 March 2021).

The directive from the Minister of Education, Culture, Research, and Technology is internalized by the Director General of Vocational Education in all policies in vocational education entities which include Vocational High Schools, Vocational Higher Education, and Courses and Training Institutions to be persuaded to focus on aspects of link and match with industry and the world of work. As he stated that “Vocational education is a pillar of progress in any developed country. The main indicator is the link and match between vocational and industry and the world of work. The main policy of the Directorate General of Vocational Education is the link and match between Vocational High Schools, Vocational Higher Education, and Courses and Training Institutions with industry and the world of work” (Online observation, 22 March 2021).

Furthermore, he even stated that the link and match concept consists of 8 + i packages and is a solution to reduce unemployment: “The solution to reduce unemployment is the application

of 8 + i link and match packages” (Online observation, 22 March 2021).

TABLE 5. THE CONCEPT OF 8 + I LINK AND MATCH PACKAGES

No.	Packages	Points/Descriptions
1	1	The curriculum is prepared with the world of work (business and/or industry).
2	2	Real Project-Based Learning (PBL) from the world of work world of work (business and/or industry) to ensure hard skills will be accompanied by soft skills and strong characters.
3	3	Increasing the quantity of teachers/lecturers/instructors from experts in the work world of work (business and/or industry) to teach in vocational education entities at least 50 hours per semester per study program.
4	4	Internship or work practice for vocational students in the world of work (business and/or industry) minimum 1 semester.
5	5	Competency certification that is in line with the standards and needs of the world of work (business and/or industry) which is intended for graduates of vocational education as well as teachers/lecturers/instructors.
6	6	Teachers/lecturers/instructors regularly receive technology updates and training from the world of work (business and/or industry).
7	7	Applied research on vocational campuses that originates from real cases or needs in the world of work (business and/or industry) and society (as the basis for teaching industry and teaching factories) in collaboration with the world of work and stakeholders.
8	8	Commitment to absorption of vocational education graduates by the world of work (business and/or industry).
9	+ i	Various possibilities of cooperation that can be carried out with the world of work (especially industry), among others: scholarships and/or official ties, donations in the form of laboratory equipment, and others.

Source: Processed Results from In-depth Interview (15 March 2021)

From a concept perspective, the 8 + i link and match strategies or packages are quite ideal. This is because the points in the 8 + i link and match are fundamental and very much needed to be realized in every vocational education entity. However, because the concept was initiated along with the inauguration of the Director General of Vocational Education in mid-2020, the impact of the concept has not been significant. The Director General of Vocational Education stated that “out of about 2,000 vocational campuses, 14,000 Vocational High Schools, 17,000 Course and Training Institutes, only about 20-30% have linked

and matched with the world of work in various forms of link and match packages. For example, in Vocational High Schools every year the curriculum is synchronized with industry needs and several applied research on vocational campuses that have collaborated with the world of work (business and/or industry)” (Online observation, 22 March 2021).

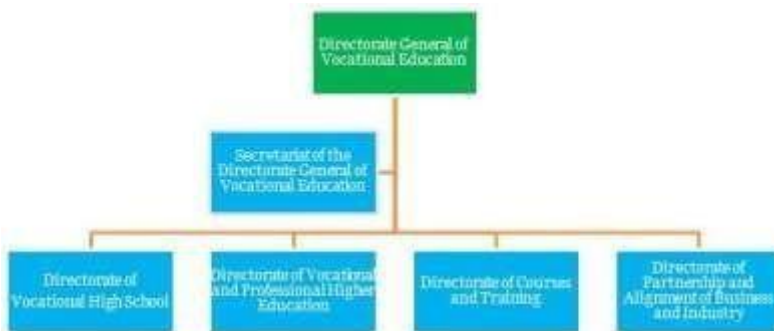
However, the 20-30% justification was doubted by the Deputy Chairman of the Indonesian Chamber of Commerce and Industry for Manpower Sector who stated that “the 20% percentage that was said by the Director General of Vocational Education was link and match, in fact the link and match was not fully optimal. To realize link and match holistically, Indonesia can use Germany as the best example. In Germany, when a student is still in junior high school, he or she can already decide where to work and what profession they will be by choosing the relevant vocational school. For example, if you want to work at Mercedes, students just need to look for a vocational school that works with Mercedes, and look for what area of expertise they want (whether as mechanics, mechatronics, etc.). With a duration of 3 years attending SMK with a proportion of 70% practice, after passing without a test, you can immediately work at Mercedes. In Malaysia, it is the same, following the system in Germany, so that 80% of junior high school graduates choose to enter SMK because of better job opportunities. The indicator is that 80-90% of SMK graduates will be absorbed in the world of work. The rest (10%-20%) become entrepreneurs or continue their studies” (Online observation, 22 March 2021).

