

# **IMPROVING YOUTH EMPLOYABILITY IN INDONESIA**

Latasha Safira - Center for Indonesian Policy Studies  
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*For a free and prosperous  
Indonesia*



# UNTUK INDONESIA YANG BEBAS & SEJAHTERA



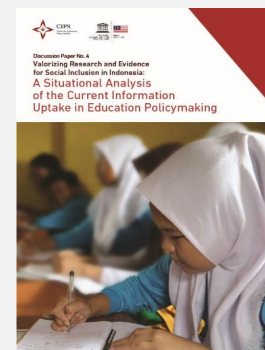
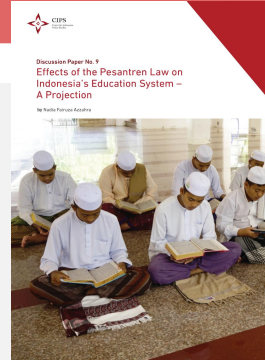
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## WHO ARE WE?

## 1. WHO ARE WE?

# EDUCATION RESEARCH

**Low-Cost  
Private  
Schools**



**Distance Learning  
amid the Covid-19  
Pandemic**

**Digital Literacy**



# EMPLOYABILITY LANDSCAPE IN INDONESIA

## 2. EMPLOYABILITY LANDSCAPE IN INDONESIA

# THE JOB MARKET POTENTIAL

### Top Five Industries (2021)

1. Agriculture, forestry and fishery (38,777,600)

2. Wholesale and retail trade; Car and motorcycle repair and maintenance (25,161,613)

3. Processing industry (17,823,568)

4. Accommodation; Food & beverage (9,167,542)

5. Construction (7,929,651)

There is a **growing demand in labor for healthcare, construction, manufacturing and retail** as a result of automation

According to Suharno, Pambudi and Harjanto (2020), **the job market in Indonesia has an 85% absorption rate** for SMK graduates

Industry 4.0 could lead to a **net job gains of 1-7% by 2028**

It is predicted that there will be **10 million new occupations that has never existed before** by 2030

## 2. EMPLOYABILITY LANDSCAPE IN INDONESIA

# UNEMPLOYMENT REMAINS HIGH



In February 2021, there were **8.75 million unemployed people** in Indonesia



**SMK graduates** are one of the biggest contributors (11.45%)



There is a **talent shortage**. Many workplaces cannot find graduates qualified enough



In 2019, **22.6% of youth** (aged 15-24) were neither in employment nor in education or training



### The impact of COVID-19

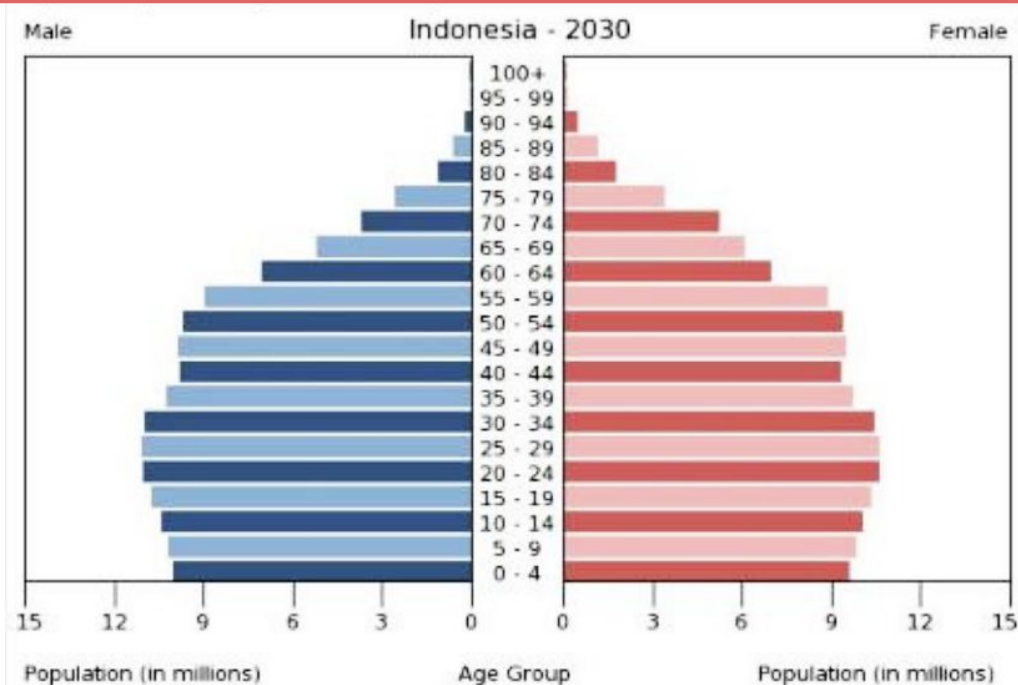
Indonesian Ministry of Manpower found that **2.08 million employees** from formal and informal sectors took **unpaid leave or were laid off**

