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**Human Resource Management and Corporate Social Responsibility: A Case Study of a Vocational and Education Training (VET) Programme in Indonesia**

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# Human Resource Management and Corporate Social Responsibility: A Case Study of a Vocational and Education Training (VET) Programme in Indonesia

## Abstract

**Purpose** – *This paper explores how one industry leader in Indonesia addressed its hiring and training problems while simultaneously contributing to society through an HRM-led corporate social responsibility (CSR) initiative involving a vocational education training (VET) intervention.*

**Design/methodology/approach** - *The VET case study, which is central to the paper, followed a four-stage action research design. Data were collected through series of consultations with the company's top management, benchmarking companies, the vocational school, local community, and government bodies.*

**Findings** – *The intervention reduced the company's hiring and training problems and provided jobs for graduates which addressed local youth unemployment. This experience generated lessons on CSR strategic interventions which should be considered when HRM professionals are seeking to address simultaneously organisational and social objectives.*

**Originality/value** - *This is an original case study based on primary data, conducted as action research.*

**Research limitations / implications** - *The study is based on a single case in a local setting in one country.*

**Practical implications** - *The study offers insights to HRM practitioners who face similar problems relating to upskilling, local talent supply, and employee recruitment. The proposed framework is likely to be relevant to HRM practitioners who play a lead role in their organisations' CSR initiatives.*

**Social implications** - *The case provides a realistic example of how a company, through its HRM function, can play a meaningful role in addressing societal issues and strategic business objectives.*

**Keywords** - *Vocational education and training (VET), corporate social responsibility (CSR), human resource management (HRM), Indonesia, business objectives, skills*

**Paper type** - Research paper

## Introduction

Recent literature in the field of business and management has highlighted that there is increasing societal awareness of issues such as social justice, environmental concerns, and economic inequality (Lykkesfeldt and Kjaergaard 2022: 245). This trend is evident in the extent to which modern-day business organisations are vocalising their commitment to an ESG agenda, that is, an agenda which aims to place environment, social, and governance (ESG) considerations at the heart of business activity (Larker, Tayan, and Watts 2022). While acknowledging that distinctions have been drawn between ESG and corporate social responsibility (CSR) (see Gillan Koch, and Starks 2021), CSR activities have been a key approach which businesses have adopted to contribute to the ESG agenda. Carroll (2016) points out that, under the social contract, organisations have economic, legal, ethical, and philanthropic responsibilities to societies, and that these obligations need to be performed simultaneously. Thus: the: “‘CSR driven firm should strive to make a profit, obey the law, engage in ethical practices and be a good corporate citizen’ (Carroll 2016:6). In the field of Human Resource Management (HRM), CSR manifests itself in concepts such as socially responsible HRM (Barrena-Martinez et al. 2016), ethical HRM, (Greenwood 2002), sustainable HRM (Aust et al. 2020) and Green HRM (Paulet, Holland and Morgan 2021). It is noted that some scholars have differentiated the socially responsible HRM and sustainable

