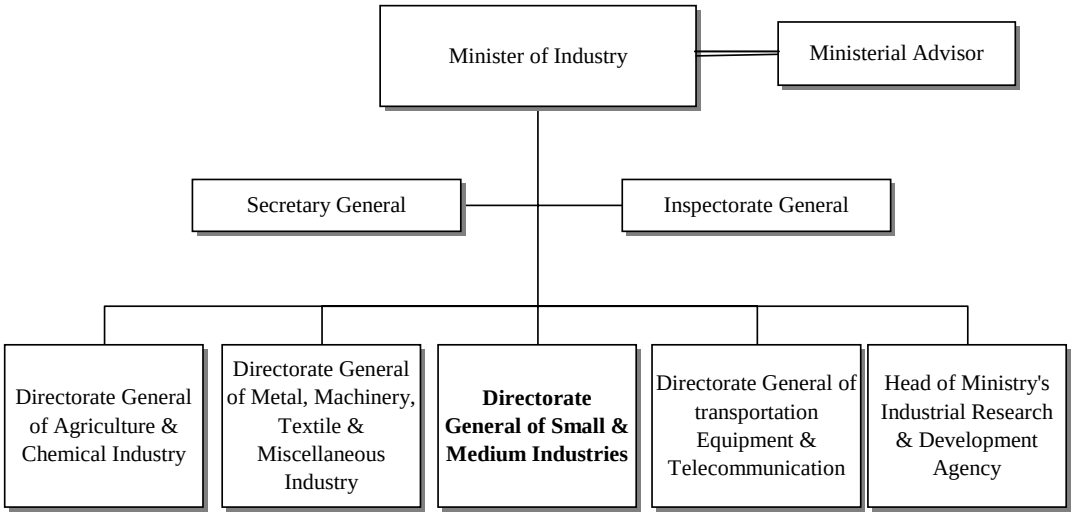
Chapter 4 The Current Condition of the HRD Committee

Chapter 4 The Current Condition of the HRD Committee

4.1 Overview

(1) Reorganization of the ministry and department of small and medium industry

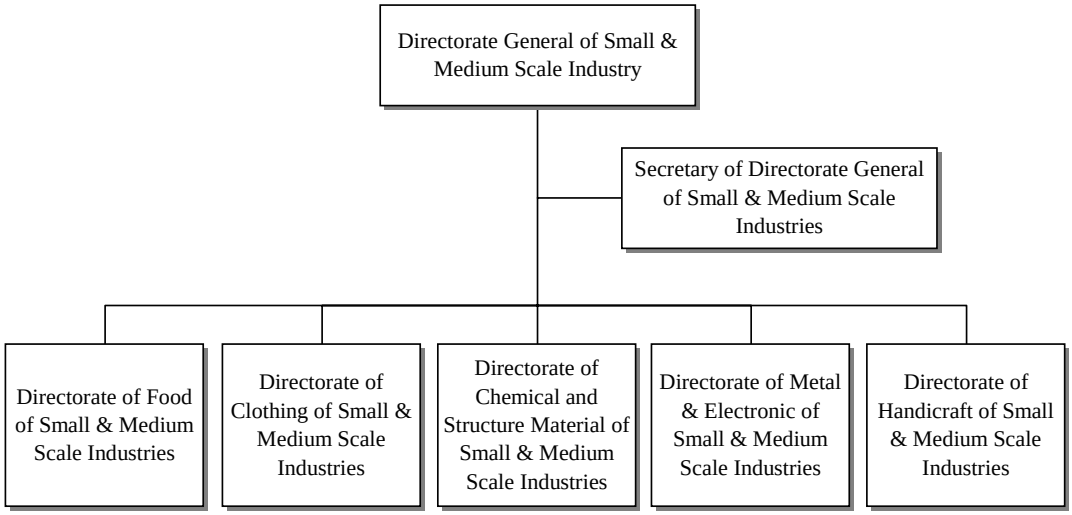
Following the changes of the power in October, 2004, the new government decided to separate Ministry of Industry and Trade into two ministries as before. Accordingly, minister of MOI (Ministry of Industry) and minister of MOT (Ministry of Trade) have been appointed. Simultaneously, Department of Small and Medium Industry and Trade drafted new organization plan to the Cabinet. Small-and-medium-sized-enterprises promotion is preceded as jurisdiction activity of IKM. According to the new organization structure drawing prepared by the IKM, only the word "trade" disappeared as "Directorate General of Small and Medium Scale Industry and Trade" changes into "Directorate General of Small and Medium scale Industry" and "Director of Metal and Electronic of Small and Medium Scale Industry and Trade" changed the name likewise(See Fig. 4-1).



Source: Ministry of Industry

Fig. 4-1 Organization of Ministry of Industry

Fig. 4-2 shows the new organization of IKM (Directorate General of Small and Medium Industry) under Ministry of Industry.



Source: IKM (Directorate General of Small and Medium Industry)

Fig.4-2 Organization Structure of IKM

- As for a new organization of Ministry of Trade, it has drafted in June 2005. It has not announced officially because of being draft paper.
- Actually, personnel allocation at Ministry of Trade has not yet settled. Some officials are cooperating with working group and TOT activities as a tentative measure to cope with the sustained duty.

(2) Reorganization of the HRD committee

RD committee has associated in June 2004 based on the DG decree. Officially, DG[1] Decree is valid only for six months. So the decree has already lost its validity by the end of December, 2004. Some members in HRD committee have been moved to Ministry of Trade, but no formal personnel replacement has been made by now (see Table 4-1). And some member is unable to take part in the activity any more. Nine members out of 18 are appointed to transfer MOT. Therefore, executive HRD committee members are waiting for a chance to reorganize the committee.

(3) Working group for HRD Committee

As discussed above, official activities of HRD committee has been suspended since end of last year. However, working group led by the former secretary of the HRD Committee has

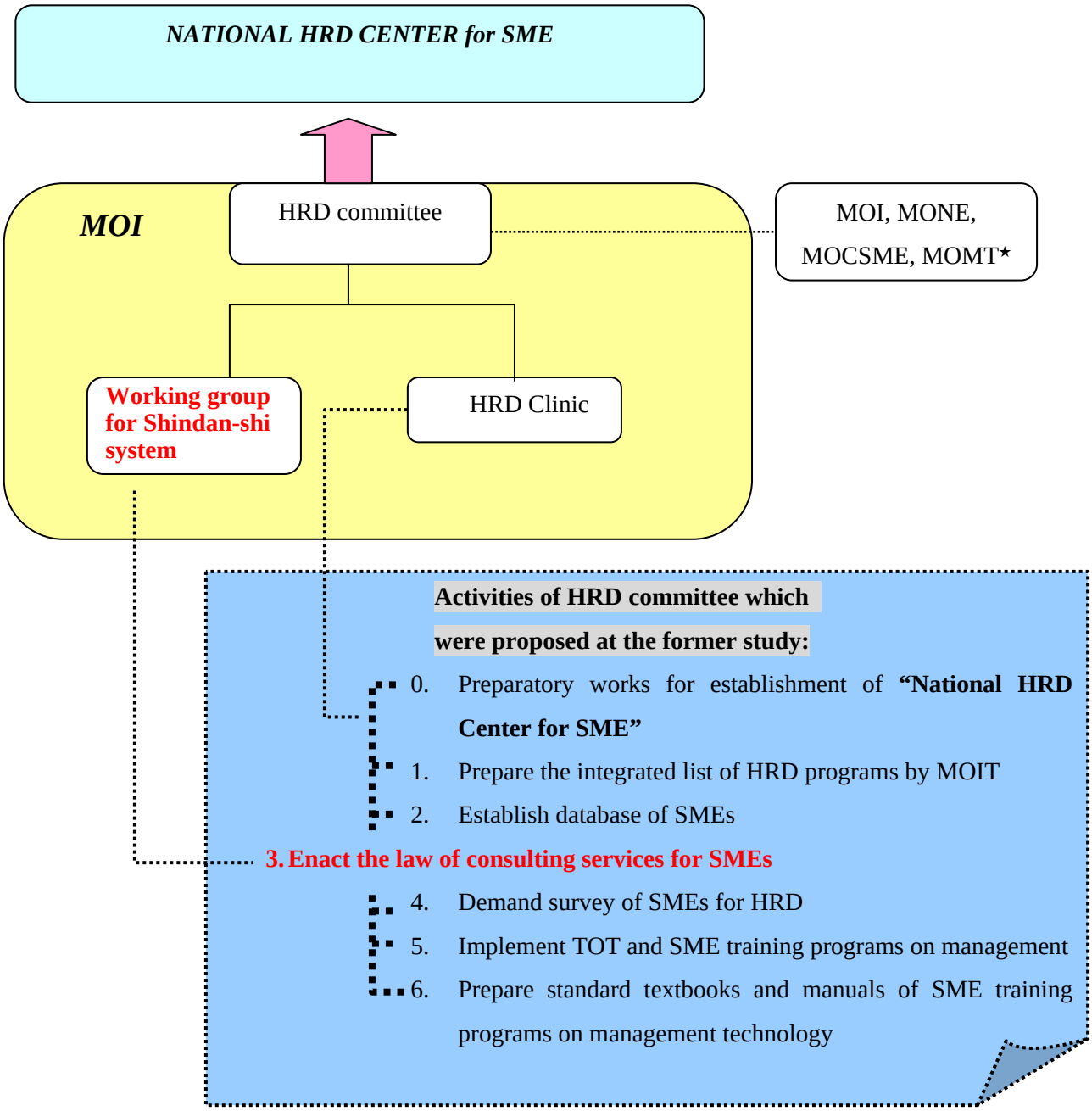
[1] DG: Directorate General

been continued their activity toward setting-up of certification system for SME consultant: Shindanshi system. Not only the “setting-up of Shindanshi system”, other activities relating to human resource development for SMEs, assigned to the HRD Committee, has been continued by pliability of the Indonesian bureaucracy even after the separation of the Ministry.

On the other hand, HRD clinic was newly established to handle human resource development activities for SMEs as a parting present of the last DG before movement. Assumed mission of the clinic is suggested blow, although the real mission of the clinic has not been explained by IKM especially whether the mission comply with the follow-up project.

- HRD clinic is the organization established for the purpose of performing intensive activities in connection with SMEs personnel training.
- HRD clinic is positioned as a workgroup which actually deals with the activities of the HRD committee.
- HRD clinic has the role which complements the activities of "the task force of the HRD committee" which stated for the preceding clause.

The operating relation among the organizations in Human Resource Development for SMEs is assumed as follows.



★: MOI: Ministry of Industry, MONE: Ministry of National Education, MOCSME: Ministry of Cooperative and SMEs, MOMT: Ministry of Manpower and Transmigration

Source: JICA Study Team

Fig. 4-3 Correlation chart on Human Resource Development for SMEs

It will be a future subject to both the organizations whether a staff register on each must concentrate on one duty and whether they can substitute staff belongs to MOI from MOT. However, no discussions on this agenda have been made.