Based on the empirical facts above, it can be analyzed that although in terms of the concept of operational elements which represented through 8 + i link and match is quite ideal, but the justification that vocational education entities consisting of Vocational High Schools, Vocational Higher Education, and Course and Training Institutions have 20-30% link and match with the world of work needs to be reviewed. The Directorate General of Vocational Education, Ministry of Education, Culture, Research,

and Technology needs to make an empirical study that can prove (periodically) the percentage of link and match achievement and the level of application of each link and match package in each vocational education entity. It would be better if the study was carried out in collaboration with the world of work (business and/or industry) so that objectivity could be more adequate. Meanwhile, as a form of transparency and accountability, the Directorate General of Vocational Education, Ministry of Education, Culture, Research, and Technology needs to publish the results to the public periodically.

In addition, the Directorate General of Vocational Education periodically needs to conduct an open dialogue with policy implementers (Vocational High Schools, Vocational Higher Education, and Courses and Training Institutions) and the world of work (business and/or industry) to find out how they respond to the link and match 8+i package, what are the obstacles that occur in the field in implementing the policy, and absorb input to improve the concept of 8+i link and match. If the mechanism can be implemented, the persuasive mode to convince target groups of the proposed objectives will be more deliberative because the space for public discourse is wide open.

FIGURE 2. ORGANIZATIONAL STRUCTURE OF THE DIRECTORATE GENERAL OF VOCATIONAL EDUCATION



POLITICAL-ADMINISTRATIVE ARRANGEMENTS

Based on the Regulation of the Minister of Education and Culture of the Republic of Indonesia Number 9 of 2020 concerning Amendments to the Regulation of the Minister of Education and Culture Number 45 of 2019 concerning the Organization and Work Procedure of the Ministry of Education and Culture, organizational structure of the Directorate General of Vocational Education is illustrated in the figure 2.

From the Figure 2, there is one Echelon I-level Official, namely the Director General of Vocational Education and five Echelon II-level Officials, namely: Secretary to the Director General of Vocational Education, Director of Vocational High Schools, Director of Vocational and Professional Higher Education, Director of Courses and Training, and Director of Partnership and Alignment of Business and Industry. The figure above shows that vocational education entities which mainly include Vocational High Schools, Vocational and Professional Higher Education, and Courses and Training have been contained in a legal document in the form of a Ministerial Regulation.

However, it would be great if there was one more Echelon II which focused on research and technology. This is because based on the President's intention through Presidential Letter Number R 14/Pres/03/2021 which was made on March 30, 2021, the duties and functions of the Ministry of Research and Technology were combined with the Ministry of Education and Culture, thus becoming the Ministry of Education, Culture, Research and Technology. The letter was also approved at the Meeting of the Deliberative Body of the House of Representatives of the Republic of Indonesia on April 8, 2021.

Therefore, there needs to be adjustments in terms of organizational governance and substance, so that the research and technology function can become a separate focus. This is expected to more help accelerate the 8 + i link and match strategy and provide a great impetus for the Directorate General of Vocational Education to contribute optimally in integrating vocational edu-

ation graduates with the labor market in Indonesia.

Meanwhile, based on the results of the performance and budget evaluation conducted at the end of 2020, the achievement of the budget performance of the Directorate General of Vocational Education in 2020 is not yet optimal. This is because the Budget Performance Evaluation (EKA) score of the Directorate General of Vocational Education only reached 63.96. This value makes the Directorate General of Vocational Education ranked second lowest in the Budget Performance Evaluation (EKA) measurement of a total of 10 main units under the Ministry of Education, Culture, Research, and Technology ([Secretary General of the Ministry of Education, Culture, Research, 2020](#)).