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3 HRM concepts in terms of focus and scope. For instance, socially responsible HRM focuses  
4 on practices that enhance employee wellbeing, while sustainable HRM is more interested in  
5 ESG goals. However, despite their differences, these terms reveal a common goal for HRM  
6 practices to incorporate strategic and societal interests to meet internal and external  
7 stakeholders' needs (Diaz et al. 2019).  
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10 The central role of HRM in strategising organisational CSR activities is well-documented (Jang  
11 and Ardichvili 2020; Sarvaiya et al. 2021; Cohen 2017). Traditionally, HRM plays four  
12 dominant roles as administrative expert, strategic partner, change champion, and employee  
13 advocate (Conner and Ulrich 1996). Now, with the increasing emphasis placed on  
14 sustainability concerns, HRM professionals are diversifying their roles and activities to  
15 integrate the dual strategic-sustainable agenda into their HRM functions. One of the potential  
16 areas for addressing this dual agenda involves human capacity development strategies that  
17 combine micro (that is, organisational-based) and macro (that is, national-based) perspectives  
18 (Boon et al. 2018; Mamman et al. 2018). Human capacity development requires close  
19 education and industry collaborations (Alaali and Rees 2018; Ferns et al. 2019; Malik and  
20 Venkatraman 2017). Yet, many reports highlight problems regarding skills mismatch and lack  
21 of relevance of university graduates to industry needs (Alaali and Rees 2019; Kadir et al.  
22 2020; Lichy and Khvatova 2019). These reports suggest collaboration and communication  
23 problems between the talent supply (that is, learning institutions) and demand (that is,  
24 industries) that, in broader terms, lead to social problems such as unemployment, under-  
25 employment, and poverty (Brunello and Wruuck 2021; Adely et al. 2021).  
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30 In this paper, we use a case study approach to reveal the potential for HRM professionals to  
31 contribute to their business and CSR agendas by means of Vocational and Education Training  
32 (VET) initiatives. VET is an internationally-recognised approach to mitigate the vocational and  
33 education skills mismatch referred to above (Asadullah and Zafar 2018; Li and Pilz 2021). It  
34 is a competence-based model that combines education and training to prepare students for work  
35 usually in specific occupations and industries (Middleton 1993; Anderson et al. 2020). The  
36 model represents a form of human capacity development which combines both micro and  
37 macro perspectives to pursue interrelated learning components, for example, learning for work,  
38 learning about work, and understanding the nature of work. The German VET system is often  
39 regarded as one of the best in the world (Klaus 2022). It is a dual education system, governed  
40 by the country's legal system, whereby students learn from both schools and industries for a  
41 period of between two and three years. Collaborations between schools and industries can  
42 occur in terms of learning approaches, assessment, issuance of certifications, testimonies, and  
43 learning funds. The strength of the VET model relies on the combination of theoretical and  
44 practical competencies that directly integrate students into the employment market. Therefore,  
45 close collaboration with industries is key to successful vocational education.  
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50 Our case study is drawn from an intervention in Indonesia. In Indonesia, the German VET  
51 model is well established. The first vocational school known as the Ambachts School van  
52 Soerabaia (Carpentry School of Surabaya) was introduced under the Dutch governance in 1853  
53 (Kementerian Pendidikan dan Kebudayaan 2016). There were 88 vocational schools in  
54 Indonesia at the end of Dutch rule (1942-1945). These kinds of schools remain in place today,  
55 though with some modifications to the names and curricula. In effect, Indonesia now follows  
56 the German VET model with some amendments (Indovoices 2020). Students enter the  
57 vocational secondary school for 3 years at the age of 16 years after completing 9 years  
58 mandatory elementary and junior high schools. Under the model, students are required to  
59 spend 30% (around 11 months) of their learning from industry partners (called DUDIs). A  
60

DUDI is required to have resources to train the students and implement the right blend of learning structure. The qualification groups under the Indonesia VET model include office administration, manufacturing, fabrication, and tourism. In recent years, the Indonesian government has geared up efforts on youth employability to achieve the UN Sustainable Development Goals on decent work and skills development by strengthening the country's VET approach.

Nevertheless, despite its longevity, Indonesia's VET programme remains fraught with problematic issues (Pambudi and Harjanto 2020). For example, vocational graduates from secondary level continue to dominate Indonesia's unemployment figures; in August 2018, they represented more than 11.24 percent of the total number of unemployed in Indonesia (Indonesian Statistics Bureau 2018). At programme level, finding industry partners has proved to be a vexatious issue, as business organisations have often been reluctant to invest their resources into VET (Jacoby 2014). Further, the cost of a VET programme is heavily dependent upon the industry in question. For instance, the cost of VET programmes in the manufacturing and fabrication industry is typically high as they involve expensive equipment and consumables, and require the time intensive inputs to manage effectively safety risks during on-the-job training. These types of issues indicate that, for a VET programme to be implemented locally, it needs to have strong appeal to business organisations.

Against this backdrop, a case study was conducted in Indonesia to explore how, through collaboration in a VET programme, an organisation's HRM function was able to address organisational business objectives while simultaneously fulfilling CSR-related social obligations. Subsequent sections of the paper explain the company's background, talent issues, societal problems, study methodology, findings, and discussion.

## **Case Background**

### *PT Citra Tubindo Tbk*

PT Citra Tubindo Tbk (PTCT) is a manufacturing company producing oil country tubular goods (OCTG) which are better-known as pipes. It was founded in 1983 in the Batam Island, Indonesia by Kris Wiluan, an Indonesian tycoon, when the Indonesian government required more presence of local companies in the industry. In 1992, PTCT was listed in the Indonesian Stock Market (IDX). In 2009, PTCT was acquired by Vallourec Group, a France-based conglomerate that has operations in several global regions. Vallourec owns more than eighty percent of PTCT's shares. PTCT is now one of the Group's subsidiaries within the sub-region of Southeast Asia (SEA). The Group has positioned the Indonesian operation to become the processing hub for the Asia Pacific market. PTCT has several subsidiaries in logistics and seaport sectors, and sales offices in Jakarta and Singapore. In early 2018, PTCT launched its Three-Year Vision called the Vallourec Management System (VMS) roadmap to integrate sustainability goals (4Cs - Company, Customer, Colleague, and Community) and embarked on a major cost saving initiative throughout its operations. PTCT's main operation is its production facility located in Nongsa, Batam which is a 2 hour-flight away from Jakarta, the capital of Indonesia. Adding to the complexity, Batam is notorious for industrial disputes. Many local trade unions are connected to national unions and political parties.