4.2 Development of SME Consultant System (Shindanshi System)

4.2.1 Streamlining Peripheral Conditions to Establish Shindanshi System

Establishment of SME Consultant System, one of the objectives of HRD Committee, has been mainly handled by taskforce team associated especially for this purpose. The taskforce team has separated into 6 sub-groups to attain successive and substantial output. That is: subgroup for “Shindanshi law”, subgroup for “standard training program development”, “Certification”, “Demand Survey”, “Curriculum Development” and “Existing Training Program Survey”.

【Relation between “Development of Shindanshi System” and BNSP】

As a part of mission assigned to HRD committee and IKM, preparation work targeting to establish “Shindanshi System” has move into action by working group.

In draft Shindanshi-law, ten following basic concept has been taken-up.

i. Comprehensive regulation
ii. Objective
iii. Criteria of small and medium enterprises
iv. Planning and implementation of training
v. Nurturing Shindanshi
vi. Qualification of Shindanshi
vii. Certification system
viii. Dispatching Shindanshi
ix. Penalty and penalty
x. Closing

Item No.7: Certification system is the highlight for the Shindanshi system. That is, BNSP will close-up by where is made into the authorization agency for the system. Currently, only candidate of Shindanshi is envisioned (private consultant who is given training to SMEs and public officers) but certification agency has not been concluded. For example, Japan Small and Medium Enterprise Management Consultants Association carries out registration and operation of Shindanshi certification procedure for Ministry concerned. Accordingly, the argument that cooperation with an external public organization is required has accomplished even in Indonesia.

It seems that the system is suitable to entrust the system to related public organizations, such as PUSDIKLAT.

In view of its function and competence, we are not able to ignore BNSP when we develop certification system of Shindanshi. Some working group member is insisting that it is realistic to Shindanshi system by IKM of MOI by utilizing BNSP. That is, without giving endorsement to HRD committee as a special agent for the system, the system will not able to push forward because there are no qualification criteria of Shindanshi in BNSP. In addition, the scenario influences advantageously to develop HRD Center: Badan Pelatihan Nasional, in future. Therefore, it is important to carry out through discussions for conclusion to decide whether the Shindanshi system shall carry out sole by MOI, rely on private entities or commit to BNSP.

As for relying upon private entities, there is an example that Sahid University, Indonesian Private University, operates SME counselor system with full collaboration from APEC since 2003.

Finally、BNSP is already legalized in 2004, and, Shindanshi system that would be drafted by HRD committee must go through procedure according to the framework of law.

In order for MOI to have the authority as a licensing/certificate authority of Shindanshi, what is necessary is just to fill one of next, and it is never difficult(More detailed information on BNSP is attached at the end of this chapter to deepen the discussion).

Acquire authority as licensor of Shindanshi:

1) Specify the purport to which MOI can attest and issue the license of Shindanshi with law. In this case, it becomes unnecessary to be based on recognition of BNSP.
2) Multilateral (Approved among more than nations) system. However an agreement only between two countries is not accepted
3) IKM of MOI should be recognized as a licensor through examination of BNSP.

(1) Activity Condition of Working Group

Activity of taskforce team for "SME Consultant System Development" has started before an establishment of HRD Committee. This activity was fully supported by JICA's long term expert. Following an establishment of HRD Committee, their activity has takes over to working group associated under the Committee.

Since taskforce team meeting on September 2004, it was separated into 6 sub-groups to tackle in the specific theme to achieve a certain result as follows.

1) Assignment for each group

Group A: headed by Mr. Irwin Zaini

Assigned to draft a Law for SME management consultant certification system

Progress:

Group B: headed by Mr. Anwar Nainggolan

Assigned to draft a standard (qualification of the SME management consultant) requirement: eligibility, academic achievement, experience, counseling capability, reporting capability, etc

Progress:

Group C: headed by Mr. Nurdin Noor

Assigned to prepare draft certification system and formalities

Progress:

Group D: All working group member

Assigned to identify training needs from industries: All group

Progress: demand survey to identify training needs from five small and medium scale manufacturing sectors has started at the beginning of February by JICA study team. The result with analysis will be reported by July, 2005.

Objective of the survey:

1. to identify training needs in the field of Management technology
2. to identify technical constraints of target sub-sectors (added by the working group)

Group E and F: headed by Mr.Irwadi Batubara

Assigned to prepare training programs implemented by various institutes under MOI and to prepare training programs and data base for lecturers

Advisor of working group: JICA expert Mr. N. Ito

2) Schedule for working group activity

Overall goal of the working group activity:

- Setting-up of SME management consulting system and certification : by beginning of 2006
- Open SME Supporting Center under HRD development center: by third quarter of 2007

Short term schedule

- Preliminary report of each assignment : by March, 2005
- Second report about the result of each assignment : by July, 2005
- Stakeholders meeting for drafting the assignment result : by September, 2005
- Settlement of training institute and facility by HRD committee: Mid-October, 2005

Services given by the Supporting Center

- Establish at each province under the supervision of local government
- Station SME management consultants that were trained through the training course (Shindan-shi course)
- SME management consultant will go around SMEs for consultation

1) Assignment of each group

Group A: Leader of the Group

Preparation of draft Shindanshi law

Refer to Fig4-3(A) for work schedule

Group B: Leader of the Group

Preparation of draft qualification of Shindanshi: requirement, academic background, experience, counseling capability, reporting capability, etc.

Refer to Fig. 4-3(B) for work schedule

Group C

Drafting of Certification system and paper work.

Refer to Fig. 4-3(C) for work schedule

Group D: all the working group members

Collecting necessary information for training needs from manufacturing industry

Progress: JICA Study Team has implemented a questionnaire survey to seize training needs of five major small and medium scale manufacturing sub-sectors in February, 2005 and the analysis will complete by July.

Objective of the survey:

1. To understand training needs in management technology
2. To understand technical constraints of target sub-sectors (questions were prepared by working group

Refer to Fig. 4-3(D) for work schedule

Group E, F:

To collect sample of various training program and curriculums executed by institutes under MOI.

To develop SME database

Refer to Fig. 4-3(E) for work schedule.

2) Work schedule of working sub-groups

Overall objectives of working sub-groups:

- Enforcement of SME Shindanshi System: Beginning of 2006
- Open SME supporting center HRD at HRD Center for SME: by third quarter of 2007

Short Term Schedule

- Submission of preliminary report: by March 2005
- Submission of second report: by July 2005
- Holding of members-concerned meeting: in September 2005
- Establish training institute or center by HRD Committee: in middle of October, 2005

Refer to Fig. 4-4 for work schedule of the whole project

Services by Supporting Center

- Establish the center at each provinces and operate under local government
- allocate Shindanshi who has completed training at Shindanshi training program
- Dispatch Shindanshi regularly to factories for consultation

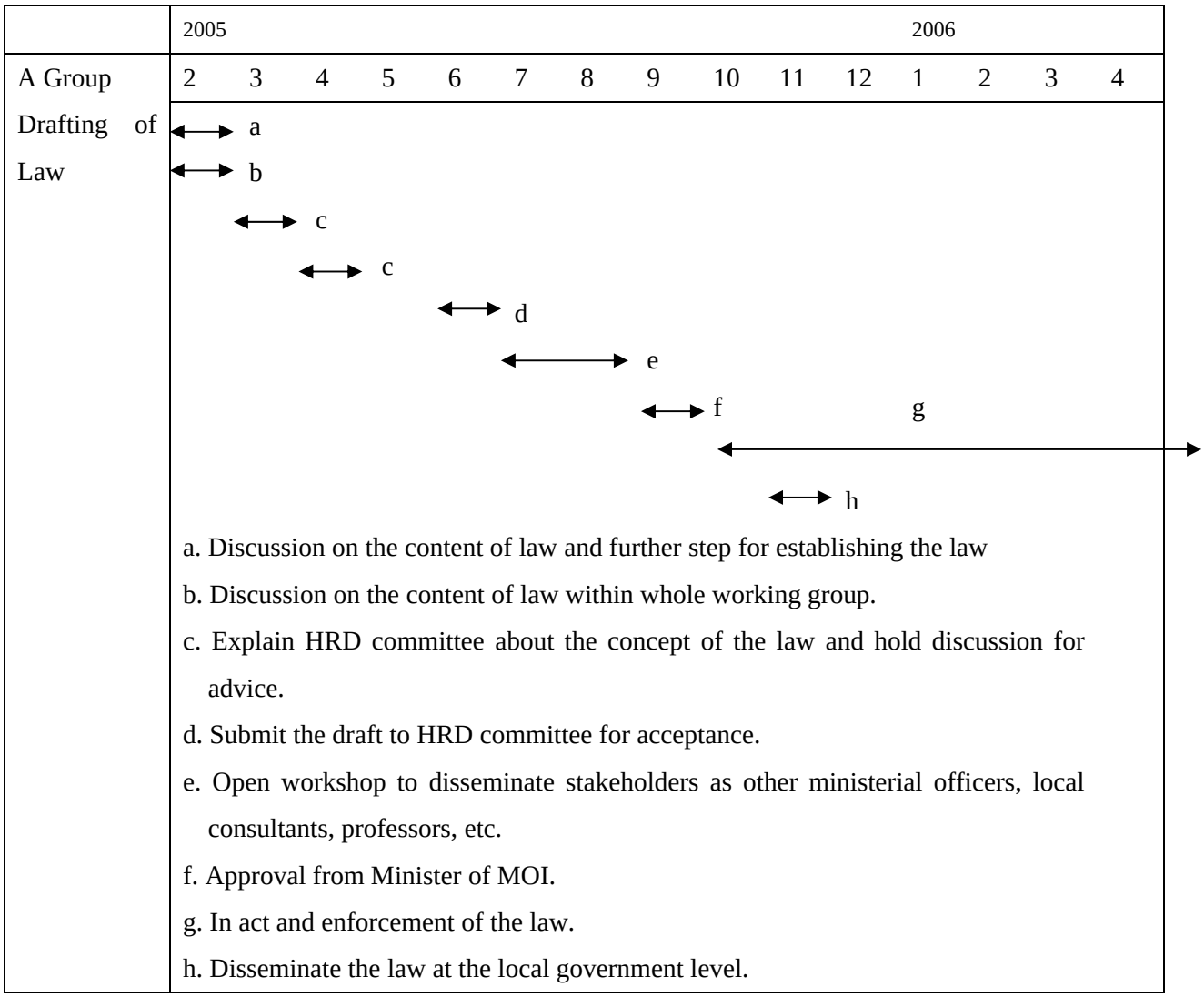
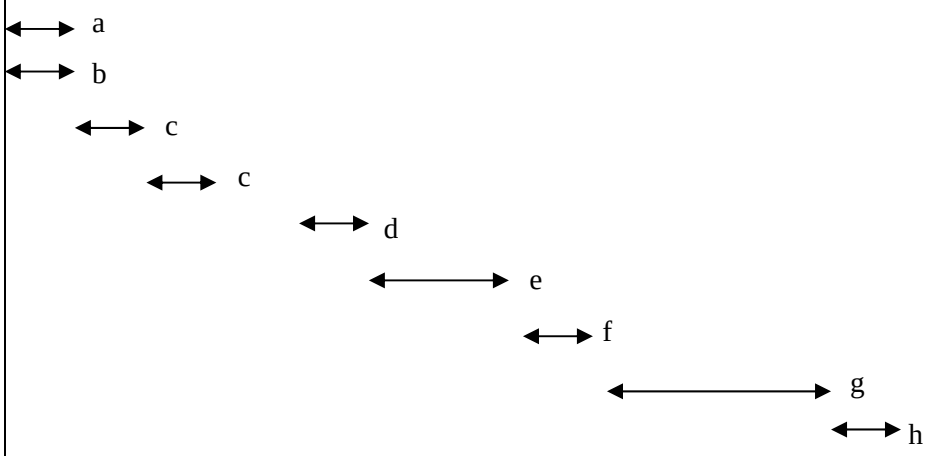


Fig. 4-4 (A) Work schedule of group A

	2005											2006			
B Group	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4
Standard of Consultant Course															

a. Discussion on the content of standard and further step for completing the standard

b. Discussion on the content of standard within whole working group.

c. Explain HRD committee about the content of the standard consultant course and hold discussion for advice.

d. Submit the draft standard to HRD committee for acceptance.