Budget Performance Evaluation (EKA) is an instrument for monitoring and evaluating budget performance carried out by the Directorate General of Budget, Ministry of Finance, which consists of 4 indicators on implementation aspects, namely: Output Achievement, Consistency, Budget Absorption, and Efficiency. This achievement of Budget Performance Evaluation (EKA) is relatively contradictory to the realization of budget absorption in 2020. In terms of budget absorption in 2020, the Directorate General of Vocational Education is quite good. From the budget ceiling of IDR 6.62 trillion, around IDR 5.74 trillion was absorbed or equivalent to 86.65% ([Secretary General of the Ministry of Education, Culture, Research, 2020](#)).

This indicates that the implementation of the budget allocation by the Directorate General of Vocational Education is less effective. Four indicators of Budget Performance Evaluation (EKA) which consists of: Output Achievement, Consistency, Budget Absorption, and Efficiency have not been achieved optimally. Based on this fact, the Directorate General of Vocational Education needs to conduct an in-depth evaluation to analyze the causes of the low Budget Performance Evaluation (EKA) score. The low EKA score indicates the low utility of the policy/program, even though the absorption of the budget is high.

Meanwhile, the projected budget ceiling for the Directorate

General of Vocational Education in 2021 is IDR 7.41 trillion. This amount increased by approximately IDR 790 billion if compared to the budget in 2020 (IDR 6.62 trillion). In terms of the feasibility of financial resources, this amount is very adequate. However, the results of the 2020 Budget Performance Evaluation (EKA) must be a special note for improving the effectiveness of budget allocations in 2021, so that the results of policies and programs do not only reach the output level, but can also achieve outcomes, even the impact of significant positive changes.

Referring to the importance of political-administrative arrangements, as well as the severity of the challenges in carrying them out, close collaboration with various parties is required. With the Ministry of Finance, for example, it is necessary to have a complete and good understanding in terms of budget allocation in every policy or program carried out by all policy or program implementers.

With the Ministry of Manpower, there needs to be collaboration in precise mapping of the projected workforce needs of vocational education graduates and their placement in any sectors. In addition, cooperation with local governments (both at the provincial, district/city levels) also plays a crucial role, especially in the framework of decentralization, where regional leaders have autonomy and become one of the determinants of the success of the administration of government affairs ([Rahman, Sahar, Putra, & Diliawan, 2018](#)), including education field.

PROCEDURAL ELEMENTS

Indonesia's main policies in terms of employment are contained in the Law of the Republic of Indonesia Number 11 of 2020 concerning Job Creation. There are four points of objectives in the Law which include: a) creating and increasing employment opportunities by providing convenience, protection, and empowerment for Cooperatives and Micro, Small and Medium Enterprises (UMKM) as well as national industry and trade as an effort to absorb the widest possible number of Indonesian

workers while still taking into account the balance and progress between regions within the national economic unit;

b) ensure that every citizen gets a job, and gets fair and proper remuneration and treatment in an employment relationship; c) make adjustments to various regulatory aspects relating to alignments, strengthening, and protection for Cooperatives and Micro, Small and Medium Enterprises (UMKM) as well as national industries; and d) make adjustments to various regulatory aspects related to improving the investment ecosystem, facilitating and accelerating national strategic projects oriented to national interests based on national science and technology with guided by the ideology of Pancasila ([Government of Indonesia, 2020](#)).

The scope of this law is very broad, because it does not only cover the regulation of the labor sector, but also other strategic areas such as: Central Government investment and acceleration of national strategic projects, the protection and empowerment of Cooperatives and Micro, Small and Medium Enterprises (UMKM), the field of ease of doing business, the field of research and innovation, and even the land sector. Therefore, this Law is also often referred as the “*Omnibus Law*”.

In terms of the objectives this Law at first glance looks ideal, however there are some fragility of substance in the clauses in it. Also, although in terms of the scope of this law, it is very broad because it covers many fields (as described above), but because this research is limited in the labor area, the discussion and analysis in this sub-discussion will be focused on the labor area issues in this law. *First*, the issue of a Specific Time Work Agreement (PKWT). One of the crucial things that was changed in the Job Creation Law in the Employment Chapter is the provision regarding the period of a Specific Time Work Agreement (PKWT).

