The role of VET providers in training partnerships with industry in East Java, Indonesia

Abstract

VET providers are emergent as one of the main and logical providers of labour force training required to revitalise and uphold the attractiveness of this nation’s businesses and industries. On the other hand, to remain competitive in the world market, companies must have highly skilled employees who can keep enterprises economically viable in a global economy. Partnerships between VET providers and industry can be a mutually useful strategy in providing workforce training and in maintaining knowledgeable employees.

The purpose of this study is to explore the existing four VET providers - industry training partnerships in East Java, Indonesia and reveal the impacting factors under three headings of the partnership framework that contributed to their longevity. A comprehensive partnership construct based on three factors (environmental influences upon partnerships, process, the role of people and relationships) were raised in this paper. As Mowen and Kerstetter (2006) have stated the practice of partnerships development has produced a need for comprehension on important factors on success and failure and guidelines of partnership for best practices.

Each partnership involved a public VET provider and industry partner. The collaboration had been in operation for more than three years. Case studies were conducted involving survey questionnaires, document analysis and in-depth interviews with 22 participants including a VET coordinator, industry liaison personnel, and corporate contacts in East Java, Indonesia.

The findings suggest that, while training partnerships diverge in their complexity and breadth, certain commonalities emerge. In collaborating with industry in a global economy era VET providers must remain flexible and resilient to the changes that may occur in the partnership.

Conclusions based on cross case analysis included that VET providers, as academic institutions interested in pursuing partnership or maintaining ongoing partnerships, need to recognise the factors and conditions which lead to the maintenance of long term partnership between the VET provider and industry partner. These consist of: (a) open, continuous communication between partners; (b) flexibility in course delivery i.e. scheduling, course structure, and location; (c) delivery of quality training services and products; (d) timely responses to concerns and inquiries; (e) employing qualified and experienced trainers/instructors; (f) mutual trust; and (g) acknowledgement of the strengths, limitations, and needs of the academic and business worlds. Finally, at the centre of these four partnerships are the personnel required to improve effective working relations both within their institution and with the partner organisation.
1 Introduction

In common with many other countries, Indonesia has put major education and training developments and improvements in place over the past 20 to 30 years to meet rapidly changing sets of economic and social needs (Robinson 1999). The development and provision of quality vocational education and training is essential to support Indonesia in meeting increased regional and global competition. It is also necessary to build up an Indonesian system of vocational education and training to meet the needs of industry. The system demands both quality support and responsiveness to the community and industry needs to best meet these economic objectives. To this end, training should be integrated with initiatives designed to advance and demonstrate quality processes and management. There has already been significant growth in the amount and variety of industry–provider training partnerships in the vocational education and training (VET) sector in Indonesia (Robinson 1999).

The state authority for vocational education and training is shared by the Ministry of National Education and the Ministry of Manpower of Indonesia, while the planning council, BAPPENAS (National Development Planning Agency), is responsible for the co-ordination of development planning (Alto et al. 2000). Vocational education, which is the responsibility of the Ministry of National Education, aims both to prepare students to continue their study at a higher institute of formal learning, such as a polytechnic institution, and also to prepare students (upon graduation) to enter the workforce immediately. In 1993 the Ministry of Education and Culture introduced the “Link and Match” policy that set out to ‘link the education system to the “world of work”, and match the quantity and quality requirements of manpower in productive sectors’ (Djojonegoro 1994).

The Indonesian authority is interested in Australian approaches to the industry-led and competency-based elements of the Australian VET system as well as the Australian national framework (Cox 2007). Australia moved away from an education based VET system, towards the creation of an enterprise-based system: ‘the emerging vocational education and training system aims to be “business-led” and “enterprise-focused”, with local workplaces being able to determine “what training they receive, from whom and when, where and how” (Mawer 1999). As a result, the national training system is now dedicated to consistency in results assessed against industry and enterprise benchmarks rather than consistency in curricula.

This agenda for the development of VET was reinforced by the Australian Embassy’s Counsellor for Education, Science and Training speaking in Indonesia, ‘vocational education and training symbolized a crucial element of the current workplace and was essential in underlying potential economic development. Furthermore, all countries are reaching a new stage in the improvement of their vocational education and training institutions and systems’ (Shannon 2007).
1.1 Problem statement

A partnership can exist in many forms: formal and informal, public or private, large or small, individual or organisational. The Merriam-Webster dictionary defines a partnership as “a relationship resembling a legal partnership and usually involving close cooperation between parties having specified and joint rights and responsibilities”. The key words in the aforementioned definition are “cooperation” and “joint rights and responsibilities”. In order for a partnership to be successful, both parties have to cooperate with one another and they have to share the successes and the challenges that occur over the course of the partnership.