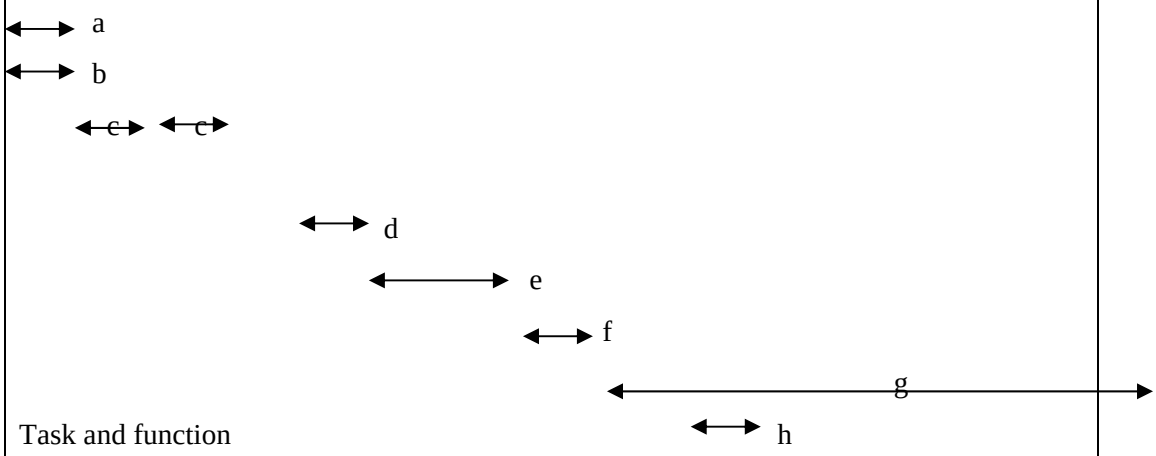
e. Open workshop to disseminate stakeholders as other ministerial officers, local consultants, professors, etc.

f. Approval from Minister of MOI.

g. Prepare definite program or curriculum at each subject for lecturing and practicing based on the revised standard.

h. Select lecturers (teachers) according to the result of D and F group discussion and other information.

Fig. 4-4 (B) Work schedule of group B

	2005											2006			
C Group	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4
Certification															

Task and function

a. Discussion on the content of certification and further step for completing the standard

b. Discussion on the content of certification within whole working group.

c. Explain HRD committee about the content of the certification document and hold discussion for advice.

d. Submit the draft certification to HRD committee for acceptance.

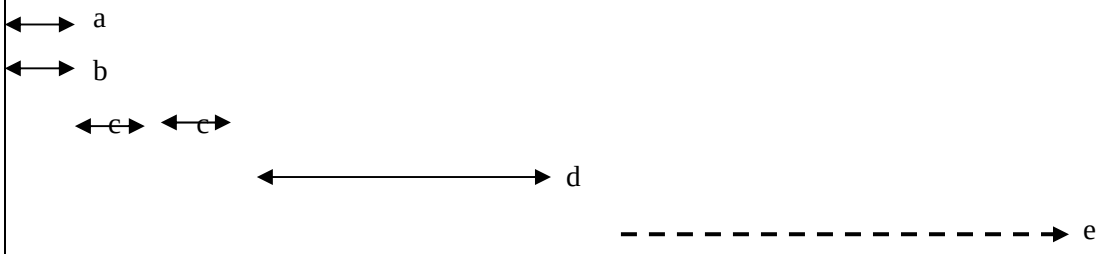
e. Open workshop to disseminate the certification to stakeholders as other ministerial officers, local consultants, professors, etc.

f. Approval from Minister of MOI.

g. Stipulate the certification in the law.

h. Both working group and IKM members conduct public conduct a public relations campaign to local government.

Fig. 4-4 (C) Work schedule of group C

	2005										2006				
E, F Group	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4
- Develop a new training program - Collect training programs and establish a database															

Task and function

a. Discussion on the needs and a content of training programs based on the JICA study and collect suitable training program information implemented by institutes under MOI.

b. Prepare conclusion within the working group about the result of discussion.

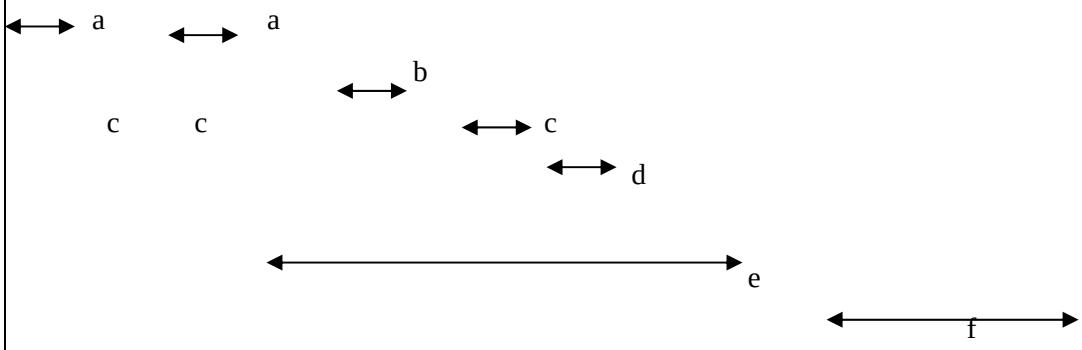
c. Submit the draft idea to HRD committee for acceptance.

d. After the confirmation from HRD committee, then prepare five training courses.

e. HRD clinic turns over the implementation of the training.

Fig. 4-4 (E,F) Work schedule of group E,F

	2005											2006			
HRD Committee	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4



Subjecting to the completion of Ministerial secondment as scheduled.

a. Working group report the result of their activity to the HRD committee for advice.

b. Approval from the HRD committee

c. Hold a seminar to collect useful opinions from the interested parties such as professors and officials rather than MOI.

d. HRD committee after the due discussion with other ministries or institutes will select venue to implement training.

e. HRD committee will discuss about the function and activities of HRD clinic and National Training Center.

f. Getting approval to start above clinic or center.

Fig. 4-4 (C) Work schedule of HRD Committee

4.3 Constraints for setting-up of SME Consultant System (Shindanshi system) and Peripheral Condition

4.3.1 Similar Establishment

As discussed at the previous section, working group under HRD committee is headed for setting-up of SME management consulting system in Indonesia.

In the preceding HRD study, "study on HRD for SMEs focused on Manufacturing Industries (the preceding study)", the study team reported ongoing and similar certification system in the country (see Table 4-2).

Table 4-1 Summary of on-going certification system in the country

Executing body	Target
1 INKINDO (association of private consultant)	• Consultant for Building Construction • Consultant for Civil Engineering
2 KADIN (Indonesian Chamber of Commerce), MOMT,MOIT, MONE	• Unify Professional Certification including skill authorization
3 BI (Bank Indonesia) and Ministry of Cooperative and SME	• Financial advising consultant for hiring credit
4 Ministry of Cooperative and SME	• BDS
5 Swiss Contact (Consulting agency of Switzerland)	• BDS
6 AIMC (the Association of management consultants)	• Issue certification to consultant to assure their carrier and qualification • Intermediate certified consultant and clients
7 APEC-IBIZ (APEC-Sahid University Joint Project)	• Marketing, Financing, Corporate Management

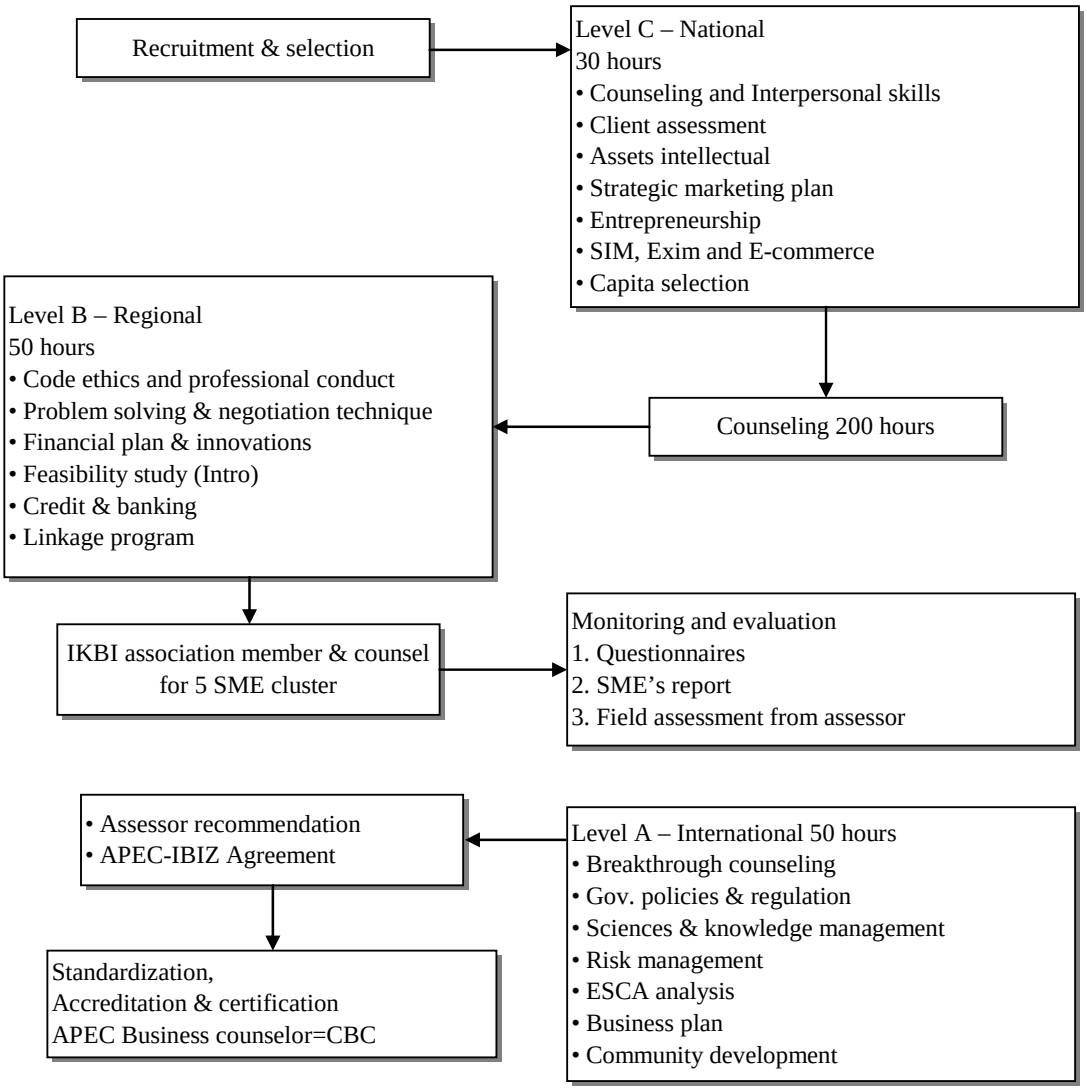
APEC-IBIZ counselor is gradually increasing its presence as a professional consultant to promote SMEs because of high capability and apparent qualification of the license.