World Bank reported that **300,000 fewer youth entered the workforce**



## 2. EMPLOYABILITY LANDSCAPE IN INDONESIA

# THE DEMOGRAPHIC BONUS



**Indonesia will be entering a phase of demography bonus in 10 years**

It is expected that in 2030-2040, Indonesia will have a 64% productive age population from a total population of around 297 million



**'TESTING' EMPLOYABILITY**

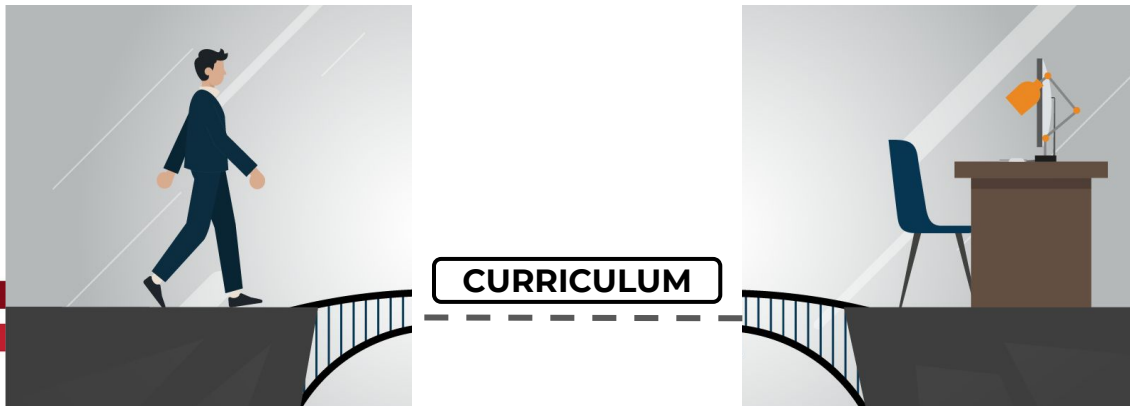


### 3. TESTING EMPLOYABILITY

# SKILLS GAP

**Most schools/universities' curriculums are not demand-driven.**

- 32% of employers believe that graduates are adequately prepared for entry-level positions
- 39% of employers believe that graduates have the appropriate “general skills”
- 31% of employers believe that graduates have the appropriate “job-specific skills”



★ Only 5% of teacher respondents rated the English curriculum in SMK as “very effective” in equipping and developing students’ skills for future employment

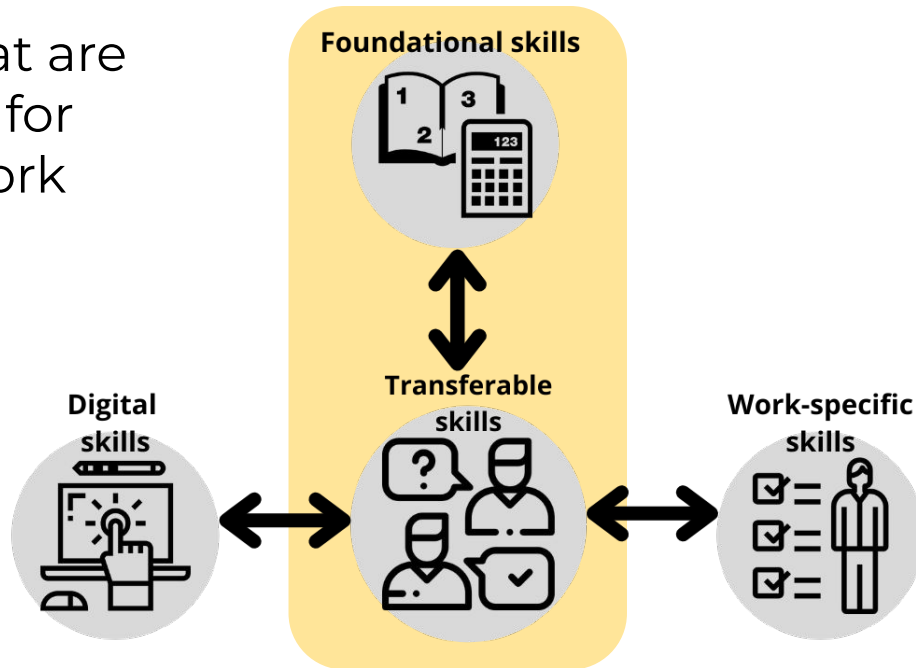
### 3. TESTING EMPLOYABILITY

# UNDERSTANDING YOUTH SKILL DEVELOPMENT

UNICEF noted **four skills** that are needed among adolescents for success in school, life and work