### *Human Resource Issues*

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3 The PTCT HR Department is responsible for recruiting blue-collar workers (BC) who represent  
4 about 70% of the workforce. These workers perform at production lines and contribute directly  
5 to the plant's performance and delivery index in real time. As such, an adequate and skilled  
6 BC group needs to be maintained at all time. The local Batam workforce, however, lacks skills  
7 and knowledge of the OCTG business. Traditionally, the company has had to rely on skilled  
8 labor from Java, which is far from Batam. This recruitment model is not efficient nor  
9 sustainable as it involves high relocation costs, salaries, turnover, and abortive training. PTCT  
10 also faces serious risks of skill shortage as experienced employees approach retirement at  
11 around the age range of 47-55 years. Therefore, when the top management came up with the  
12 new mission and cost cutting strategy, the HRM department identified the need for an  
13 alternative hiring approach.  
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### 16 17 *Nongsa, Batam – Neighbourhood With Social Challenges*

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19 Nongsa is the poorest sub-district in Batam. The population used to be heavily involved in the  
20 fishing industry but were forced to stop due to polluted seas caused by major industrialisation  
21 and reclamation in the island. The community struggled to adapt to the new life and this created  
22 frustration and social problems. Nongsa has relatively high crime levels often involving  
23 prostitution and drug dealing. Schools were only established in the last five to 10 years with  
24 low levels of national and local investment in teachers and equipment. According to school  
25 records, 60% to 85% of families earn below the minimum income. Given these social  
26 predicaments, the local community, through their district representatives, pleaded with  
27 companies in the area to help with their needs.  
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### 30 31 **Methodology**

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33 The study adopted an action research approach. Action research (also known as participatory  
34 action research) refers to a evidence-based methodology that focuses on problem analysis,  
35 solution / change, evaluation of interventions, and critical reflection for further improvement  
36 (Cohen et al. 2017; McNiff 2016). Action research is often associated with consultancies as  
37 both focus on immediate problems and solutions. A key difference, however, is that the  
38 researcher in action research is also the initiative owner who needs to solve a work problem.  
39 Most action research projects commonly follow interactive and collaborative inquiry  
40 procedures (Altrichter et al. 2002). The adopted methodology enables a cyclic and iterative  
41 approach towards the study whereby identification of problems and designing solutions were  
42 done through close collaborations between the researchers and key stakeholders.  
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45 The current study (known as Project VALERIE) was conducted by the first author who is the  
46 HRM manager at PTCT and responsible for recruitment, training, and CSR programmes. The  
47 study took place from 2016 to 2021. It comprised all four key phases of a typical action research  
48 study, that is, planning, acting, observing, and reflecting. It involved engagement activities in  
49 the form of organisational strategic planning, feedback from experts, benchmarking,  
50 stakeholders' engagement, advisory liaison with the VET body, in-house training and  
51 meetings, small-scale trial projects, and townhall discussions. Assessment and feedback mainly  
52 involved stakeholders' interviews, productivity analysis, and cost analysis. The study also  
53 considered other sources such as published news regarding the project and speech texts during  
54 project ceremonies. The data were analysed thematically (from interviews) and comparatively  
55 (from company performance documents).  
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3 The interviews gathered feedback from two teachers, six students/graduates, and seven PTCT's  
4 staff who were directly involved in the project. They were asked about the project advantages,  
5 achievements, challenges, key success factors, and recommendations. The performance  
6 documents involved productivity records and HR costs from before and after the project  
7 implementation. The key indicators that the study focused upon were employee hours of  
8 production line work, production volume, recruitment costs, and training budgets. These data  
9 were analyzed to determine comparative cost saving generated by the project.  
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## 12 **Project VALERIE**