(1) APEC-IBIZ (SME Management Counselor)

Among on-going certification system, APEC-IBIZ (Institutes of Small Business Counselors) has the most similar qualification to SME Consultant (Shindanshi). Especially, it can be said that the Counselor is Shindanshi specializing in commercial aspects. This

certification system in Indonesia started in August 2001. It was started by the subsequent approval of the APEC ministers.

In addition to the certification system, APEC-IBIZ in collaboration with SAHID University has started a training program to nurture professional Counselors. This program is composed by three (3) courses as Level C: national level, Level B: regional level, Level A: international level. Fig. 4-5 shows the standard qualification and training duration of the courses.



Source: APEC-IBIZ Website

Fig. 4-5 Certification and training program

Originally, the APEC training and certification program for small business counselors was developed to professionalize small business counseling in APEC and, ultimately, sustain the growth and competitiveness of small and medium enterprises in the region

Since in 2001, about 100 certificates were issued within the country. APEC-IBIZ is expecting to nurture about 500 qualified counselors in 3 years to correspond with the business needs in Jakarta area.

Specific training curriculum is shown in **REF-IV-APEC-IBIZ.**

Big difference between the SME management consultants (Shindan-shi) and APEC-IBIZ counselor is a requirement for production management technology. SME management consultants are requested to be endowed with production management technology but APEC-IBIZ counselors. However, it will become top priority topic for setting up SME management consulting system to identify definite needs for SME management consultant, for qualifying consultants and for demarcation with the APEC-IBIZ counselor.

Moreover, extension officers, the current target trainees for TOT program, are not highly rated because most of them have not obtained official qualification in their ability to provide SME support, and because they are getting old as new recruitment has not be done for a long period of time due to the government's zero growth policy. And motivation of extension officer in general is not so high to boost their ability to be a qualified SME management consultant.

(2) Other SME promotion programs

There are extension consultation services for the SMEs promoted by IKM of MOI. One of the services is i) LPT (Lembaga Pembinaan Terpadadu: public extension service allocated in 15 states to promote minor businesses), and ii) program for direct instruction and consultation services at production site.

i. LPT is a semi-governmental organization allocated in 15 local states to promote SMEs by utilizing institutional finance (called as revolving fund) subscribed by the central government. It was funded in 2000. Although EO is counseling SMEs

loan payment, since responsibility does not follow on EO, the high desperate debt rate is regarded as questionable.

ii. Program for direct instruction and consultation services at production site is operated by hiring private consultant by MOI's fund to promote production capability and products quality. This program started in 2000 as a pilot project of MOI.

Only a little effect was acquired at the beginning since university dispatched students to production site though MOI expects direct instruction from university teachers. MOI has to change the methodology therefore. After all, the company promotion has become effective by dispatching a specialist with experience of real production, changing so that one specialist may take charge of annual 4 companies, and imposing presentation of a weekly report and a monthly report. Each section of IKM employs private specialists. Food processing section, for example, employed 12 specialists in 2004 and expands the number by 18 in 2005.

Result of discussions with IKM staff:

- Staff at UPT needs more practical training to meet technical requirement from private sectors
- Since there is little demand from SME, it becomes, even if it develops the license system of the consultant who specialized in SME, and there is concern whether there are applicants.
- It may be better at the beginning stage for the system to start form public service handled by officials.

4.3.2 Establishment of organization specializing in management of licenses

BNSP established under the mutual understanding among various public and private organizations as Ministry of Manpower and Transmigration, Ministry of National Education, Ministry of Industry and Trade, industry group and Chamber of Commerce in Indonesia. These organizations considered that it is necessary to guarantee labor quality and to establish an authority of a qualification standard to secure competitiveness in the international labor market.

(1) BNSP

The Study report introduces BNSP (Badan Nasional Sertifikasi Profesi: National Agency for Professional Certification). BNSP is an independent agency without any supervision from governmental organizations though they locate at Ministry of Manpower and Transmigration. BNSP is enforced in September 2004 on the basis of the Law for Manpower, No.13 of 2003. The objective of the Law is to unify certification system for specialists issued on various regulations (Refer to **REF-IV-BNSP**).

4.3.3 Proposal from KADIN(Indonesian Chamber of Commerce and Industry) and Other Private Organizations

(1) Cooperation to HRD and Training Programs

Generally, private organizations consider TOT and/or Shindanshi system will be more effective if these skills could transfer directory to private consultant though they understand ODA is assistance between G to G (Government to Government) activities.

Moreover, they consider in negative way that training for governmental officials would be a good help to promote human resources of private companies. Firstly, the strong reason why promotion of human resources of private sector through training of governmental officials is not effective, that private organization considers, is existence of bureaucracy and lack of consciousness to public services.

Secondary, since it is not thought that the knowledge about production and the trade activity of official has exceeded the private sector, without promoting official consultant's level to a large degree, the prospect that the consulting demand from the company beyond a small scale is low is also described.

In addition, there was an anxiety that TOT will not be held when management of TOT is completely transferred to Indonesian public entity.

There are strong request for TOT and Shindanshi nurturing program to open a door to private sector although Indonesian private sector welcome capable SME consultant is trained by Japan’s cooperation.

On the other hand, as for minor businesses, it is ideal that an government side holds a capable SME consultant to give counseling and instructions to them with small amount of fees since they are not able to pay consultancy fee so much. SME consultant may not support their business commercially since the payment from SMEs will not be enough though the demand to consultation may be so far expected.

(2) On Certification System

The first license to private consultant was started from construction field and was certified by industry group. The industry group took the lead in various fields after that, and the license has been permitted. KADIN, Industry group, Ministry of Manpower and Transmigration, Ministry of National Education worked jointly to prepare a concept for BNSP (national training/adjustment organization) since there was no articulate qualification for licensing before. BNSP deals also with the curriculum development for attaining the level of the skill called for in BNSP. Until now, qualification and the certificate authority of skill authorization were approved, such as Automotive, Tourism, Metal/Machining, Electronics, Garment, and Lab-operation.

It is satisfactory for MOI taking the initiative to developing and certify Shindanshi system in any way, and IKM of MOI is justified as a certificate authority by only being based on the rule and law of BNSP. As the method, it is as follows.

- The purport to which MOI can certify and issue the license of SME Shindanshi with law is specified. In this case, it is not necessary to get any approval from BNSP.
- Multilateral (already recognized among many countries) system is also accepted. However, license recognized only bilaterally is excluded from the category.
- IKM of MOI should be recognized as a license issue organization through examination of BNSP.

Organization of the Ministry of Industry and Trade and the mission of each department before the separation

1 Organization of the Ministry of Industry and Trade and the mission of each department before the separation

By restructuring of the ministries, the Ministry of Industry and the Ministry of Trade were merged to the Ministry of Industry and Trade in December 1995. Fig. 4-1 shows the organization of MOIT since 1995 until the end of 2004. And again, after the political power transfer, it is separated into two ministries as Ministry of Industry and Ministry of Trade. Since October 20th 2004, after the new legislation on Ministry's separation, and officially speaking, there is no Ministry of Industry and Trade anymore.