The Job Creation Law abolished the PKWT time limit provisions previously regulated in Article 59 of the Manpower Law.

The previous Employment Law (in Article 59 Paragraph 1) stipulates that: A specific time work agreement can only be made for certain jobs which according to the type and nature or activities

365

of the work will be completed within a certain time, namely: a) work that is once completed or temporary in nature; b) work which is estimated to be completed in a not too long time and a maximum of 3 (three) years; c) seasonal work; or d) work related to new products, new activities, or additional products that are still under trial or exploration ([Government of Indonesia, 2003](#)).

This article is amended in the new Job Creation Law become: A specific time work agreement can only be made for certain jobs which according to the type and nature or activities of the work will be completed within a certain time, namely: a) work that is once completed or temporary in nature; b) work which is estimated to be completed in a not too long time; c) seasonal work; d) work related to new products, new activities, or additional products that are still under trial or exploration; or e) work whose type and nature or activities are not permanent ([Government of Indonesia, 2020](#)).

The change in letter b which removes the restriction on the category of “a maximum of 3 (three) years” correlates with the disappearance of paragraph (4) in Article 59 which stipulates that “A specific time work agreement based on a certain period of time can be held for a maximum of 2 (two) years and may only be extended 1 (one) time for a maximum period of 1 (one) year. Furthermore, the new Job Creation Law also abolishes the provision that a PKWT which has passed a maximum period of 2 years plus 1 year, is legally turned into a work agreement for an indefinite period (permanent employment agreement).

The implications of missing these verses are serious. In addition to eliminating the maximum period and limitation on extension, this new provision also eliminates the opportunity for workers to change their status from contract workers to permanent workers. In fact, the position of workers in contract work status is much more vulnerable than that of permanent workers. This is (in the end) does not encourage an increase in the absorption of vocational education graduates (and even academic graduates as well) in the labor market, but instead becomes a

great potential to increase the number of unemployed in Indonesia.

Second, the issue of a Work Termination (PHK). Philosophically, work termination in the conception of industrial relations Pancasila is something that is highly avoided. Thus, it is natural that the work termination arrangements in the previous Employment Law were made very rigid to prevent work termination as much as possible. One of the rigidity of this work termination rule can be seen in Article 151 paragraph (2) of the previous Employment Law which states: In the event that every effort has been made, but termination of employment is unavoidable, then the intention of terminating the employment relationship must be negotiated by the entrepreneur and the trade union/labor union or with the worker/laborer if the worker/laborer concerned is not a member of the trade union/labor union.

Furthermore, still in the context of Law Number 23 of 2003, Article 151 paragraph (3): In the event that the negotiations as referred to paragraph (2) really do not result in an agreement, the entrepreneur can only terminate the employment relationship with the worker/laborer after obtaining determination from the industrial relations dispute settlement agency. These two paragraphs are an effort to protect so that work termination are not carried out unilaterally. According to this provision (Law Number 23 of 2003), every form of work termination must be negotiated by both parties, and if there is no agreement, the work termination can only occur after obtaining a determination from the industrial relations dispute settlement institution.

The determination of this industrial relations dispute settlement institution is also a form of the state's presence in seeking so that work termination not harm one party. This conception changed drastically in the new Job Creation Law (Law of the Republic of Indonesia Number 11 of 2020). Article 151 paragraph (2) changes to: "In the event that termination of employment is unavoidable, the purpose and reason for the termination of employment shall be notified by the entrepreneur to the

worker/laborer and/or the trade union/labor union”.

This paragraph raises concerns about the possibility of unilateral work termination because work termination can only be carried out through notification from the entrepreneur without having to be preceded by prior negotiations. With these empirical facts, this will put workers in a weak position because the work termination procedure becomes easier, this condition increases the chances of unemployment (especially during the current pandemic).

CONCLUSION

The output of education graduates at the secondary and higher education levels is usually choosing to work, become an entrepreneur, or continue their studies. In the Indonesian context, working is still the main choice for graduates of higher education and graduates of secondary schools in the vocational realm. Therefore, the formulation of policies in integrating educational graduates with the world of work is crucial, especially in reducing unemployment. As stated at the beginning of the study, that the objective of this research is to analyze how the policy formulation in integrating vocational education graduates with the labor market in Indonesia. By using an analytical knife of the policy formulation formulated by Knoepfel (2011) in the framework Political Administrative Program (PAP) which consists of the following elements: concrete objectives, evaluative elements, operational elements, political-administrative arrangements, and procedural elements, then it can be concluded that the policy formulation in integrating vocational education graduates with the labor market in Indonesia is not fully optimal.