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14 Following the action research approach, PTCT went through several process to come up with  
15 Project VALERIE to address its hiring problems (Figure I).  
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18 The background of Project VALERIE was informed by the VET revitalization agenda by the  
19 Indonesian government in 2016. PTCT signed up to become one of the industry partners to  
20 collaborate with vocational secondary schools. PTCT then introduced a strategic mandate that  
21 emphasized quadruple helix and cost saving objectives into the company's operations.  
22 Recruitment, training and cost challenges in sourcing blue collar workers had been major  
23 concerns. The company acknowledged the skills and unemployment problems in Nongsa and  
24 its obligation to provide more positive impact to the local community. PTCT also realized that  
25 its CSR programmes could be revisited to address strategic and societal objectives relating to  
26 skill development.  
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29 Benchmarking exercises were conducted. PTCT joined the Gerakan Nasional Indonesia  
30 Kompeten (GNIK), a local institution that promotes competence in the Indonesian labour force.  
31 This participation ensured PTCT's awareness of VET best practices. The German VET  
32 programmes adopted by other companies in Indonesia were studied to determine the key  
33 success factors. PTCT sought consultations from experts and government officials to  
34 understand the prevailing regulations that they needed to adopt.  
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37 PTCT selected a local vocational school (SMK6) to become its partner. The school offered five  
38 study programmes: mechanical engineering, IT, automotive engineering, welding, and heavy  
39 duty engineering. SMK6 had already implemented the German VET programme but the results  
40 tended to lack success. Most students came from low-income families with parents performing  
41 unskilled blue-collar jobs. Thus, the school and its students' socio-economic backgrounds  
42 matched well with PTCT's requirements for a VET CSR programme. In 2019, PTCT signed a  
43 memorandum of understanding (MoU) with SMK6 for the project.  
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46 The budget for the programme was secured under the company's CSR fund. Previously, PTCT  
47 channelled its CSR funds to a local non-governmental organisation (NGO). With the project  
48 now in place, PTCT was in a position to use part of the fund to involve itself directly in  
49 activities which made a societal contribution. PTCT covered the project costs including  
50 utilities, consumables, uniforms, and allowances.  
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53 Arguably, the biggest challenge was to synchronize the learning content involving PTCT's in-  
54 house training modules and SMK6's academic curriculum. To do this, the PTCT's HRM team  
55 first identified the required competencies to ensure that SMK6's students fulfilled industry  
56 requirements to work at PTCT. The company focused on the following job skills: computer  
57 numerically controlled (CNC) operation, pipe inspection, heat treatment operation, and yard  
58 operations. CNC is computerised machine used to thread ends of pipes in the highest precision  
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3 following a special pattern from an international licensor after which the pipe is inspected using  
4 a gauge (pipe inspection). PTCT sent trainers to VET training programmes conducted by the  
5 Indonesian Ministry of Manpower.  
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8 The participants were second year students aged 15 - 16 years. They were selected by means  
9 of written tests, interviews, and medical check-ups. A pilot programme was first conducted on  
10 a smaller group. After revision, the actual VET programme, officially called Project VALERIE  
11 (Vocational Accelerated Learning and Recruitment towards Industrial Excellence), was  
12 launched. Forty students participated in the first cohort. This cohort underwent six months  
13 training at PTCT. All of the students came from under-privileged families in the area. Most of  
14 them lived with their parents in semi-permanent houses on lands belonging to the Batam State  
15 including airport and seaport areas (locally called “*ruli*” or ‘illegal housing’).  
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18 The project saw a series of activities consisting of classroom-based exposure, shop floor  
19 training and a job qualification process. The participants were assessed through tests on  
20 knowledge, skills and attitude. They were awarded with certificates of achievement and  
21 participation, and a testimony of behaviour. After completing the programme, all 40 students  
22 were offered a six-month employment contract at PTCT in different positions. 37 of them  
23 accepted whilst the rest pursued higher education at university.  
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26 Project VALERIE was considered a huge success. Table I shows selected feedback from the  
27 stakeholders. The project resulted in immediate benefits involving skills, productivity, and cost  
28 efficiency for the company. Almost all participants were offered jobs at PTCT. Post-  
29 programme data showed cost saving for operations at around USD4.1M for three years. The  
30 lead-time to create a skilled blue collar worker was reduced from 33 months to only one month  
31 resulting in another saving of USD3.2K per recruited worker. The project expenses and  
32 hiring/training cost per participant were much lower compared to employing skilled talent from  
33 the open market. The project received many positive testimonies from the Indonesian  
34 government, Batam local government, and the company’s top management. Recently, the Asia  
35 Corporate Excellence and Sustainability Awards (ACES) 2021 awarded PTCT the Community  
36 Initiative Award for making societal impact to its surroundings. Due to its success, PTCT  
37 came up with follow-up interventions called Project Sarah and Teaching Factory that involved  
38 deeper sustainable collaborations with the school.  
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42 Table II shows the before and after scenarios based on key features of the German VET model.  
43 The table suggests that Project VALERIE has introduced important changes to emulate best  
44 practices of the German model.  
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## 48 Discussion

