

The importance of Apprenticeship Training Program as the backbone of High Value Leather Products Industries At Tanggulangin Sidoarjo Indonesia

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Abstract. SMEs are increasingly important to the economic growth of the world economy. It has also become an important part for the growth of business and Economics in Indonesia. Even though there is a growth in the number of new SMEs, but the number is not satisfying, because it is less than expected. One of the points that affects, is the Human Resource problem. The objective of this research was to discover the role of human resource development program to the growth of SMEs in Indonesia. The industries of high value leather products have been selected because some of the products have been exported and leather products have become an important export's product for Indonesia. Using the Descriptive Statistics Methods, questioners have been distributed to the companies within the selected industry. The result shows that 45 percent of the respondents said that employees have no involvement on making of the design, 58 percent of the respondents said that the government doesn't actively take part in the training program for the employees in the industries. The study suggests the government to have more programs for the apprenticeship to support the growth of the leather industries. They can start to build the center for training to create designs for products.

Keywords: SMEs, human resource development, apprenticeship

1. Introduction

Small and Medium Enterprises (SMEs) in Indonesia are very important for employment creation and are important sources of economic growth. However, the growth of SMEs in Indonesia has been less than satisfactory. The number of new SMEs less than what the government's expected. There are several reasons why the growth of SMEs in Indonesia does not like other emerging markets (such as India and China). Those are: poor human resource and products qualities, difficult access for the bank's financing, low innovation and technology adoption and low access to the potential market.

Marshall said "The most valuable of all capital is that invested in human beings" (Marshall, 1920, p.564). Human capital, according to its proponents (Schulz. 1961; Becker, 1964; Lucas. 1988; romer.1990). is a major ingredient for high productivity and quality performance, and the most important investments in human capital are education and training. Here we can say that human resources play an important role for the growth of the industries. Without good human resources, it would be difficult for a business to survive. However, we found that most of the employees who work for the SMEs either they are low-skilled labors or they have low motivation to become productive at work.

Furthermore, by comparing to other countries, Indonesia is quite slow in developing its apprenticeship program. If we look at the USA and Canada for an example, back in the 1950s, both the USA and Canada had well-developed apprenticeship systems. The USA now has about 500,000 apprentices at any given time. In Canada, the average has been about 200,000 over the last decade, the Canadian government has set itself the goal of doubling the number of apprentices who obtain their certification between 2002 and 2012. In France, there were 365,000 apprentices in 2005 and the government announced a target for 2009 of 500,000.

In Indonesia, until 2009 there are only 10,000 apprentices. Apprenticeship are used today only for a very limited range of occupations and are certainly one of the most neglected areas of the training systems. By January 2005, the apprenticeship program had expanded to 31 locations covering 18 provinces and nine trades (Metal, Automotive, Welding, Electricity, Agricultural Product Processing, Agricultural Machinery, Construction, Hospitality and Business Administration). The program that has been used based on enterprise, called as Enterprise-based apprenticeship. It is part of the National Apprenticeship System. The program aims to ensure the availability of qualified skilled workers based on the industry requirements. A core objective of this program is to ensure basic standards for apprentices.

Apprenticeship training is a process by which people become skilled workers, through a combination of formal learning and long-term on-the-job training. (Gary Dessler, 2008)

We can also see that Apprentices function as both assistants and shadows to their employers. Because of the nature of apprenticeships, it is possible to learn a great deal about an industry in a rather short amount of time. Furthermore, all of the learning is hands-on rather than theoretical. While apprentices may have to take care of a good deal of menial tasks, they also get the ability to watch professionals in action, which is a great way to learn a trade. One unique aspect of apprenticeship programs is that, while learning a particular trade, it is also possible to learn the business behind the trade.

The apprenticeship system is both a form of full time employment and a process of education and training. In this respect, the person who is learning is also earning. A student learn how to become a trade or profession and an employee who seeks rewards and satisfaction from his job as well as to satisfy the demands and requirements of his employer. Because of this dual character of apprenticeship, the training and education of apprentices must be arranged in such a way as to help apprentices meet these objectives.

The present condition in Indonesia, the national apprenticeship system is not coordinated by a single policy. Indonesian ministries run apprenticeship and training programs independently, refusing to recognize the legitimacy of each others' certification. Their programs are industry-specific. As a result the present program model is not flexible enough to meet industry training needs or the demands of the economy and labour market generally. the programs of vocational training institutions were not meeting the demand by the labour market for qualified and competent workers. There is growing awareness of the fact that the traditional apprenticeship model is failing to provide the type and quality of training required for skilled work in labour market. Moreover, the present program that is engaged by the government and companies, doesn't really help the leather's products industry. The government barely has any apprenticeship program for it.