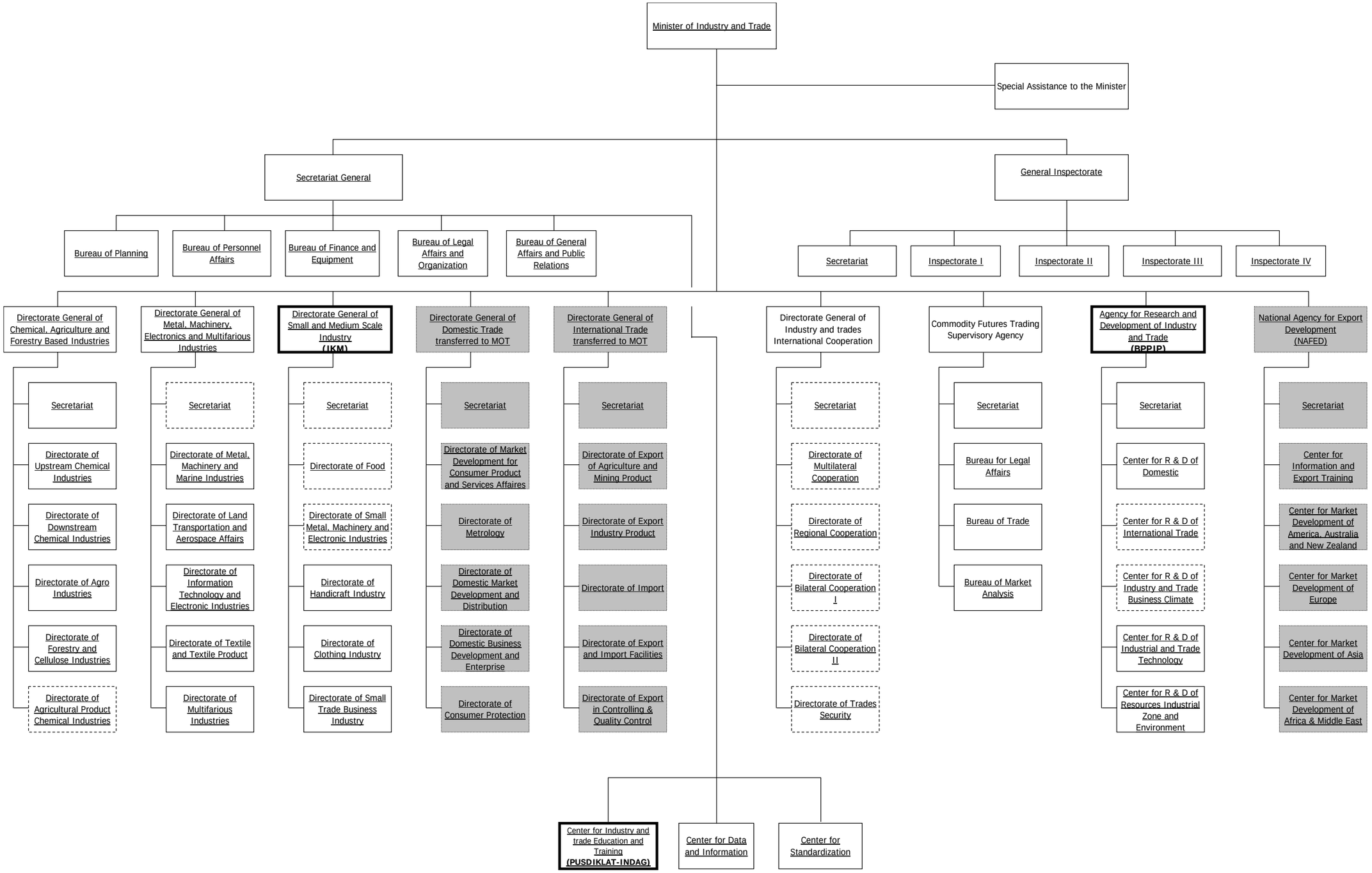


Fig. 4-1 (R) Organization Chart of MOIT (as of the end of February 2005)

Directorate General of Small-Medium Scale Industries and Trade (IDKM) is the promotion-policy-development section for SMEs. The section handles and promotes all the small to medium scale sub-sectors of industry and trade. Their mission seems to have been succeeded to Directorate General of Small –Medium Scale Industries (IKM) now. However, missions relating to commercial transactions are transfer to Ministry of Trade.

BNSP

(1) Background and Objective of BNSP

The establishment of BNSP has been discussed as an effective solution to address the issues relating to professional training, especially standardization and national certification. In the process, the need for BNSP has been widely voiced by various organizations, including the Professional Education Council of the Ministry of National Education and the National Vocational Training Council of the Ministry of Manpower and Transmigration and became a national consensus through a variety of forums and seminars.

The primary objective of BNSP states that "….. based on the recognition that it is necessary to ensure sufficient quality levels of work force in Indonesia in order to improve the country's competitiveness in the world labor market, it is essential to establish a professional training organization that meets skill-related standards acceptable to industries in and out of the country, as well as the establishment of such standards.

As for management of BNSP and its system, an industry empowerment approach is considered to be suitable for fostering appropriate skills standards and the certification system, in light of Law No.25 of 1999, which mandates the balancing of local government finance with local intensification of budget allocation. As the first step, the following two concepts were confirmed.

1. BNSP's first mission is to mobilize and invigorate resources required for development of skills standards and the certification system in the context of promoting decentralization and local autonomy. As two thirds of the members represent the private sector, the government is expected to play the role of a sponsor and supporter to develop potential of the private sector by imposing quality-oriented regulatory control at central and local government levels.
2. The second mission is related to the empowerment of population and privatization and to promote an optimum use of local resources and develop relevant resources through networks and partnerships, without eliminating or impending existing mechanisms. This indicates the sharing of responsibilities for development of skills standards and the certification system as well as the related decision making process.

Note: Given the autonomy relating to program management, BNSP can be free from regulations that could impede the accomplishment of its organizational purpose, can retain flexibility in utilization of financial and other resources, allowing workers to bear the costs relating to standard and certification activities in long terms.

And the following activities are listed as BNSP's primary functions as they are expected to meet the objective of its establishment.

a. Formulation of professional standard and certification policies
b. Development of skills standards
c. Accreditation of certification organizations
d. Development of information systems relating to professional standards and certification
e. Execution of cooperative initiatives in the area of professional standards and certification
f. Regulatory control on implementation of professional standards and the certification system

(2) The National Body for Certification of the Profession (Badan Nasional Sertifikasi Profesi: BNSP) Function and Jurisdiction

As the organization having its own power and authority in the area of professional standards and certification, BNSP is responsible for activities relating to the formulation, effectuation, implementation, and renewal of standards in professional fields, certification and accreditation. BNSP's principal functions are listed as follows.

a. Formulation of national skills standards
b. Accreditation of skills certification organizations
c. Development of professional standard and certification-related information systems
d. Implementation of collaboration in the area of professional standards and certification
e. Regulatory control on fostering and implementation of skills standards and the certification system
f. Formulation of a general framework for the national professional skills certification system

In performing these functions, BNSP will receive support from LSP and LDP.

c. LSP (Lembaga Sertifikat Profesi)

LSP is an organization established by a professional association or companies in the respective sector and accredited by BNSP.

Prior to the establishment of BNSP, the establishment of a LSP is governed by an ordinance issued by the Minister of Manpower and Transmigration. The LSP is expected to fulfill the following functions.

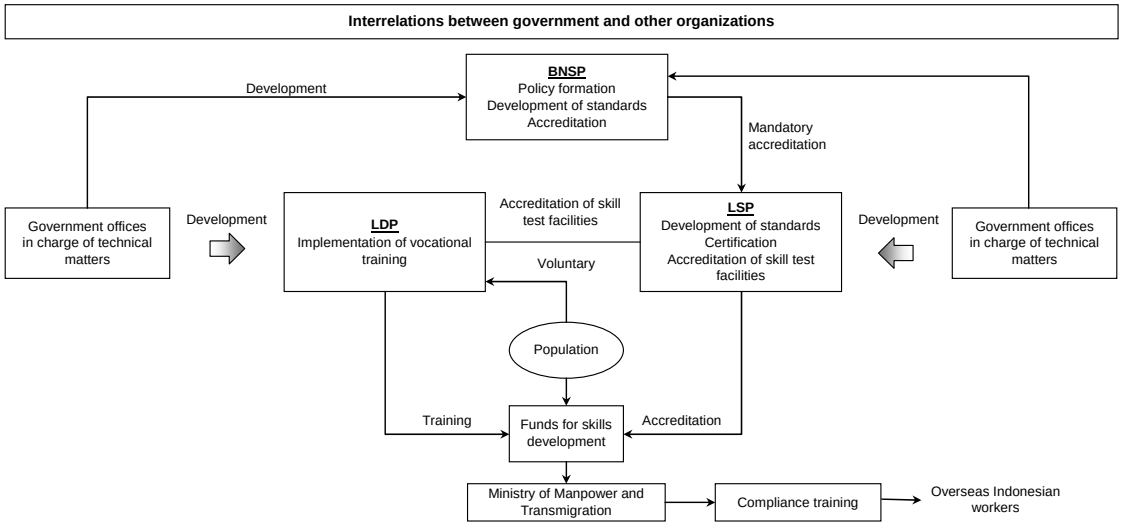
a. Formulation of draft skills standards
b. Development of skills standards
c. Effectuation of skills certification of Indonesian workers and examiners/evaluators by

means of a formal test system

d. Development and finalization of teaching materials in preparation for the skill test
e. Development of skills standards and certification-related information systems in related sectors
f. Accreditation of skill test facilities

d. LDP (Lembaga Pembinaan Terpadu)

LPDP is an organization implementing a training program, which is established by a government office/organization, a private company or a group of people. It can be accredited as a formal test facility that forms an integral part of a LSP network(s).



e) Dissemination of basic concepts on skills standards and certification to related sectors

Basic concepts on skills standards and certification developed by the BNSP Working Committee in 2000, at the cost borne by BNSP stakeholders, will be disseminated to various sectors.

As a result of the dissemination activities, some sectors such as metal/machinery and automobiles are applying to the Minister of Manpower and Transmigration for authority to establish the LSP, and several sectors are currently preparing for it.

(3) Action program to establish BNSP

Upon adoption of the Labor Law setting forth the establishment of BNSP, the BNSP Working Committee has formulated the following programs and activities.

Strategic planning		Program	Activity
1.	Reinforcement of BNSP	1) Development of BNSP programs	a. Formulation of BNSP's principal plans b. Implementation of program development studies
		2) Issuance of ordinances relating to training and skills certification	a. Formulation of academic concepts on the professional training method b. Formulation of draft ordinance concepts on skills standards and certification
		3) Formulation of guidelines, implementation rules, technical regulations, and methods relating to skills standards, certification and accreditation	a. Formulation of a guideline for accreditation of skill test facilities b. Development of skills standards c. Formulation of a guideline for skills certification d. Establishment of PSP at the central government level and BNSP/LSP branches at local government level
		4) Formulation of a general framework for nationally certified skills	a. Formulation of the nationally certified skill framework (KKNI)
		5) Formulation of a general framework for national certification	a. Formulation of the national certification system
		6) Conversion of skills standards for KKNI	a. Formulation of a conversion guideline for skills standards in each sector against KKNI b. Implementation of conversion of skills standards in six sectors against KKNI
		7) Development of local and sector accreditation organizations	a. Establishment of BNSP branches in five states b. Promotion of establishment of LSP branches in rural regions
		8) Promotion of BNSP	a. Development of the promotion program b. Preparation of promotional materials c. Execution of promotional activities in each sector and region
2.	Reinforcement of LSP	1) Formulation of LSP's operational procedures and standards 2) HR development for LSP 3) Improvement of LSP's ability 4) Development of LSP's information system software	a. Formulation of LSP's operational procedures and standards b. Formulation of LSP's principal HR training plans c. Development guideline for teaching materials for the skill test d. Technical guidance for LSP's management e. Technical guidance for development of skills standards f. Technical guidance for accreditation examiners g. Accreditation of evaluators/examiners h. Development of LSP's information system
3.	Reinforcement of LDP	1) Formulation of LDP's operational procedures and standards 2) HR development for LDP	a. Formulation of LDP's operational procedures and standards b. Formulation of LDP's principal HR training plans c. Development of LDP's teaching materials

Strategic planning		Program	Activity
		3) Improvement of LDP's ability 4) Development of LDP's information system software	d. Technical guidance for LDP's managers e. Upgrading of instructors f. Accreditation of evaluators/examiners g. Improvement of LDP equipment h. Development of LSP's information system
4.	Building of accreditation networks	1) Optimization of roles of related ministries and agencies 2) Optimization of roles of professional associations and trade organizations 3) Promotion of bilateral and multilateral cooperation 4) Holding of forums in the field of skills standard and certification	a. Formulation of collaboration programs with related parties b. Implementation of cooperation forums in the field of system development relating to skills standard and certification c. Building of LSP's and LDP's databases d. Preparation of a skills standards map
5.	Building of information systems	1) Building of information system infrastructure 2) HR development for information system	a. Securing of information system hardware b. Securing of information system software c. Upgrading of human resources for information system implementation d. Development of BNSP's data evaluation, monitoring, and effectuation guidelines
6.	Promotion of BNSP and LSP branches in rural regions	1) Establishment of BNSP branches in rural regions 2) Establishment and promotion of LSP branches in rural regions	a. Establishment of BNSP branches in five states b. Promotion of establishment of LSP branches in rural regions

To ensure successful implementation of the above programs, BNSP stakeholders will promptly incorporate relevant activities into their development programs for FY2003 in order to secure fund allocation through DIP (project list) and DIK (activity list).