49 PTCT’s experience in Project VALERIE provides lesson points on the areas of HRM, the VET  
50 model, and CSR. With changing business and societal requirements, PTCT illustrates how the  
51 HRM function becomes an important agent for achieving strategic and social objectives. The  
52 designers of Project VALERIE used the language of business and finance to gain top  
53 management support to collaborate with the local school. The example also illustrates inclusive  
54 talent acquisition. Most companies place themselves at the receiving end in the labour supply  
55 chain and expect learning institutions to produce work-ready graduates (Winterton and Turner  
56 2019). Project VALERIE shows that a company’s HRM function can influence the talent  
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3 pipeline by collaborating closely with the provider to ensure their graduates closely match with  
4 the company's needs.  
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7 Second, the study adds to the strength of the German VET model in the context of Indonesia.  
8 The model has long been applied in Indonesia but without much success due to the reluctance  
9 of many organisations to collaborate with VET interventions (Wibowo et al. 2022). The study  
10 shows that, to gain industry interests, the model can be amended by highlighting the financial  
11 benefits of such collaboration. One of the conclusions of the study is that, in Indonesia, and  
12 perhaps other similar developing countries, the German model of VET cannot be applied solely  
13 without adjustments to the characteristics of local businesses which require confidence and  
14 concrete evidence relating to bottom line issues. The study demonstrates the feasibility of the  
15 VET model in assisting a developing country like Indonesia, with a relatively young workforce,  
16 to achieve economic development.  
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18  
19 Third, the study offers favourable evidence on CSR programmes, which are often criticised for  
20 their questionable authenticity (Idowu 2014; Kim 2022). In this case, the local problems  
21 presented an opportunity setting that allowed PTCT to make an impactful societal contribution.  
22 Indonesia has a high youth unemployment rate and lacks State support on vocational education.  
23 Although many companies perform CSR obligations in Indonesia, they have not often shown  
24 sustainable results due to lack of incentives or penalties. This study echoes earlier studies  
25 (Ramadhani and Rahayu 2021) to confirm that, by combining CSR activity with financial  
26 measures, a company could demonstrate responsible business behaviour and address the needs  
27 of multiple stakeholders. Furthermore, the study strengthens arguments which highlight the  
28 strategic role which HRM can play in CSR (De Stefano et al. 2018; Sarvaiya et al. 2021).  
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32 From the perspectives of sustainable HRM in this context, Project VALERIE transformed the  
33 company's approach towards talent strategy, learning programmes, and organisational roles  
34 (Table III). The mainstream talent approach that many organisations adopt is often dependent  
35 upon the recruitment of employment-ready and experienced human capital from the labour  
36 market. Training investment normally starts once they become their employees. In this case,  
37 Project VALERIE widened the definition of talents and scope of the potential workforce.  
38 Furthermore, traditionally organisations may approach HR and CSR budgets and activities  
39 separately. With the increasing importance of sustainable HR and strategic CSR, PTCT's  
40 experience shows how these two functions can co-exist together to pursue the same goal. In  
41 terms of a learning programme, the project has provided evidence of how the common and  
42 longstanding challenge of integrating education (theoretical emphasis) and training (practical  
43 emphasis) can be seamlessly bridged under a VET programme structure. Project VALERIE  
44 illustrates how the scope of trainees, trainers, learning contents and standards can be redefined  
45 to produce programmes that benefit both education and industry constituents. The project also  
46 showcases how a company can contribute to society through a high impact CSR programme  
47 that produced real and sustainable outcomes. Project VALERIE addresses the common  
48 criticisms towards many company-initiated CSR programmes. The example shows how a  
49 company can be directly involved and play a strategic role to pursue sustainable CSR  
50 initiatives. In other words, Project VALERIE achieved some success when attempting to  
51 address common problems by transforming the way talents, learning activities, and CSR are  
52 approached through the merging of education, industry and societal interests.  
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56  
57 While the project was successful, certain challenges did, nevertheless, emerge. The project  
58 needs to show stronger financial impacts in order to gain continuous and longstanding support  
59 from top management. At present, there is little evidence to suggest that its graduates are more  
60

productive compared to workers who are directly recruited from the open market. The project also needs to acquire support from the local trade unions who are generally concerned with job access and job security. There is suspicion in certain quarters that the project is merely a management strategy to reduce costs and the headcount of full time workers. Finally, the project needs to gather feedback from the local community. Support for the project from the teachers and students is understandable as they are the direct stakeholders who are involved in the education system. However, feedback from the surrounding community is also pertinent. There is a possibility that the community may prefer a CSR programme that directly focuses on economic empowerment of parents, instead of children. These issues should be addressed by the project leaders.

## Conclusion

The HRM function is often ideally placed to play a critical role in advancing the sustainability agenda through CSR strategies and initiatives. The study, involving a VET intervention led by an HRM department, was designed to integrate micro and macro perspectives. Using the case of a local company in Indonesia, the study illustrates how an HRM function can successfully merge strategic and societal objectives to address important problems which are adversely affecting a range of key stakeholders. Aspects of the project reveal the role HRM professionals can play in strategising and championing CSR programmes.