2. Industry Profile

Leather industry has developed in Indonesia since 1970's. There was a rise from 37 factories of big size and medium one in 1975, and became 112 factories in 1995. In 1975 – 1990, the centers of leather industries grew such as those in Magetan, Garut and Madiun. In the same year, the increase on the number of factories rose from about 200 factories became 500 factories during the same period. The capacity applied rose from 40,000 ton became 70,000 ton per year.

During 1998 up to 2000, there was a decrease in the leather industry. In 1998 there were 112 medium scale companies and 400 small scale companies. In 2000, there was a decrease on the medium big scale factories which became 47, while small scale factories became 125. The cause of this decrease was the decrease on the supply of basic commodity hides. One of the leather industry center is East Java Province. It is exactly located at Tanggulangin, Sidoarjo Regency. When it is seen on the statistic data of East java Province, leather bag product gives a great value on all leather products. As seen on Table 1 below, the total production value of leather industry in 2000 was more than 20 billions. From the total value mentioned, leather bag gave the greatest percentage which was much more than 14 billions (17.42%).

Table 1. Leather Bag Production Value among All Leather Products Produced by Medium and Big Industry in East Java (Year 2000)

No	Description	Unit	Number	value (000 Rp)
1	Belt	Unit	4.123	132.795
2	Jacket	Unit	1.264	753.753
3	Sandal	Pair	3.237	83.963
4	Glove	Unit	24.100	106.900
5	Shoes	Pair	13.728	527.691
6	Wallet	Unit	2.029.075	3.749.565
7	Waistcoat	Unit	500	162.500
8	Bag	Unit	373.021	14.485.215
Total			2.449.048	20.002.382

Source: Direktori Perusahaan, Statistik Industri Besar dan Sedang in East Java. 2000.

Because of the mud flood and the increase of fuel price, the business of leather bag at Tanggulangin was in the down turn. Many shop-owners and bag manufacturers have closed down their business because they could not survive at the industry. By June 2010, the numbers of bag-maker have decreased from 350 to become around 100 bag-makers. Many of them, who used to become bag-makers, have changed their job.

3. Method

3.1. Participants and Procedure

Nowdays, the numbers of bag-makers at Tanggulangin have become around 100. The researchers have decided to take a sampling out from the population. The reason is because the respondents are scattered around the area. And some of them are reluctant to help in answering the questions. Therefore, the researchers decided to take 30 % sampling from the populations. The Researchers were using questioners, direct observations and interview with the respondences. The Researchers were distributing questioners to the owners of the leather-business owners at Tanggulangin. They completed the questioners with assistance from the researchers. The business in Tanggulangin is small one. Therefore, they know the whole process of making the products. Since the time they order the raw materials, recruiting the employees and distributions of finished goods.

The questioners are divided into 3 (three) parts. First, it is about the process of making and designing the products. Second, how will the skill and ability of the employees affect their work performances. Third, how effective the training programs that the Government has to the development of employees' skill. The employees' skills are the main factor to influence the growth of the company, because it can affect the quality of the products that they make. The lack of skill will make the products have the undesirable quality. When the company has the products that are unwanted by the customers, it will affect the profit and growth of the company itself. Therefore, it is really important for the company to keep the product at high quality level.

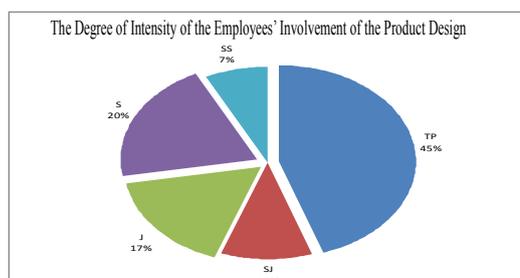
3.2. Data Analysis

On this research, the researchers see that there are 3(three) things affect the development of the industries, which are: the degree of intensity of the employees' involvement to the making of product design, employees' performance at the company and the government's internship program to support the industry.