As technology advances in today’s workplace, there is an increasing demand for well-trained entry-level workers. Increasing numbers of companies are establishing partnership training agreements in order to ensure their continued success in the business world, to be competitive, and to improve productivity. The reasons many educational and training institutions such as polytechnics are moving towards these types of training agreements come down to overcoming financial barriers in upgrading equipment, enhancing instructors skills and offsetting enrolment declines in programmes that are viewed as obsolete or in need of improvement.

The phenomenon of reduced finances, whether modest or considerable, obviously serves to challenge institutions of higher education to fulfil the needs of their components (Roueche & Roueche 1999). As funding linked with governmental sources wanes, universities, polytechnics and vocational education schools should seek alternative modes of funding to increase existing revenue and cope with their increasingly complex needs (Ulrich & Barney 1984). Many of those institutions will survive, however, only through fostering collaborative and innovative partnerships which enable them to transform in this high speed information age. The developments of the past decade “highlight the reality that we are living in a time of truly historic transformation – one that is planted in the rise of a knowledge society based largely on the collaborative generation and use of information” (Business-Higher Education Forum 2001, 3).

Conversely, the conditions around higher education funding support including vocational education institutions in Indonesia have improved and greatly increased in 2012 by almost three times compared with 2007 (Bagyo et al. 2012). Nevertheless, the regulatory environment does not make flexible management of financial resources easy in public universities including vocational education institutions. Bagyo et al. (2012) also highlighted that there is a serious issue in financial management as burdensome bureaucratic procedures must be adhered to for all financial transactions and revenues from any partnerships activities must first be deposited to the state treasury which is considered to be an obstacle in the higher education institutions cash flow, especially for managing an existing partnership with industry that need speedy responses in financial management.

For several years, universities and vocational education institutions i.e. polytechnics, have depended on government funding for their financial plan support. The days when those institutions could assume they were an independent entity with no need to make contact with the outside world are long gone. The ivory tower requires assistance from the private sector. The
fostering of partnerships to meet fiscal needs will become more and more a matter of course for academia (Rogers et al. 1999). Glover (1999) added that the decision to collaborate is often one of necessity, since institutions need to obtain resources from alternative sources to survive.

From that time, the coupling of companies and higher education to satisfy newly emerged mutual needs has been continually growing. Companies are viewing collaborations with universities including vocational education institutions as a means for employee training in addition to enabling recruitment and retention. On the other hand, higher education including vocational education and training institutions, recognising the growing segment working adult students, is looking at the potential for increased enrolment and associated revenue streams. The combination of external forces and internal pressures has created a rich opportunity to explore the dynamics of employment development partnerships involving traditional academic institutions (Bok 2003; Karen 2004; Meisler 2004; Meister 2003).

Some industry-higher education institution partnerships have been mutually beneficial while others have not. The question is becoming not whether partnerships are good, but how to make them work (McLaughlin 2004).

Creating a partnership between two entities that may have different goals can be a challenging process. The company and the vocational educational institution have to work together to define the relationship, determine methods of collaboration, and establish shared goals, so both organisations can reap the benefits from the partnership.

In an era when economic supremacy and financial control have been increasingly assumed by globalisation in capital interests, education and training is one of the few areas in which governments are still able to put forth a relatively strong influence. ”As governments lose control over various levers on their national economies ... they frequently turn to education and training as two areas where they do still maintain control” (Green 1999, 56). Anderson (2006) argues that as globalization erodes the traditional powers of nation-states, governments have increasingly relied on education and training to strengthen national comparative economic advantage.

The focus of this research is upon VET and industry partnerships, an initiative which the Indonesian government embarked upon in 1997 (Ministry of Education and Culture of The Republic of Indonesia 1997). As part of the agenda of modernisation of the vocational education and training system for the purpose of achieving economic competitiveness and meet industry needs, Indonesia has set about developing partnerships between industry and the training sector. Mitchell and Young (2001) argue that successful partnering is related to the ability to respond to the needs of change, continuous learning and innovation. In describing the formation and nature of partnerships, there is typically a mix of inter-organisational (for example, environment, structure, level of competition and change) and interpersonal factors (for example trust, friendships, senior executive support) at work. As also noted by Callan
and Ashworth (2004), successful VET industry – provider training partnerships include the effective management of an extensive scale of environmental, training and people issues.