★ Foundational skills: basic numeracy and literacy

★ Transferable skills: application of foundational, digital and work-specific skills that can be transferred across sectors and situations



### 3. TESTING EMPLOYABILITY

# THINKING LONG-TERM: RESKILLING & UPSKILLING

**Trends in the demands of skills  
are always shifting**



Majority of work hours will be spent on  
**application of expertise, interaction and  
management**



The need for  
**foundational & transferable skills**

1. Analytical skills → Research, Data management, Financial management
2. Communication → Team work, Negotiations, Strategic partnerships
3. Creativity → Design, Marketing
4. Adaptability → Reskilling, Crisis response
5. Innovation → Problem solving, Leadership

### 3. TESTING EMPLOYABILITY

## ENGLISH AND EMPLOYABILITY: EMPLOYERS

Nambiar et al. (2019): Employers identified **English and computer literacy** as the two key skills required for future employment

English may be required to pass the **job interview; communicate** with employers, managers and colleagues; interact with **foreign investors and customers; produce and comprehend** instruction and information (Setiawan, 2014)

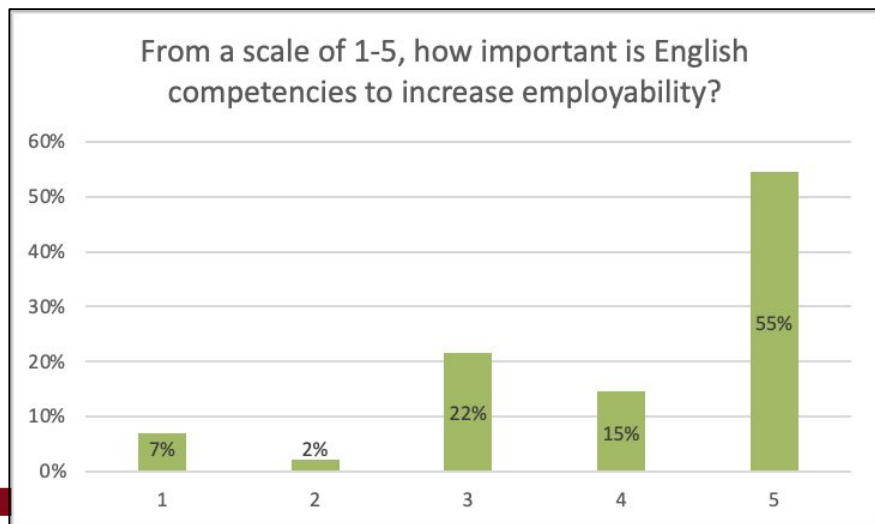
Saragih (2012) found that those who have proficient English skills tend to have **wider employability opportunities and higher prospects for promotion**

Among four language skills (speaking, writing, reading, and listening), in Countries where English was not the official language, **reading skills were rated as the most important, followed by speaking skills** (Cambridge English, 2016)

### 3. TESTING EMPLOYABILITY

# ENGLISH AND EMPLOYABILITY: TEACHERS

The importance of English competencies for employability according to SMK teachers



Source: CIPS (2021)

Teacher respondents' descriptions of why English is important

What are the reasons that make you think it is important/not important for employability?

**Improve employability**  
Interaction with foreigners

**Facilitate job performance**  
Improve confidence  
English is a foundational skill

**Industry demand**  
Increase competitiveness  
English is a "universal language"  
Improve communication  
Increase options for employment  
Migrant work

Source: CIPS (2021)