HRD CLINIC

Establishment of the SME HR Development Clinic and Its Objective

Number: 15/IDKM/KEP/IV/2005
In order to promote effective implementation of Human Resource Development for SMEs,
Directorate General will:
No.15/IDKM/KEP/IV/2005

While considering that:

a. HR development becomes one of the very important elements of efforts to establish strong medium- and small-sized industries.
b. There exists no department or division specialized in preparation, implementation and evaluation on the HR development program.
c. To prepare, implement and evaluate the above HR development program, the SME HR Development Clinic is required to promote the mission of Directorate General of Small and Medium Enterprises thoroughly.
d. To operate and develop the clinic smoothly, a management team needs to be organized to prepare a support delivery system for SMEs.
e. The above actions require decision by the director general.

Taking into account the following laws and decrees:

1. Law No.17 of 2003, concerning the National Treasury (Gazette No.47 of 2003, Supplement No.3931)
2. Law No. 1 of 2004, concerning the National Treasury (Gazette No.5 of 2004, Supplement No.4355)
3. Presidential Decree No.42 of 2002, concerning the guideline for national revenue, expenditure, budget execution
4. Presidential Decree No.42 of 2002, concerning the establishment of the unified Indonesian cabinet, as amended by Presidential Decree No.87/M of 2005
5. Presidential Decree No.9 of 2005, concerning the position, mission, function, organization, and implementation system of ministries
6. Decree of Minister of Industry No.01/M-IND/puer/3/2005, concerning the organization and institutional setup of the Ministry of Industry

Taking note of the following:

List of items implemented as part of the central government budget by the Directorate general of Small- and Medium-Sized Enterprises in the fiscal 2005 budget

Decide as follows:

1. A team will be organized to operate the SME HR Development Clinic under the Directorate General of Small and Medium Enterprises according to the organizational structure described in the Appendix hereto.

2. The operation team proposed above will assist the IKM in providing support and guidance for SMEs to improve their capabilities, skills and ideas.

3. The operation team will perform the following functions as part of its duty:
   i. Establish a service implementation system in cooperation of stakeholders, e.g., government offices, the private sector, universities, educational institutions, and local governments.
   ii. Develop a training curriculum and standard, and to hire instructors according to the type of training/skill required and the content of training.
   iii. Provide training for SMEs in the field of quality control.
   iv. Collect relevant data and information and to develop a database and source materials relating to education and training.
   v. Provide information and support for SMEs in the field of business management.
   vi. Promote a good understanding of "shindan-shi" and his role to staff of related ministries and agencies.
   vii. Provide support for, analyze and evaluate activities relating to SME training.
   viii. Operate and distribute funds according to an allocated budget, other program requirements, appropriate needs, and relevant laws and regulations.
   ix. Prepare the establishment of the national training center for SMEs.

4. The SME HR Development Clinic operation team shall report to the Director General of Small and Medium Enterprises.

5. The SME HR Development Clinic operation team shall perform its daily duty, function and responsibility under guidance and cooperation of Secretary of the Directorate General of Small and Medium Enterprises, who will act as the team's supervisor.

6. The team's supervisor may organize a program or a working group required to execute the team's duty smoothly.

7. The term of the SME HR Development Clinic operation team will be one year, from January 1 to December 31, 2005.

8. All costs and expenses required for activities of the SME HR Development Clinic operation team will be funded in the IKM's 2005 budget.

9. This ordinance shall, upon this decision, become effective on January 1, 2005. Any error found later in the ordinance will be corrected as its original text requires and intends.

Jakarta
April 16, 2005

Directorate General
(Sign)
Zainal Alfin

Copy of the decree will be distributed to below:

1. Minister of Ministry of Industry
2. Directorate General of Government Accountability Office
3. Minister of BAPPENAS
4. Directorate General of Finance and Budget Department, Ministry of Finance
5. Directorate General of Department of Finance Corporation, Ministry of Finance
6. Directorate General of Bureau of General Affairs and Public Relations of MOI
7. Directorate General of General Inspectorate, MOI
8. Directorate General of Bureau of Planning, Bureau of Finance and Equipment, Bureau of Legal Affairs and Organization, MOI
9. Secretary of Directorate General of IKM
10. Representative of Jakarta Finance Corporation
11. Director of finance section of IKM
12. All the relating sections
13. Duplicate

Annex of DG Decree

No.：15/DJIDKM/Kep/IV/2005、2005/4/16

Management organization for SME Clinic

I. General Director
1 Directorate General
2 Director of PUSDIKLAT

II. Managers／Leaders
1 Secretary Directorate General
Members 1 Directorate of Food
2 Directorate of Clothing Industry
3 Directorate of Chemistry and Construction
4 Directorate of Small Metal and Electronic Industries
5 Directorate of Handicraft Industry

III. Working group
Leader 1 Ir. Ramon Bangun, MBA
Ass. leader 2 Dra. Dona Mariani
Information ／Team／Working group／JICA
Coordinator Drs. Nurdin Noor, MA
Member 1 N.ITO: JICA Expert
2 Director of Directorate of food
3 Director of Directorate of Clothing Industry
4 Director of Directorate of Chemistry and Construction Material
5 Director of Directorate of Small Metal and Electronic Industry
6 Director of Directorate of Handicraft Industry
7 Director of PUSDIKLAT
Administration Dr. Elim Lolodatu, MM
Member 1 Drs. Guru Solomoson
2 Ir. Afrida Suston Niar, MM

IV. Advising and assisting
A：Cooperation and ragulations
Coordinator Dr. Roosalinda M. Lubis
Member Drs. Aziz Taufik
B：Training and skill transfer
Coordinator Yovita Suryani, SE MBA
Member 1 Dr. Lusi Mohi, MM
2 Drs. Supir Ginting
C：Database and Information
Coordinator Ir. Sri Yunianti, MSi
Member 1 Dra. Elly Muthia
2 Drs. Hotman Lumbantoruan

APEC-IBIZ

Curriculum for APEC-IBIZ Program

SMALL BUSINESS COUNSELLOR
A - Conduct Business Analysis & Planning
B - Exercise Personal Competencies
C - Communicate
D - Assess Client Competencies
E - Facilitate Client Development & Competencies
F - Assist in the Identification of Client & Project Needs / Solutions
G - Assist Client in Facilitating & Interpreting Business Plan

A - Conduct Business Analysis & Planning

Conduct situation analysis A - 1	Conduct marketing analysis A - 2	Conduct financial analysis A - 3	Access & apply statistical data A - 4	Negotiate A - 5	Analyze organizational behavior A - 6	Analyze organizational & operational procedures A - 7
Demonstrate selling skills A - 8	Evaluate & apply strategic planning A - 9	Perform location planning A – 10	Develop a business plan A - 11	Interpret credit procedures A - 12	Source financing A - 13	Recognize need for record keeping & accounting systems A - 14
Recognize stages of business development & its implications A -15	Maintain awareness of socio-economic climate A -16	Interpret political climate A – 17	Develop awareness of govt. legal & regulations A - 18	Recognize existence of economic development plans A -19	Explain role of small business counseling in economic develop. A - 20	Explain role of entrepreneurship & economic develop. A - 21

B - Exercise Personal Competencies

Recognize limitations & or need to refer client B - 1	Manage time **B** - 2	Empower client B - 3	Demonstrate organizational skills B - 4	Apply analytical skills B - 5	Demonstrate creative thinking B - 6	Demonstrate professionalism B - 7
Maintain currency in profession B - 8	Assume responsibility and accountability B - 9	Demonstrate problem-solving approaches B - 10	Demonstrate leadership facilitation B - 11	Perform primary & secondary research B - 12	Manage information B - 13	Develop & maintain inventory of resources B - 14
Develop & maintain network of expertise & support B -15	Maintain currency in technology B -16	Develop network of information brokering skills B - 17	Manage meetings B - 18			

C - Communicate

Listen C - 1	Demonstrate confidentiality **C**- 2	Develop rapport C - 3	Apply interview techniques C - 4	Identify biases C - 5	Identify cultural differences C - 6	Identify personality types C - 7
Demonstrate empathy C - 8	Deal with sensitive issues C - 9	Demonstrate positive attitude C - 10	Interpret and apply non-verbal communications C - 11	Interpret and apply verbal communications C - 12	Communicate in writing C - 13	Demonstrate telephone techniques C - 14
Identify channels of communication & authority C -15	Deal with resistance & manage conflict C -16	Employ summarization techniques C - 17	Use audio-visual aids C - 18			

D - Assess Client Competencies

Assist client in self-assessment D - 1	Assess previous experience D - 2	Assess risk-taking potential D - 3	Assess client's commitment D - 4	Assess client's expectations D - 5	Assess family support D - 6	Assess business knowledge D - 7
Assess interpersonal skills D - 8	Assess financial & human resources D - 9	Assess technical competency D - 10	Assess client's critical & creative thinking D - 11	Assess client's willingness to learn D - 12	Assess client's management ability D - 13	Assess client's decision-making skills D - 14
Assess client's leadership skills D - 15	Assess client's knowledge of local region D - 16	Assess client's knowledge of global market place & issues D - 17	Assess client's research skills D - 18	Assess client's legal & credit status D - 19	Assess client's negotiating skills D - 20	Assess client's educational background D - 21
Assess client's ability to communicate D - 22						

E - Facilitate Client Development & Competencies

Explain value of business planning E - 1	Introduce client to business planning tools E - 2	Identify learning opportunities E - 3	Apply discovery learning methods E - 4	Employ coaching techniques E - 5	Counsel client in presenting proposals / applications E - 6	Transfer business information & techniques to client E - 7

F - Assist in the Identification of Client & Project Needs / Solutions

Assist client to conduct situational analysis F - 1	Assist client to assess client preparedness F - 2	Assist client in goal setting F - 3	Assist client identifying alternatives F - 4	Assist client in developing an action plan F - 5	Assist client in identifying time frames F - 6	Advocate with/for client F - 7
Perform site observation visits F - 8	Diagnose client's business problems F - 9	Diagnose emerging opportunities & potential problems F - 10				

G - Assist Client in Facilitating & Interpreting Business Plan

Assist client in identification of opportunities G - 1	Assist client in product development G - 2	Assist client in marketing strategies G - 3	Interpret & facilitate market research G - 4	Assist client in location planning G - 5	Assist client in financial analysis G - 6	Identify sources & types of financing G - 7
Assist client in planning of operations G - 8	Assist client in identification of human resources G - 9					

Chapter 5　TOT (Training for Trainers)

Chapter 5　TOT (Training for Trainers)

【Preface】

As for the training of trainers (henceforth, TOT), the 1st time was held in February, 2004 at the time of the Study as short-term model training of small-and-medium-sized-enterprises instructors. After that, TOT-II in February 2005 and TOT-III in June 2005 was carried out, adding improvement to a curriculum by corresponding to the actual condition of Indonesian SME promotion activities. The main objective to implement TOT is to provide 1) a basic knowledge, skills, and counseling methods relating to production control and, 2) a guideline of indispensable subjects required to day-to-day work for promoting SMEs. In addition, important topics derived from the result of demand survey on training needs to SMEs were also prioritized when developing curriculum of TOT.