Various issues form the improvement of the partnering result. Lendrum (2003) stated that training partnerships are formed by a range of environmental factors, and readiness to adjust and alter the training approach. He also argues that the principal factors ensuring the success of all collaborations are the attitudes of people and the interactions amongst them, which as a result are researched within three domains:

- Environmental influences upon partnerships
- Changes to the training model (Process)
- The role of people and relationships

This qualitative research investigates an existing VET provider – industry partnerships, the development and implementation of partnerships between the VET system and industry in East Java, Indonesia, a focus of national and international significance.

1.2 Research questions

To achieve the goal of the study, the following research questions, under the three headings of partnership framework, were investigated:

1. What are the common environmental factors impacting upon the establishment of the partnership and the participants’ readiness to partner which encompass the kind of partnerships that have emerged; modification in relation to the size and location of the VET providers and industry partner; reputations that affects the operation of the institution; and the organisational cultural issues at work?

2. What are the main drivers for training; how do training models vary in their levels of customisation, flexibility, managerial arrangements and the formality of the training liaison; what is the perceived return on training investment for the industry partner; can successful training models be identified in these partnerships?

3. What skills are required by VET providers to develop and maintain partnerships?

1.3 Research aims

The purpose of this research is to investigate and document the role of partnerships in VET delivery, with a specific focus on the characteristics of the partners, and the benefits of the partnerships. The project also aims to examine the capability of existing training institutions and vocational education and training (VET) providers including polytechnics and vocational training centres to respond to industry needs through adjustments in their approach to training partnerships in East Java Indonesia at the present.
1.4 Conceptual framework and methodology

The methodology used in this study is a qualitative and descriptive study utilising relevant literature and questionnaires to gain information regarding characteristics and relationships and primary beneficiaries of VET provider – industry that have been created in partnership training agreements. A case-study approach was chosen for this study as it allowed the researcher to describe the partnership’s impacting factors including benefits and challenges in sufficient detail to reach conclusions.

The theoretical framework for this research is informed by a constructivist paradigm, and employs a qualitative research methodology to gain knowledge of the perceptions of case-study participants implementing VET partnerships in Indonesia (Mertens 2010). This study was assisted by considering what we know about the notion of “partnering” and how collaborations amongst stakeholders can produce positive outcomes. The existing literature on partnerships and how they have evolved over previous decades is essential to understanding how today’s VET providers and industry might meet the needs of a complex, global work environment.

The multiple case-study method is used in this research. A multiple case-study enables the researcher to investigate differences inside and between cases with the aim of replicate finding across cases. As comparisons will be depicted, it is necessary for the cases to be selected cautiously so the researcher will be able to foresee similar results across cases, or predict contrasting results based on theory (Yin 2003).

Two primary sources of data were examined for this case study, and these sources were the partnership stakeholder perceptions and documents from the partnership. The population involved in this case study were the staff members of the vocational education and training institutions and the selected corporation. The four VET institutions in this study were VET P1, VET P2, VET P3, and VET P4. Four companies were involved in the partnership; IP1, IP2, IP3, and IP 4. Twenty-two individuals were identified as having significant involvement in training partnership activities. Eighteen of the twenty-two were from VET providers and four from industry partners. A survey questionnaire analysis, a comprehensive review of the literature, and interview questions were developed guided by an established interview protocol that yielded information for answering the three research questions.

1.5 Significance of the research

The results of this study provide an understanding of great import to campus officials, educators in higher education, educational fund-raisers, education policy maker and industry, of the descriptive and qualitative methodology and reveals how different entities cooperate, thus yielding profound understanding of educational partnerships including VET – industry partnerships.

The vocational education sector has a significant social and economic role in the development of emerging nations. From a social service point of view, demand for VET stems from a need
by individuals to attain their full potential and contribute to their own social and cultural improvement. On the other hand demand motivated by economic goals stems from the income that accrues to individuals, communities, enterprises and nations that possess superior skills and knowledge (Ferrier & Anderson 1998). For Indonesia, training partnerships with industries are an historical characteristic of the Indonesian vocational education and training system, allowing for development of useful research findings in areas of VET, partnerships and community and national development.