The study has limitations given that it was conducted as action research focusing on a single specific case study organisation. The findings are intended to be useful to similar companies in Indonesia which are reconsidering similar human capital development strategies involving VET CSR programmes. Future research is needed to explore the implementation of such programmes in other developing countries. With regard to Project VALERIE, the HRM team in the company should also continue to measure the programme success by collecting further data from other stakeholders such as students and graduates, the local community, and vocational teachers.

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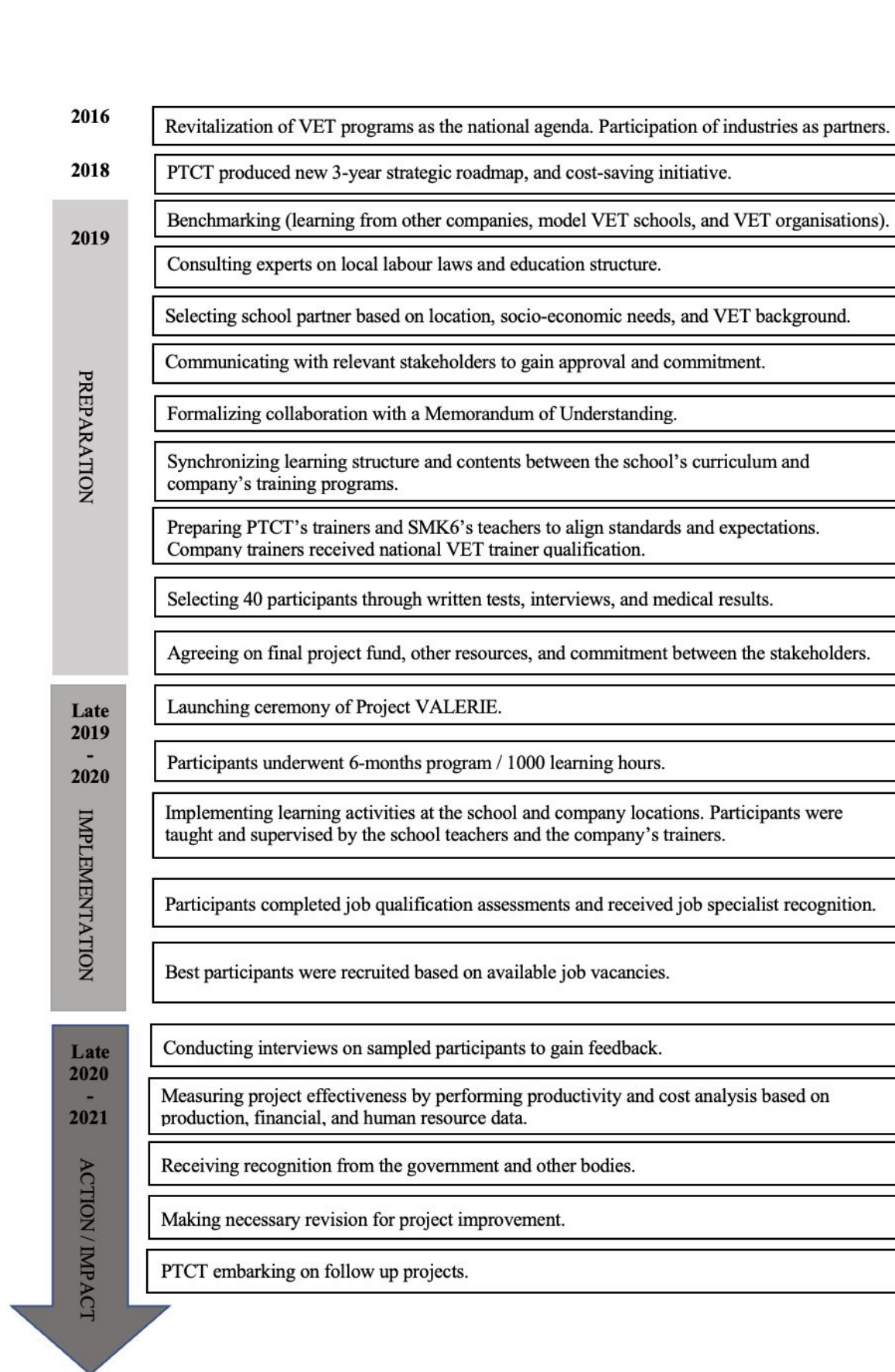


Figure I: Timeline of Project VALERIE based on the Action Research Framework (Source: Authors' Construct)