Following the TOT-I held in February 2004, TOT-II was opened to compensate the topics that were not lectured-on at the TOT-I though the topic is indispensable for the instructors who are expecting to be a SME consultant in the future or officers who work for SMEs. There are basic topics that should be included in the TOT for SME instructors. Basically, topics for SME management consultant in Japan were served as a reference since SME management consultant system established in Japan has a long history and developed as time goes by now and to realize successive system to promote SMEs.

【Objective of the TOT-II】

IKM (Department of Small and Medium Industry) and the HRD committee is on the process to prepare a draft plan to setting-up Small and Medium Management Consultant Certification System, Shindan-shi System, in Indonesia.

As discussed in the Preface of this chapter, TOT has planned to introduce subjects necessary to be obtained by consultants who are expecting to promote SMEs for development. There are thousands of extension officers who are engaging in promotion activities for SMEs. In addition, there are three thousands of extension officers who are engaging in SME promotion as well. But qualification for SME management consultant has not been established. Nevertheless, requirement for the qualified SME consultant is increasing year by year. Especially, more the scale of company becomes smaller, the more the demands for qualified-SME-consultant become bigger. As a result, it is significant for SMEs and IKM that officers could acquire important essence to promote themselves as a qualified SME consultant through the TOT. And as a

secondary output form the TOT, both study team and IKM can find promising officers/ specialists who have an aptitude to be a qualified SME management consultant in the future.

【Curriculum Development】

The last demand survey for supporting SMEs indicate strong needs for marketing and sales promotion program, accordingly the study team include sales and marketing programs in the new curriculum. Now, major concept for the curriculum development of TOT derived from the following three sources.

a. Indispensable knowledge and skills for SME development which were mainly cultivated in Japan
b. High demand training topics found at the result of the last survey.
c. Topics relating environmental consciousness

【Output through TOT】

After the completion of the TOT-I and II, the study team would prepare the following by-products other than the success of the TOT.

a. Teaching materials and textbooks
b. Implementation manual for TOT and SME training
c. Intangible assets to implement TOT (technology transfer to manage training programs)

5.1 Syllabus for Management and Production Control Technologies

Standard subjects for management and production control technologies are presented in Table 5-1. During curriculum development for TOT-II, the study team referred both standard syllabus and actual needs from industry obtained from questionnaire survey. In the TOT-1, marketing & Sales as well as personnel issues were not covered due to the shortage of time and focused into the basic production control programs. In addition, questionnaire from the attendants taught us that they need more time for question and answer and, they wanted to spend more time for reviewing and preparing for next day’s training. The curriculum for TOT-II corresponds with those results and developed a revised curriculum.

5.2 Objective to Implement TOT

(1) Essential Subject to Acquire as SME Consultant

Qualification for officers/experts are not settled nor training programs with definite objectives for SME consultant has been provided, though they counsel small and medium scale industries. And, some of the officers/experts mainly target micro scale industries without any criteria to separate micro scale industries from SMEs. Some officers/experts give advice in the field of management technology without expertise.

Generally, there are several major subjects for SME management consultant to be acquired (see table 5-1). These are the basic requirement for the SME management consultant. International certification such as APEC-SME-counselors requires similar qualification to be certified.

Table 5-1 Outline of Subjects to be Acquired for SME Management Consultant

Group	Subject
1. Production control	A Survey of Production Production Plan/Shop Floor Control Master Production Schedule Preventive Maintenance/Control Inventory Control Quality Control, ISO KAIZEN/Improvement of Operation Cost Management Material Handling, Plant Layout Factory Information System
2. Finance/Accounting	Financial Statement Analysis Company Management Analysis Profit Planning/ Cost Calculation Funds Management/ Cash-flow
3. Business Management Theory	Corporate Strategy Organization Theory Marketing Theory Budgetary Control
4. Management Information System	Information Processing & Networking Decision Making & Information System Corporate Strategy & Information System
5. Corporate Administration	Corporate administration
6. Business Management Strategy	Characteristics of Management of SMEs (Management strategy, HRD Policy, Development Plan)

Source: JICA Study Team

(2) Objective to Implement TOT

TOT targets to transfer guidelines for SME management consultant during three weeks. Attendants are required to promote themselves to attain target goal: knowledge and counseling capability, after the completion of the TOT.

Attendants are examined to know their achievement level through the TOT. The result of achievement test will fully be taking consideration into the curriculum development for the further TOT. Topics and details of subject will be modified thereby. Also, results obtained from questionnaire survey to SMEs are referred to curriculum development of allot-time, order (when to implement) and priority.

Result of achievement test, attitude during curriculum and presentation ability of attendants is evaluated by the TOT instructors to identify their potentiality to be a qualified SME management consultant.

5.3 Summary of TOT and Recommendations to Implement TOT in the Future

Through TOT-I to III, meaningful training to promote qualification of both central and local government officers (Balai-Besar, MIDC, IKM, PUSDIKLAT-INDAG, IKAH, BPPI, PPEI, etc) including EO has been given. It was successful because the training focused on the production control under the given (short) period. Based on the past experiences as well as the result of questionnaire survey, the study team has prepared an effective method to implement TOT as a part of recommendation to HRD committee.

Details of TOT program including questions which were given to attendants during TOT-II and TOT-III are attached at the end of the Chapter (refer REF-V-I, II).

(1) Rural Deployment of TOT

At TOT-III, 14 out of 24 attendants came from rural area. In the rural area or at local government there were no such systematic training programs before and attendants evaluated the TOT program very much.

Implementation of the TOT at local level will give SMEs effective public services that were not provided before and high result of SME promotion is expected. The small and medium-sized enterprises of the district which was distantly related can be provided now with

an original public service by carrying out district deployment of this training from instruction which has effectiveness until now, and the high result of small-and-medium-sized-enterprises promotion is expected. Intensive TOT at rural area where centralization of industry and needs for SME consultant is high will be able to realize preferable result in performance, efficiency and accomplishment. As a possibility, Bandung, Yogyakarta, Surabaya, Medan, Semaran, etc. will serve as a proposed site.

Generally many minor businesses centering on a service industry exist locally. Contents of consulting services for micro enterprises are far different from the SMEs. Therefore, it is better to assume target scale of enterprises from 15 to 50 in number of employees and then "instruction/ consultation targeting this scale manufacturing companies" and "instructions targeting specific industrial sub-sector peculiar to a region (i.e. textile/garment in Bandung, leather/shoe in Yogyakarta)" is proposed. With this precondition, TOT will be able to enjoy high accomplishment even in the short period program. As for a TOT basic course, it is thought that developing the curriculum which is especially conscious of a minor businesses and industry peculiar to a district goes up [much more efficiency].

The framework of TOT in the case of carrying out rural deployment is proposed below.

【TOT Basic Course】

1) Duration of training: approximately one month at one region
2) Eligible attendants:

Local government officers (i.e. Extension Officer, Balai-Besar Staff, UPT staff, etc.), maximum of 24 attendants at one TOT (24 is the maximum to carry out factory visit, diagnosis workshop, etc.)

3) Flagship industry and specific TOT topic peculiar to major local city
   - Jakarta : Automotive, electric/electronics based supporting industry
   - Bandung : Textile/garment industry (textile fabric, dying, sewing) (QC, etc.)
   - Surabaya : Wooden furniture, machinery (QC, TQC, etc.)
   - Medan : Food processing (PL law, QC, hygiene, etc.)
   - Yogyakarta : Shoe/leather (environmental protection, effluent water treatment)
   - Bali : Traditional handicraft (marketing, commercial design)

4) Framework of the curriculum

Lecture and case study: 2weeks

contents	
Compendium of corporate management	1 day
Employee management theory Marketing（Sales/prices/information gathering, development of new field）	1 day
Accounting commercial book keeping Cost calculation Cash flow Budget planning	1 day
Vernacular industry theory and specific theme	2 days
Factory visit :The most popular and peculiar company that representing local industry	1 day
Concept for production control	1 day
Implementation of 5S and effects	1 day
QC 7tools	1 day
New product development	1 day
IE/VA	1 day
Procurement and inventory control	1 day

Workshop for diagnosis(Shindan Practice): 2 weeks

Contents:
1 set of six training participants and one lecturer makes a team, and carries out management-consulting training over three days to one company (1 team: 4 companies for 2 weeks, diagnose total of 16 companies).

【TOT Advanced Course】

In TOT Advanced Course, attendants are expected to acquire ability to carry out company Shindan (diagnosis) to minor businesses. Small and medium enterprises in supporting industry are struggling high QCD requirement from their customer; accordingly, they are to promote themselves everyday. Low level consultant is not able to correspond to the requirement from these SMEs. Although aiming at suitable level attainment is desirable, it is unrealizable in short-term TOT. It is more realistic that specialists at any field such as financing, corporate management and production technology to take part in the TOT to learn “SME consultation” systematically. TOT advanced course is targeting to transfer know-how and edifice to promote SMEs to specialists to get across “what is SME consulting”.

1) Duration of Training：Approximately 1.5 months

2) Eligible attendants：governmental officers, workers at public institutes（Extension Officer, Balai-Besar Staff, MIDC, Cevest, BPPT, etc.）, instructors at private and non-profit organizations（YDBA、LPSM, etc.）, Maximum of 24 attendants at one TOT (24 is the maximum to carry out factory visit, diagnosis workshop, etc.)