1.6 Contribution to knowledge

Firstly, this study contributes to knowledge by offering an analysis of the VET – industry partnerships, secondly by making recommendations for improved practice, and lastly through the development of resources to be used by the VET sector and industry partners in staff development for employees. It is intended for these resources to provide staff with better insights into their organisation’s mission, values, standards, policies and strategies as a result of being involved in a training programme; supporting development of staff skills, knowledge and self-confidence, as well as enhancing career paths and providing access to a culture in the workplace that better encourages learning and innovation to advance work.

This study has significance for VET and the wider education agenda in Indonesia in the very first instance and makes a vital contribution to international understanding and knowledge of VET and partnerships.

2 Findings

The cases provide a rich opportunity to explore common themes and emerging patterns regarding the partnering process and the issues of successful VET partners. This research suggests that there is not a unilateral approach or set of steps to ensure such partnerships between VET providers and industry will be sustained. While the cases involve similar partnerships, they reflect nuances in their creation and implementation. In each case, challenges emerged for the VET providers and partners, created by the unique expectations and situations.

This study uncovers essential factors of existing partnering shared by the cases that contribute to partnership longevity. Figure 1 below shows the framework enhanced with the findings from the analysis, recognising impacting factors in the partnership’s lifecycles.
2.1 Environmental factors

The first research question guiding this study was, “What are the common environmental factors impacting upon the establishment of the partnership and the participants’ readiness to partner?” The cases confirm the pervasive view in the literature that educational prospects for collaboration between academic institutions and industries emerge in various ways (Spangler 2002).

The highest ranking benefits anticipated for the higher education institution including VET institutions for establishing training partnerships were real life work experience for both staff and students, finding future employers for the students, practical application for academic theory and problem-solving skills, generating extra income, affording staff and trainers firm connections with industry; and extending the staff skills. For companies and employers, the benefits included better industry capability to concentrate on their core business, and coping with skills inadequacy.

The study also revealed in all four cases that training partnerships involved mainly a VET provider and industry situated in local geographic proximity from one to the other, even though some partnerships were interprovincial. In one case a VET and industry partnership revealed opportunities that had emerged without proactive solicitation by the VET provider. The existence of prior relationships between leaders in the VET institution and the company and an emerging need by the industries combined to create the unanticipated partnering opportunity.
The partnerships mostly operated under formal partnership agreement. VET providers stepped up the attempt to obtain service and training contracts with a range of customers from government and industry. Moreover, respondent VET providers’ in the survey described their wish to expand and be involved in more collaborations including joint ventures with a range of organisations and businesses. They assumed that joint ventures were a way of demonstrating their capacity to work with a variety of partners in an industrial atmosphere.

2.2 Training factors

The second research question guiding this study was, “What are the main drivers for training; how do training models vary in their levels of customisation, flexibility, managerial arrangements and the formality of the training liaison; what is the perceived return on training investment for the industry partner; can successful training models be identified in these partnerships?” Hagen (2002) stated that higher education institutions including VET institutions are considered to be one of the most important sources of training among external training providers. Government agencies and industries also consider VET institutions as external providers of training and development, reflecting the need for continuous professional development, flexibility and a continuous adaptability to change (Mavin & Bryans 2000).

The research examined the capability of VET providers to react to industry needs throughout their training adjustments. The findings exhibited that:

- The highest-ranking expected benefits for higher education institutions including VET institutions were customised training programme development, moreover, extensive levels of flexibility and a range of training delivery models had been used, including the traditional teaching approach and modern approach i.e. computer-based and website learning. As stated by Dawe (2003) usage of diversity in training and learning approaches in big companies resulted in successful training activities.

- Customisation at a high level was a significant attraction of these training collaborations as corporations required the training to be highly customised and contextualised to meet their needs. Lakes and Burns (2012) argued that whilst industry has always been linked into social collaborations in vocational education, they demand customised skill-based training from higher education institutions including VET institutions.

- A range of administrative procedures were used by both VET providers and industry partners to increase the intensity and maintain high levels of communication in the partnership which, in turn, developed high levels of trust. Accordingly, industry respondents in the interview considered the training flexibility given by VET providers to be high-class training.