It is because despite there are some positive and already good aspects, such as: fair proportions between Private Vocational High Schools and State Vocational High Schools in the Vocational High School Center of Excellence program (SMK CoE), the achievement of targets in the Employment Skills Education (PKK) and Entrepreneurial Skills Education (PKW) priority programs,

and the strategic conception that is quite ideal within the 8 + i link and match framework, but there are some weaknesses that become critical notes such as: far gap between the projected proportion of job opportunities per year with the number of graduates in vocational education and training, lack of relevance of projections between Strategic Objective Performance Indicators (IKSS) and Program Performance Indicators (IKP) in the realm of courses and training, low projection target of increasing Program Performance Indicators (IKP) per year until 2024, recipients of the Vocational High School Center of Excellence (SMK CoE) program which is still centralized on the Java island, synergy of stakeholders (including the world of work) in the Vocational High Schools development program is still lacking, there is no Echelon II which is focused on research and technology in the organizational structure of the Directorate General of Vocational Education, low score of Budget Performance Evaluation (EKA), and fragility of the substance of employment in Law of the Republic of Indonesia Number 11 of 2020.

REFERENCES

- Agrawal, T., & Agrawal, A. (2017). Vocational education and training in India: a labour market perspective. *Journal of Vocational Education and Training*, 69(2), 246–265. <https://doi.org/10.1080/13636820.2017.1303785>
- Asian Productivity Organisation. (2020). *APO Productivity Data Book 2020*. Retrieved from https://www.apo-tokyo.org/publications/ebooks_category/2020/
- Avis, J. (2018). Socio-technical imaginary of the fourth industrial revolution and its implications for vocational education and training: a literature review. *Journal of Vocational Education and Training*, 70(3), 337–363. <https://doi.org/10.1080/13636820.2018.1498907>
- Azar, J., Marinescu, I., & Steinbaum, M. (2020). Labor Market Concentration. *Journal of Human Resources*, 1218-9914R1. <https://doi.org/10.3368/jhr.monopsony.1218-9914r1>
- Bappenas. (2019a). [RPJMN 2020-2024](#). In *Peraturan Presiden Republik Indonesia Nomor 18 Tahun 2020*. Jakarta.
- Bappenas. (2019b). *Visi Indonesia 2045* (1st ed.). Retrieved from <https://luk.staff.ugm.ac.id/atur/BahanPaparanMPPN-VisiIndonesia2045-25September2017.pdf>
- Barabasch, A., & Petrick, S. (2012). Multi-level policy transfer in Turkey and its impact on the development of the vocational education and training (VET) sector. *Globalisation, Societies and Education*, 10(1), 119–143. <https://doi.org/10.1080/14767724.2012.646904>
- Billett, S. (2014). [The standing of vocational education: Sources of its societal esteem and implications for its enactment](#). *Journal of Vocational Education & Training*, 66(1), 1–21.