Table I Project Key Benefits and Concerns by Stakeholders

Source: Authors' Construct

<b>Project Benefits and Concerns</b>
<p data-bbox="193 427 295 461"><b>PTCT</b></p> <p data-bbox="193 499 327 533">Benefits:</p> <ul data-bbox="193 539 1348 943" style="list-style-type: none"> <li data-bbox="193 539 1348 607">• The project resulted in major cost saving from OPE and Cost/TEQ as a lower headcount was required.</li> <li data-bbox="193 613 1348 719">• Training costs were also saved. The HR team believed that <i>'the link between knowledge and skills in the VET programme structure is more effective in producing employees that the company wants'</i>.</li> <li data-bbox="193 725 1348 831">• <i>"Project Valerie is the best programme, because participants can have competency and can compete after completing this programme, and provide an opportunity to join us faster"</i> (Executive President, Vallourec Southeast Asia).</li> <li data-bbox="193 837 1348 943">• <i>"This programme is the best internship / apprenticeship programme in Batam which can produce ready-to-use graduates for industrial needs"</i> (Production Manager, PTCT).</li> </ul> <p data-bbox="193 981 343 1014">Concerns:</p> <ul data-bbox="193 1021 1348 1245" style="list-style-type: none"> <li data-bbox="193 1021 1348 1088">• Long term sustainability and returns of the project. Better calculation was needed to show its financial contribution in comparative to other HR strategies.</li> <li data-bbox="193 1095 1348 1128">• The participants (i.e 17 years old) were too young and lacked maturity to work.</li> <li data-bbox="193 1135 1348 1169">• The participants' good attitude could change once they became employees.</li> <li data-bbox="193 1176 1348 1245">• Project learning structure, i.e. inadequacy of learning time, lack of practical exposure, and learning retention.</li> </ul>
<p data-bbox="193 1252 295 1285"><b>SMK6</b></p> <p data-bbox="193 1323 327 1357">Benefits:</p> <ul data-bbox="193 1364 1348 1727" style="list-style-type: none"> <li data-bbox="193 1364 1348 1469">• The project had effectively implemented the German VET model with a clear school-industry link. It enhanced students employability skills. The project reduced internship expenses. The project created a good reputation for the school.</li> <li data-bbox="193 1476 1348 1581">• <i>"We thank PTCT for the cooperation. This programme provides an opportunity for students to know and implement their knowledge in the industry"</i> (Headmaster of SMK6 Batam).</li> <li data-bbox="193 1588 1348 1727">• <i>"Thank you to Citra Tubindo for implementing this programme and providing us with experience, especially in the field of machining, and we have gained many new experiences related to safety, quality and competence in the machining field"</i> (SMK6 VET teacher).</li> </ul> <p data-bbox="193 1765 343 1798">Concerns:</p> <ul data-bbox="193 1805 1348 1951" style="list-style-type: none"> <li data-bbox="193 1805 1348 1872">• Number of 40 students every year enjoying the VET project with PTCT is still too low to see improvement of employment in the local area.</li> <li data-bbox="193 1879 1348 1951">• Successful VET project on machining has attracted too many new young people to enrol to the major subject and seen decline in other subjects offered by the school.</li> </ul>

## Participants

### Benefits:

- 36 out of 40 students were recruited by PTCT upon completing the programme. The remaining 4 were offered but decided to pursue further studies.
- Most students/participants agreed that the project had given them skills to increase chances in getting hired by industry.
- *“I would like to express my gratitude to the trainers for the knowledge that has been given so far and hopefully our relationship will last long. Also thanks to PTCT for the opportunity to be able to work here. I’ll be happy and proud to be able to work with the world-class manufacturer of OCTG”* (Project VALERIE graduate, CNC Operator).

### Concerns:

- Only temporary employment could be offered for the students by PTCT.
- Competition among graduates is high amid limited job opportunities at PTCT.

## Other Stakeholders

### Benefits

- Generally, the Indonesian government considered that the project had effectively implemented the VET model and produced quality workers. PTCT received appreciation from the Governor of Kepulauan Riau Province (overseeing Batam administration) and the Ministry of Education for its dedication in curriculum development and education improvement. The central government also awarded grants to promote VET activities between SMK6 and PTCT. This included a budget to build a new VET facility at the school.
- PTCT received international recognition after being announced as the first winner of Asia Corporate Excellence and Sustainability (ACES) Awards from Moors Institute for the Community Initiative in 2021 for its Project VALERIE.

### Concerns:

- Some of PTCT’s employees and labour union perceived the project as the company’s way to get cheap labour.
- Too high an expectation from the community that PTCT could provide jobs for all participants of Project Valerie every year.