2.3 People factors

The third research question guiding this study was, “what skills are required by VET providers to develop and maintain partnerships?” The literature has shown that partnerships often
begin at the individual level, where participants have some personal tie that initiates the relationship. Personal connections and networking played important roles in coming up with partnering opportunities for VET provider. Markert (2011, 155) tells us that partnering is “an effort to draw out the best in people to achieve a successful project outcome for all parties involved...to successful partnership”.

VET providers or industry partners emphasised the meaning of possessing high levels of mutual trust within the partnership, as mutual trust is the main driver for expanding collaboration. Corresponding to this, industry partners were unwavering in their belief that the strong point of their individual interactions with training administrators and the instructors from the VET provider was absolutely essential in establishing a sustainable and progressive partnership.

Collaborations were not expected to be highly profitable, even though successful collaborations were defined as financially sustainable; to some degree, VET providers and industry managers talked of a ‘win-win’ solution at first being the primary goal, whereby a blend of financial and non-financial results resulted from the training collaboration.

Successful partnerships were described as the result of good quality cooperation between the two institutions which essentially rested on the good relations and communication between several key people from both sides. Both the VET provider and industry partner sought to encourage one another in fulfilling their existing and emergent business goals. To this end they used each other’s contacts to increase business opportunities.

As Business-Higher Education Forum (2001, 33) reported, the secret to making partnerships work is the people involvement on both sides, “articulate to each other what their goals are ... make sure that there are good and open lines of communication with the people who are responsible for the programme”.

3 Challenges

The collaboration efforts were not free of problems. The stakeholders listed several obstacles that hindered their respective partnerships. The most common challenges for VET providers were timelines for communication timelines, and resource availability. The main challenges for industry corporation were timelines of project work completion, lack of project work completion, of transparency regarding mutually agreed objectives, and differing partnership goals. VET provider respondents stated that adjustments were made as the partnership progressed and challenges were worked out eventually but it took a long time. Respondents from industry corporation reported in the interviews that steady communication was required between the two partners and lots of meetings and multiple conversations helped resolve the challenges.

Tishuk (2012) concurred that challenges may occur continuously as well as constant change in the partnership. “Accepting and managing the resulting evolution will refresh partnerships,
breed creativity and allow public/private relationships – which lie at the heart of these endeavours – to develop naturally” (Tishuk 2012, 113).

4 Conclusions

Four conclusions were derived from the findings of the study:

1. Respondents from all four VET providers in the survey and interviews indicated that their staff and trainers’ were enthusiastic in updating their knowledge and skills in line industry best practice, and the latest developments. VET providers strongly supported their training staff in paying visits to and meeting the industry administrators frequently. This was specifically the case in relation to the management of various training partnerships and other forms of training. A number of staff were taken on as secondments to industry. Many used opportunities for on-the-job training and assessment to enable them to remain in touch with their industries.

2. As higher education institutions and companies operate in two very different environments and different cultures, the problems of communication and loss of focus towards goals are not unusual and most likely to be expected. Therefore, state-owned VET providers endeavoured to fulfil industry requirements by lessening teaching staff’s barriers created by rigid institutional policies, cultures, and protocols. To allow more customisation and flexibility in training activities, the training systems and bureaucracy in VET providers were clearly being pressured and compressed.

3. To become more effective as training providers, VET providers should be familiar with a number of realities about businesses in Indonesia today. Business owners underscored that, industry is in a condition of continuous revolution in an extremely competitive marketplace. Consequently, industries need the services of VET providers who recognise this condition, and who have the passion and willingness to carry on with them.

4. Significant impact strength factors in training partnerships included: open, continuous communication between partners; timely responses to industry’s concerns and inquiries; flexibility in time schedules, course-structure and delivery, and training locations; provision of a quality training product; employment of qualified and experienced trainers and administrative staff; mutual trust between partners; and acknowledgment of the strengths, limitations, and needs of both VET providers and industry partners.

Corwin, Corbin and Mittelmark (2012) concluded that the elements of success in partnerships involved a clear mission from both partners, high commitment at management levels, a comprehensive plan for operation, trust and coordination, continuous personnel communication, and the celebration of ongoing partnership accomplishments.

“Partnering is an art-form, derivative of relationship building more generally and such partnerships will necessarily ebb and flow” (Tishuk 2012, 119).
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