- Billett, S. (2016). Beyond competence: an essay on a process approach to organising and enacting vocational education. *International Journal of Training Research*, 14(3), 197–214. <https://doi.org/10.1080/14480220.2016.1254365>
- Central Statistics Agency. (2020). [Keadaan Ketenagakerjaan Indonesia Februari 2020](#). In *Berita Resmi Statistik*.
- Creswell, J. W., & Poth, C. N. (2018). *Qualitative Inquiry & Research Design: Choosing Among Five Approaches* (4th ed.). <https://doi.org/10.13187/rjs.2017.1.30>
- Creswell, W. J., & Creswell, J. D. (2018). *Research Design: Qualitative, Quantitative and Mixed Methods Approaches* (5th ed.). SAGE Publications, Inc.
- Culture, M. of E. and. [Regulation of the Minister of Education and Culture Number 45 of 2019 concerning Organization and Work Procedure of the Ministry of Education and Culture](#). , 53 § (2019).
- David Guile, & Unwin, L. (2019). [The Wiley Handbooks in Education](#) (1st ed.; D. Guile & L. Unwin, eds.). New Jersey: John Wiley & Sons, Inc.
- Dunn, W. N. (2017). [Public Policy Analysis: An Integrated Approach](#) (6th ed.). New York: Taylor & Francis Group.
- Dye, T. R. (2013). [Understanding Public Policy](#) (14th ed.). New Jersey: Pearson Education, Inc.
- Education, D. G. of V. [Regulation of the Director General of Vocational Education Number 4 of 2021 concerning Technical Guidelines for Government Assistance for Employment Skills Education Programs](#). , (2021).
- Education, D. G. of V. [Regulation of the Director General of Vocational Education Number 5 of 2021 concerning Technical Guidelines for Government Assistance for the Entrepreneurial Skills Education Program](#). , (2021).
- Efird, B., Lester, L., & Wise, B. (2016). Analyzing coalitions in China's policy formulation: Reforming the role of state-owned enterprises in China's energy sector. *Journal of East Asian Studies*, 16(1), 117–145. <https://doi.org/10.1017/jea.2015.4>
- Eichhorst, W., Marx, P., & Wehner, C. (2017). Labor market reforms in Europe: Towards more flexicure labor markets? *Journal for Labour Market Research*, 51(1), 1–17. <https://doi.org/10.1186/s12651-017-0231-7>
- Gbervie, D. E., Ayo, C. K., Iyoha, F. O., Duruji, M. M., & Abasilim, U. D. (2018). Electronic governance platform: Towards overcoming the challenges of non-inclusion of citizens in public policy formulation and implementation in Nigeria. *International Journal of Electronic Governance*, 10(1), 56–73. <https://doi.org/10.1504/IJEG.2018.091266>
- Government of Indonesia. [Law of the Republic of Indonesia Number 13 of 2003 concerning Employment](#). , (2003).
- Government of Indonesia. [Law of the Republic of Indonesia Number 11 of 2020 concerning Job Creation](#). , Pub. L. No. Number 11 of 2020 (2020).
- Hodge, S., Atkins, L., & Simons, M. (2016). Towards an Epistemically Neutral Curriculum Model for Vocational Education: From Competencies to Threshold Concepts and Practices. *International Journal of Training Research*, 14(3), 1–16.
- Howlett, M., & Mukherjee, I. (2016). Design and Non-Design in Policy Formulation: Where Knowledge Meets Power in the Policy Process. [Handbook of Policy Formulation](#), 3–22.
- Jones, A. (2018). Vocational Education for the Twenty First Century. *Melbourne: LH Martin Institute, University of Melbourne*, 11(August), 21–43. https://doi.org/10.1007/978-3-030-52229-2_3
- Knoepfel, P., Larue, C., Varone, F., & Hill, M. (2011). [Public policy analysis](#). Policy Press. *Law Number 20 of 2003 concerning The National Education System*. , (2003). Linfield, K. J., & Posavac, E. J. (2019). *Program Evaluation: Methods and Cases Studies*.
- Lund, H. B., & Karlsen, A. (2020). The importance of vocational education institutions in manufacturing regions: adding content to a broad definition of regional innovation