At the first part, researchers will discuss about the degree of intensity of the employees' involvement to the making of product design. Based on the result of the questioners, researchers found that most of the owners are the designers for the products. During the interview session, the owners said that the idea for their designs come from different resources. It can come from television, newspaper, magazine or they even create it by themselves. The owners will make the products' design based on the trend at the market. Therefore, few

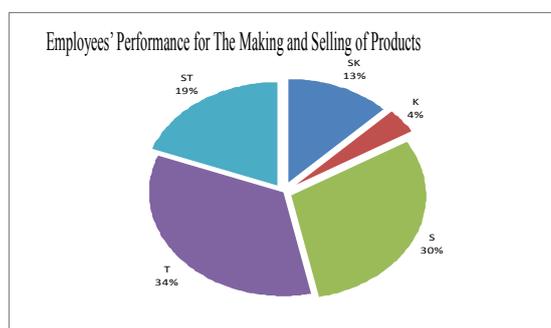
companies will use the product designers to design a new design for them, in order to follow the trend at the market. Around 40 percent from the sample said that they never use the product designer to help them to design the products. In some companies, the employees are actively taking part to design the products. The employees never been trained before they joined with the company. They learned the skill of making the products by themselves. Sometimes, it was their friends at the company who taught them to design the products. Overall, 45 percent of the respondents said that most of the designs for the product are made by the owners, consumers or product designers. The lack of the training programs provided by the government, caused the employees has little involvement for designing the products.

Picture 1. The Degree of Intensity of the Employees' Involvement of the Product Design



At the second part, the researchers explain about the employee's performance for making and distributing the products. The researchers are not only looking at the employees' skill for making the design, but also other skills; such as employees' motivation, the ability to choose the raw materials and process them into the finished goods, and their ability to sell the products. From the interview, it is found that the employees have started everything from zero. It means that they have started their works without any skills; they have been trained during the time they do their works in the company. The research found that the employees have skills and high motivation to do their works. On average, every person can make 16 – 20 products a month. Employees' skills and motivation are important for a company. The research shows that the companies are satisfied enough with the performance of their employees (54% respondents have high satisfaction). Eventhough, many employees have skills and their motivations and performances are quite good. They still need to be trained so that their productivity can be increased. If we measure the performance based on the output, it showed a significant value, but it cannot represent the performance as a whole. Therefore, we still need to have the training program for employees, so their skills to choose the materials, designing the products, and selling the finished goods can be improved.

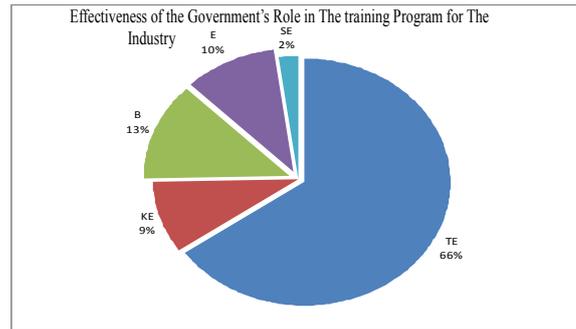
Picture 2. Employees' Performance for the Making and Selling of Products



At the third part, the researchers will discuss about the effectiveness of the government's role for the training program within the industries

From the finding from the questioners and interviews with the owners of the business, almost all of the respondents said that government never give any training to the employees. Overall, 58% respondents said that the Government doesn't actively take part in the training program for the employees in the industries. At Tanggulangin, there is only one workshop place to train the employees. However, the workshop is not for the bag's products, but the shoes products.

Picture 3. Effectiveness of the Government's Role in The Training Program for The Industry



4. Conclusion and Recommendation

In conclusion, the present study has categorized factors that effect the growth of the Leather Bag Industry at Tanggulangin. The main factors that influence the growth are the employees' performance and Government's training program. The employees' performance has influenced the growth of the industries by approximately 35% and the Government's training program also approximately 35%. The making of the product design is taking 30% from the development of the industry. The three factors cannot stand alone by themselves. They are inter-connected and influence each other. Therefore, the industry and the government need to work together to run the industry, so that it can be developed. The industry and the government need to get support from the education too. The schools are used to accomodate the need of the industry in term of training for designs and material's selection.

Even though the research found that the ability of employees to make the products is satisfying enough. The owners of the business still hope that the government will support them to improve the skills of their employees through regular trainings. Through the training program, not only ability and skills are being trained, but also the motivation and the employees' work spirit can be improved. At the end, it will affect the productivity of the industry. The government can start to build the centre of training at tanggulangin, especially for the bag's products. The training program can be part of the curriculum for the apprenticeship schools (or SMK) specialize in the leather's products. Another thing that the government can do, by providing the owner of the business the software for creating designs. So that they can train and ask their employees to use the software and design unique products.

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