### 3. TESTING EMPLOYABILITY

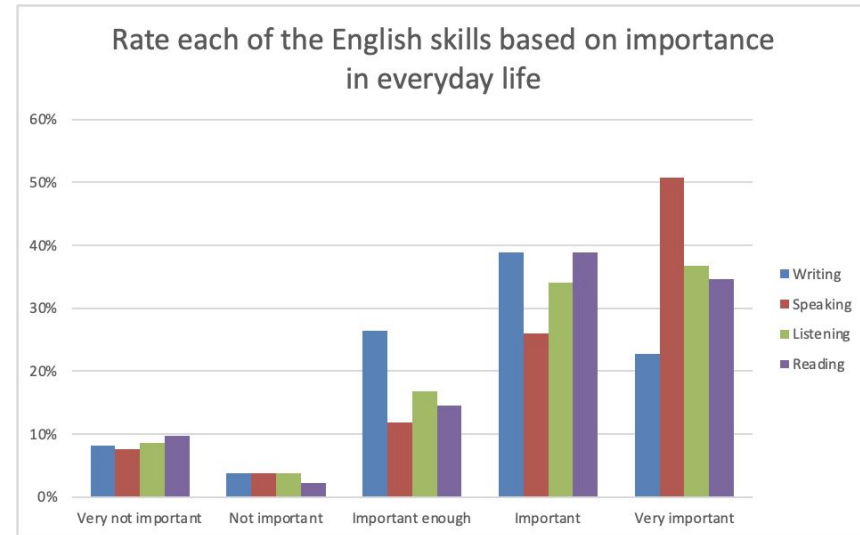
# ENGLISH AND EMPLOYABILITY: MIGRANT WORK



Malaysia's labor migration MoUs with Indonesia specify that **migrant workers must be able to communicate in English or Bahasa Melayu** (IOM, 2010)

Indonesian migrant workers in Hong Kong tend to be significantly underpaid because **they do not have the proficiency to understand their contracts**, which are written in English and Chinese (Ladegaard, 2020)

The importance of writing, speaking, listening, and reading in English, according to teachers



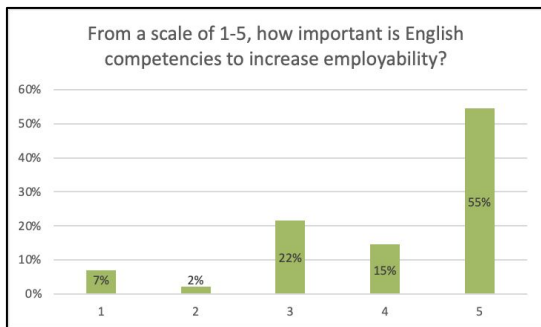
Source: CIPS (2021)



### 3. TESTING EMPLOYABILITY

# LOCAL DEMANDS MATTERS

The importance of English competencies for employability according to SMK teachers



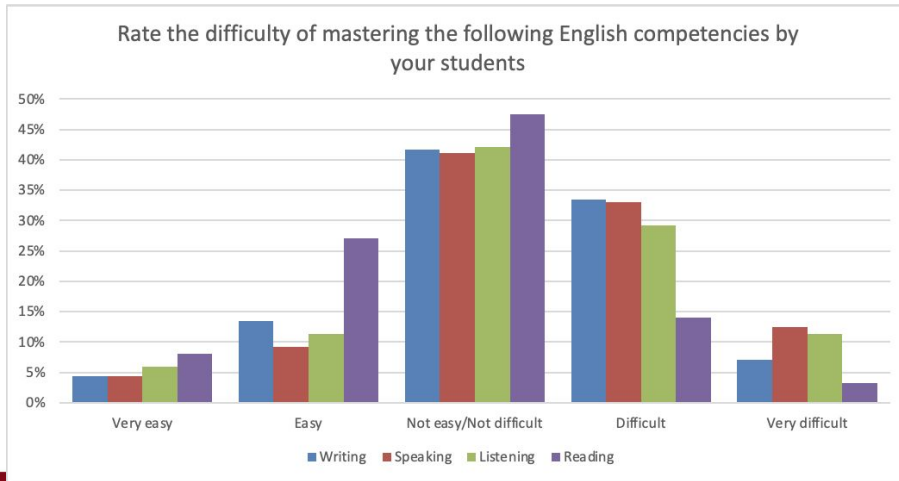
Source: CIPS (2021)

Rating	Region	School type	Description
1	Rural	Private	"English is not really used in [the graduates'] day-to-day lives [anyways]"
2	Urban	Private	"SMK graduates who end up working in production [and] operation do not need English competencies"
3	Urban	Public	"In my area, the hotels rarely has guests from other countries that only speak full English"
3	Rural	Private	"Most of our graduates work in companies and institutions that do not require English competencies"
3	Urban	Private	"Only big companies as well as entrepreneurs who work with foreigners need English"
3	Urban	Private	"Oftentimes, English is not used in [the graduates'] workplace"
3	Urban	Private	"From our school, most graduates work in a factory [that does not require english] or at households"