- systems. *Industry and Innovation*, 27(6), 660–679. <https://doi.org/10.1080/13662716.2019.1616534>
- Ma, X. (2018). Economic transition and labor market reform in China. In *Economic Transition and Labor Market Reform in China*. <https://doi.org/10.1007/978-981-13-1987-7>
- McGrath, S., Mulder, M., Papier, J., & Stuart, R. (2019). *Handbook of Vocational Education and Training* (1st ed.). https://doi.org/10.1007/978-3-319-94532-3_75
- McKinsey&Company. (2019). Automation and the Future of Work in Indonesia. *McKinsey & Company*, (September), 21–28. Retrieved from [https://www.mckinsey.com/~media/McKinsey/Featured Insights/Asia Pacific/Automation and the future of work in Indonesia/Automation-and-the-future-of-work-in-Indonesia-vF.ashx](https://www.mckinsey.com/~media/McKinsey/Featured%20Insights/Asia%20Pacific/Automation%20and%20the%20future%20of%20work%20in%20Indonesia/Automation-and-the-future-of-work-in-Indonesia-vF.ashx)
- Miles, M. B., Huberman, A. M., & Saldana, J. (2014). *Qualitative Data Analysis: A Methods Sourcebook* (3rd ed.). California: SAGE Publications, Inc.
- Minister of Education and Culture of the Republic of Indonesia. *Regulation of the Minister of Education and Culture of the Republic of Indonesia Number 9 of 2020 concerning Organization and Work Procedures of the Ministry of Education and Culture*. (2020).
- Ministry of Education, Culture, Research, and T. (2020). *Strategic Plan of Ministry of Education, Culture, Research, and Technology 2021-2024*. Jakarta.
- Ministry of Education, Culture, Research, and T. (2021). *Indikator Renstra Kemdikbud 2020-2024*. Jakarta.
- Naidu, S., Posner, E. A., & Weyl, G. (2018). Antitrust remedies for labor market power. *Harvard Law Review*, 132(2), 537–601. <https://doi.org/10.2139/ssrn.3129221>
- Nations, U. (2019). *Human Development Report 2019*. In *United Nations Development Program*. New York: United Nations Development Program.
- Niranjan, A. (2018). *What is Germanys dual education system and why do other countries want it*. URL: <https://www.dw.com/en/what-is-germanys-dual-education-system-and-why-do-other-countries-want-it/a-42902504> (Data Zvernennia: 26.04.2020).
- OECD. (2019). OECD Employment Outlook 2019: The Future of Work. *OECD Publishing*, pp. 1–335. Retrieved from https://www.oecd-ilibrary.org/employment/oecd-employment-outlook_19991266
- OECD. (2020). OECD Employment Outlook 2020: Worker Security and The Covid-19 Crisis. In *OECD*. Retrieved from <https://doi.org/10.1787/1686c758-en>
- Pilz, M. (2017). Vocational Education and Training in Times of Economic Crisis: Lessons from Around the World. In *Technical and Vocational Education and Training: Issues, Concerns and Prospects* (1st ed., Vol. 24). https://doi.org/10.1007/978-3-319-47856-2_11
- Prutsch, A., Steurer, R., & Stickler, T. (2018). Is the participatory formulation of policy strategies worth the effort? The case of climate change adaptation in Austria. *Regional Environmental Change*, 18(1), 271–285. <https://doi.org/10.1007/s10113-017-1204-7>
- Rahman, A., Mawar, Wahyuning Dyas Tuti, R., Handayani, N., & Sahrul, M. (2021). Key Determinants of Elementary School Education Policy Implementation in Border Region. *Jurnal Ilmiah Ilmu Administrasi Publik*, 11(1), 111. <https://doi.org/10.26858/jiap.v11i1.20585>
- Rahman, A., Sahar, A. R., Putra, F., & Diliawan, R. (2018). *Does Leadership Background Matter In Performance Of Local Government? 2018 Annual Conference of Asian Association for Public Administration: "Reinventing Public Administration in a Globalized World: A Non-Western Perspective"*(AAPA 2018), 541–550. Atlantis Press.
- Rizky, O., Fajar, M., Prasetyo, O. R., & Nonalisa, S. (2020). *Forecasting Unemployment Rate in the Time of COVID-19 Pandemic Using Google Trends Data* (Case of Indonesia). *Munich Personal RePEc Archive*, (105042).
- Schwab, K. (2019). *The Global Competitiveness Report*. Retrieved from

- http://www3.weforum.org/docs/WEF_TheGlobalCompetitivenessReport2019.pdf
Secretary General of the Ministry of Education, Culture, Research, and T. (2020). *Evaluation of Budget Performance Achievements of the Directorate General of Vocational Education for Fiscal Year 2020*.
- Senaratne, B. (2016). The importance of public diplomacy in formulating a maritime policy for the Indian Ocean Region. *Maritime Affairs*, 12(1), 79–87. <https://doi.org/10.1080/09733159.2016.1181393>
- Wheelahan, L., & Moodie, G. (2017). Vocational education qualifications' roles in pathways to work in liberal market economies. *Journal of Vocational Education and Training*, 69(1), 10–27. <https://doi.org/10.1080/13636820.2016.1275031>