## Local community

### Benefits:

- The study had not collected specific feedback from the local community. However, the project presumably had indirectly helped in addressing the local employment and livelihood issues. With Project Valerie, the local community could be more aware and appreciative towards PTCT’s social contribution in the area.

### Concerns:

- A specific study is needed to properly understand their needs and expectations.

Table II Before and After Scenarios of Project VALERIE  
Source: Authors' Construct

Aspects	German VET Reference	Intervention of Project Valerie	
		Before	During /After
Qualification processes in the company	On the job training, job-rotation, project method, training seminars and workshops	<ul style="list-style-type: none"> <li>All processes at school facility.</li> <li>The facilities are not adequate and poor condition.</li> </ul>	<ul style="list-style-type: none"> <li>1 month training workshops for general topics of safety, quality, preventive maintenance and lean management</li> <li>5 months on job training</li> </ul>
Learning place	Partly in the workplace and partly in schools	No industry partners (DUDI)	<ul style="list-style-type: none"> <li>5 semesters at school</li> <li>1 semester at company</li> </ul>
Key competencies of the programme	Skills of a specific profession developed in the workplace and at school.	Learn mechanical engineering but only general topics, very little practical activities.	Specific skills for industry operations: <ul style="list-style-type: none"> <li>CNC</li> <li>Pipe inspection</li> <li>Heat Treatment</li> <li>Yard Operations</li> </ul>
Participants	Trainees of VET	Students	Students and alumni
Cost allocation	<ul style="list-style-type: none"> <li>Companies bear the training costs at the workplace.</li> <li>Local government bears the training costs at the school.</li> </ul>	<ul style="list-style-type: none"> <li>Government bears the cost of almost all activities.</li> <li>Students contribute in small amount.</li> </ul>	<ul style="list-style-type: none"> <li>Company bears the cost during the project including utilities, consumables, uniform, and allowances.</li> <li>School /alumni bear the cost of insurances.</li> </ul>
Professionalization of trainers	<ul style="list-style-type: none"> <li>Company tutors follow a specific certification course.</li> <li>Teachers follow a specific diploma course.</li> </ul>	<ul style="list-style-type: none"> <li>Teachers follow a diploma course.</li> <li>Teachers do not have exposure towards industry.</li> </ul>	<ul style="list-style-type: none"> <li>Company tutors follow a certification course</li> <li>Teachers are given industrial exposure at PTCT for a minimum of one month.</li> </ul>
Recruitment	Students coming from the compulsory school system.	High unemployment among school graduates.	<ul style="list-style-type: none"> <li>Immediate recruitment by PTCT.</li> <li>Others come to job market with high international skills.</li> </ul>



Certificates	<ul style="list-style-type: none"> <li>• Chambers of commerce and trade issues official certificates.</li> <li>• Schools issue a certificate of participation.</li> <li>• Companies issue a testimonial detailing the tasks and behaviour in the company.</li> </ul>	Only school issues a certificate of practical activities at school facilities.	Company issues: <ul style="list-style-type: none"> <li>• Certificate of participation</li> <li>• Certificate of achievement for technical skills</li> <li>• Testimonial about behaviour</li> </ul>
Relationship between initial and continuing training	Clear distinction between initial and further vocational education.	School does not clearly specify the differences.	Learning structure (check about qualification process above): <ul style="list-style-type: none"> <li>• General class for general skills</li> <li>• On job training at specific area for specific skills</li> </ul>

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Table III: Transformation Features in Project VALERIE  
Source: Authors' Construct

<b>Features</b>	<b>Transformations</b>
<b>Talent Strategy</b>	
Talent definition	From 'internal employees' to 'external / future employees'.
Recruitment pool	From 'open-market candidates' to 'Project VALERIE' graduates'.
Funds	From 'separate budget allocations' (i.e. recruitment, training, and CSR budgets) to 'one unified CSR budget'.
<b>Learning Programme</b>	
Scope of trainees	From 'train once they become employee' to 'train at the grass root before they join'.
Trainers	From 'company trainers vs. school teachers' to 'company trainers alongside school teachers'.
Learning contents	From 'separate company and school curriculum' to 'VET curriculum'.
Learning standards	From 'internal company standards' to 'national industry standards'.
<b>Societal Role</b>	
Organisation involvement	From 'indirect involvement' to 'direct, company-owned cause'.
CSR approach	From 'CSR as charity' to 'CSR for sustainable impact'.
Financial commitment	From 'one-off donation to external NGO' to 'sustainable commitment'.

## Biographies

**Ludi Darmawan** holds MBA from Universiti Teknologi Malaysia and master degree in law from Indonesia. He is the human resources director at PTCT where he leads Project VALERIE.

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