### 3. TESTING EMPLOYABILITY

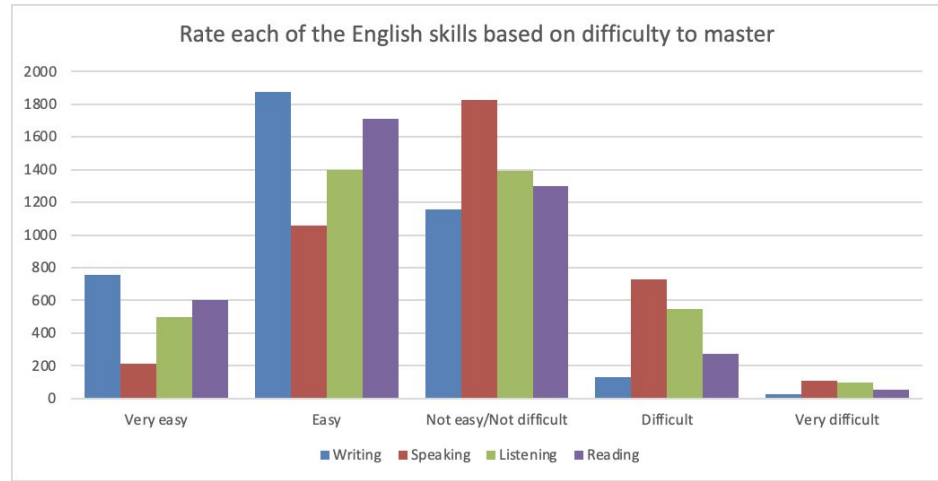
# BE CAREFUL ABOUT WHAT/HOW YOU TEST

Teachers' perception of level of difficulty for their students to master writing, speaking, listening and reading in English



Source: CIPS (2021)

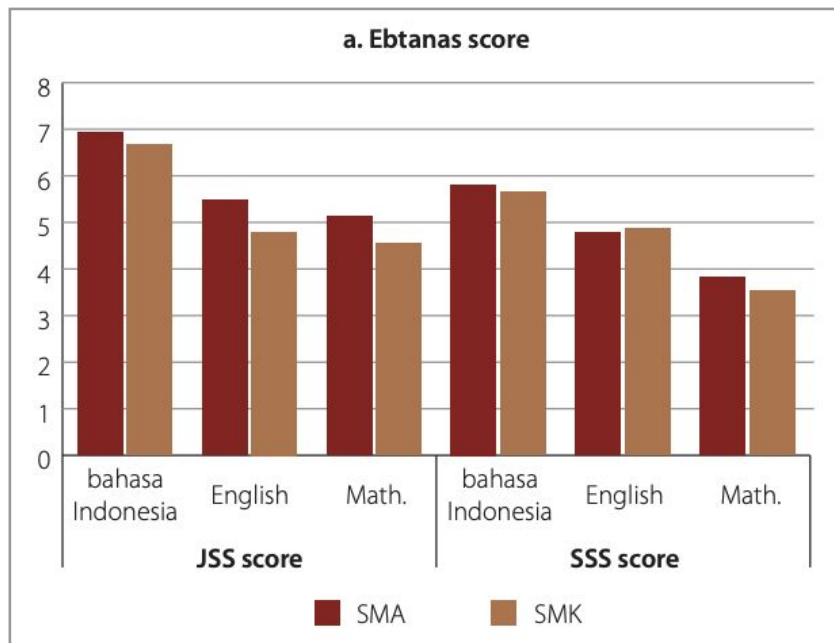
Students' perception of level of difficulty to master writing, speaking, listening and reading in English



Source: CIPS (2021)

### 3. TESTING EMPLOYABILITY

## CAVEATS



Source: World Bank (2012)

★ Presidential Regulation No. 63/2019 mandates all forms of formal and official communication (including electronic) with Indonesian staff must be in Bahasa Indonesia

★ Presidential Regulation No. 20/2018 requires foreign workers to undergo Indonesian language training.



**RECOMMENDATIONS**

## 4. RECOMMENDATIONS

# HOW CAN WE IMPROVE EMPLOYABILITY?

### **Public-private partnership opportunities**

- Increase engagements with SMKs
- Redefine responsibilities in reskilling and upskilling

### **Teaching quality**

- Grant greater teacher autonomy
- Include “employability” in teacher training

### **Improving the learning ecosystem**

- Reconsider key aspects of the national curriculum
- Increase investments in infrastructure
- Beyond traditional forms of assessments: how are students applying their knowledge?



**CIPS**

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# Thank You

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