3) Framework of the curriculum

Lecture, workshop and case study： 4weeks

Company diagnosis practice： 2weeks

4) Contents

A. Outline of corporate management（5 subjects 1day/subject）	5 days
1. Outline o SME and SME promotion law、{Exercise} Tools necessary to SME promotion 2. Basic corporate management（corporate philosophy、business policy、business planning） 3. Financial management（Cost analysis、managerial index, etc.）、{exercise} calculation of managerial index and analysis 4. Marketing（4P、marketing-mix, etc.） 5. Labor management（regulations、result management, etc.）、{exercise} calculation of managerial index and analysis	
B. Production Control（Subject 1：6days、Subject 2：2days）	8days
1. Plant layout、production machine and facility、production plan、process control、progress management、work analysis、KAIZEN、standard time、inventory control、transportation and storage management、facility/equipment control、economic engineering, etc. {exercise}：preparation of process sheet、manufacturing instruction、ordering point calculation、MRP、analysis on capital investment 2. FA、production information system {example analysis} Automated factory	
C. Quality Control	2days
1. QC7 tools review、avoid claiming、QMS（ISO9001）, {exercise} cause and effect diagram preparation、claim management method {case study} evaluation of QC and problem finding	
D Promote reporting capability（method to prepare a report with heavy use of figures/tables）	1day
E. Lecture by Guest speakers(narrative topics by two directors）	1day
F. Factory visit to leading manufacturing companies（2 companies）	2days
G. Practice on factory diagnosis (Shindan)(6 days/company、total of two companies）	12days
1. investigation of questionnaire to company directors 2. factory visit、interview to company directors、production site visiting 3. summary of factory visit、group discussion、SWOT analysis 4. factory visit (second visit)、problem check and re-examination 5. summary of factory re-visit、source of trouble finding、recommendation and problem solving 6. report making and presentation of the result	
H. Extra lecturing to compensate any shortage（Q&A）	2days

R1 Result of TOT (Training of Trainers)

R.1.1 TOT-II

R.1.1.1 Outlook of TOT

(1) Training Period

From February 7 to March 1, 2005(24 days in total, 18 days except for Sundays and national holiday)

(2) Training Hours

1st week: 31.5hours
2nd week: 47.5hours
3re week: 45.5hours
4th week: 11.0hours
Total 135.5hours

(3) Training Location/Facility

PUSDIKLAT-INDAG (ADDRESS: JL.WIDYA CHANDRA VIII/34. KEBAYORAN BARU, JAKARUTA INDONESIA)

(4) Host Organization

Joint implementation among IDKM、PUSDIKLAT-INDAG and JICA

(5) Participants and Their Key profiles

1.	No. of participants	24	
2.	Current position	IKM or related organizations (17) (Breakdown) EXTENSION Officer 17	PUSDIKLAT-INDAG(7) (Breakdown) PUSUDIKLAT instructors 4 PUSDIKLAT Surabaya 2 PUSDIKLAT college instructors 1
3.	Work experience of participants	Persons with experience in working for a private company: 9 (see below), Others: Officials: 15 Private companies once registered: • 5 attendants have been working in the manufacturing industry (Renault ASTRA, PANASONIC, National Semiconductors, chemicals, textiles, Renault/ASTRA experienced attendants finished his job carrier at MIDC as chairman • Insurance company, Trading company: 2 • Others 2 (Construction, Consulting firm)	
4.	Educational background	Bachelor degree：18 Culture & literature :12、culture/technology: 2 Master's degree：6 (Science course :10)	

5.	Age	Average- 50.29 (ranging between 43 and 59)
6.	Sex	M:18, F:6

Attendants List

#	NAME	SEX	AGE	EDUCATION	OFFICE
1	A	M	52	S1: Industrial Management	PUSDIKLAT INDAG
2	B	M	53	S1: Business Management	EXTENSION OFFICER OF IDKM
3	C	M	48	S1: Business Administration	EXTENSION OFFICER OF IDKM
4	D	F	52	S1: Industrial Management S2: Magister Management	EXTENSION OFFICER OF IDKM
5	E	F	46	S1: Economic	EXTENSION OFFICER OF IDKM
6	F	M	59	S1: Mechanical Electrical	PUSDIKLAT INDAG
7	G	F	58	S1: Industrial Technique	BDI SURABAYA
8	H	M	50	S1: Design Interior	EXTENSION OFFICER OF IDKM
9	I	M	43	S1: Business Administration	EXTENSION OFFICER OF IDKM
10	J	F	57	S1: Technology S2: Agricultural Engineering	EXTENSION OFFICER OF IDKM
11	K	F	53	S1: Industrial Technique S2: Marketing Strategy	EXTENSION OFFICER OF IDKM
12	L	M	51	S1: Industrial Management	EXTENSION OFFICER OF IDKM
13	M	M	51	S1: Industrial Management S2: Public Policy	EXTENSION OFFICER OF IDKM
14	N	M	47	S1	BDI SURABAYA
15	O	F	45	S1: Economic S2: Marketing Management	EXTENSION OFFICER OF IDKM
16	P	M	54	S1: Economic	PUSDIKLAT INDAG
17	Q	M	46	S1: Management	EXTENSION OFFICER OF IDKM
18	R	M	46	S1: Management	EXTENSION OFFICER OF IDKM
19	S	M	45	S1: Business Administration	EXTENSION OFFICER OF IDKM
20	T	M	52	S1: Industrial Management	EXTENSION OFFICER OF IDKM
21	U	M	51	S1: Industrial Management	EXTENSION OFFICER OF IDKM
22	V	M	50	S1: State Administration	EXTENSION OFFICER OF IDKM
23	W	M	51	S1: Industrial Technique S2: Magister Management	APP JAKARUTA
24	X	M	47	S1: Business Administration	EXTENSION OFFICER OF IDKM

(note) BDI: Training Center under PUSDIKLAT INDAG
APP: Technology and skill development center for SMEs under PUSDIKLAT INDAG (ACADEMI PIMPINAN PERUSAHAAN)

R1.1.2 TOT-II CURICCULUM

(Remark：Syllabus is attached in the Annex-I)

	AM (Mon～Thu and Sat:08:00-12:00 Fri: 08:00-11:30)	PM (13:30～18:00)	SYLLABUS
2/7 (Mon)	08:30-09:15 Opening Ceremony 1. Mr. USEP SYAMSUDDIN (Director of PUSDIKLAT) 2. Mr. T. Homma (JICA Indonesia) 3. Mr. H. Yamauchi (UNICO International Corp) 4. Mr. KRISWAHYONO (PUSDIKLAT) 09:30-12:00 "Introduction of HR Development to SMEs" by Mr. H. Yamauchi	13:30-18:00 Lecture by Mr. TAKEUCHI "Company Management"	• Entrepreneurship • Company management • Sector information • Promotion • Policy Information • Benchmarking • Strategy planning • Organization • Customer satisfaction Management (CSM) • Business planning • Procurement management • Procurement contract • Compliance management • Environment management system (EMS) • Information system • Project management (PM) • Total quality management (TQM) • Balance Score Management
2/8 (Tue)	08:00-10:00 "Accounting" by Mr. Henry Faizal Noor (Prof. Indonesia University) 10:15-12:00 "Finance" by Mr. Henry Faizal Noor (Prof. Indonesia University)	13:00-15:20 "Budget Control" by Mr. Henry Faizal Noor 15:45-18:00 "HRD" by Mr. Takeuchi	• Bookkeeping • Cash flow Management • Balance sheet • Profit and loss Statement • Break-even point analysis • Working capital planning • Investment plan • Fundraising • Budget control • OJT

	AM (Mon～Thu and Sat:08:00-12:00 Fri: 08:00-11:30)	PM (13:30～18:00)	SYLLABUS
2/11 (Fri)	08:00-10:30 "HRD" by Mr. Takeuchi 10:45-11:45 "Basic Production Control (1)" (Factory Organization, Production Method, Plant Management (PDLA) etc.) by Mr. Seki	13:30-15:20 "Basic Production Control (2)" Production Planning: Code Management Economical Lot Size, etc. by Mr. Seki 15:45-18:00 "Basic Production Control (3)" <u>Process Control</u> Operation Bill, Inspection Control, Progress Control/Watching by Mr. Seki	• Working conditions • Security • Business regulations • Pay structure • Recruitment • Leadership and motivation • Morale survey • Human resource Management • Competency management • QCC • Management by objectives (MBO) Employment
2/12 (Sat)	08:00-12:00 Q&A by Mr. Seki & Mr. Takeuchi	13:00-15:00 Q&A by Mr. Seki & Mr. Takeuchi	• Factory organization • Production planning • Quality assurance
2/14 (Mon)	08:00-10:00 "Basic Production Control (4)" Operation Analysis: I.E, Standard, Time Operation Time, Time Study etc. by Mr. Seki 10:15-12:00 "Basic Production Control (5)" Inventory Control: Material Handling, Order Point Control, Procurement Control, ABC Analysis, etc. by Mr. Seki	13:30-15:20 "Basic Production Control (6)" Transportation: Transportation Machinery and its Layout Plan etc. by Mr. Seki 15:45-18:00 "Basic Production Control (7)" (Warehouse Management) by Mr. Seki	• Industrial engineering • Inventory management • Material requirement planning (MRP) • Material handling • Flexible automation
2/15 (Tue)	08:00-10:00 "Basic Production Control (8)"	13:30-18:00 "Marketing	• Plant layout • Quality control and QC tools

	AM (Mon～Thu and Sat:08:00-12:00 Fri: 08:00-11:30)	PM (13:30～18:00)	SYLLABUS
	Plant Layout: Plant Layout SLP etc. by Mr. Seki 10:15-12:00 "Basic Production Control (9)" Quality Control: 7 tools etc. by Mr. Seki	by Mr. Takeuchi	• Market information • Sales policy • Sales planning • Marketing management • Business contract • Customer information • Pricing • Marketing strategies • Marketing research • International trade • Logistic management Customer Relation Management (CRM)
2/16 (Wed)	08:00-10:00 "Basic Production Control (10)" TPM: Preventive Maintenance etc. by Mr. Seki 10:15-12:00 "Basic Production Control (11)" Operation Improvement: 5S, View Point, Condition Analysis etc. by Mr. Seki	13:30-15:20 "Basic Production Control (12)" Case Study by Mr. Seki 15:45-18:00 "Basic Production Control (13)" Cost Management: Break-Even Point etc. by Mr. Seki	• Total quality management • Quality control circle (QCC) • Preventive maintenance • Total preventive maintenance • 5S • Measures against • MUDA, MURI, MURA • KAIZEN • ABC analysis • Value analysis/engineering (VA/VE) • Cost management
2/17 (Thu)	08:00-10:00 "Basic Production Control (14)" ISO9001 by Mr. Seki 10:15-12:00 "Basic Production Control (15)" ISO9001: Customer Satisfaction System by Mr. Seki	13:30-15:20 "Basic Production Control (16)" Case Study by Mr. Seki 15:45-18:00 "Basic Production Control (17)" Introduction of Information Technology at Workshop etc. by Mr. Seki	• Customer satisfaction management • Human resource management • Break-even point analysis • ISO9000 certification • Information system • Flexible automation • Application of IT

	AM (Mon～Thu and Sat:08:00-12:00 Fri: 08:00-11:30)	PM (13:30～18:00)	SYLLABUS
2/18 (Fri)	Factory Visit: ASTRA HONDA MOTOR (SUNTER) 08:00-10:00 Orientation for factory visit (HONDA/ PANASONIC) 10:15: Move to ASTRA HONDA MOTOR Praying on the way to HONDA 13:00-14:00: Introduction of HONDA 14:00-15:30: Factory tour 15:30-16:30: Q&A		
2/19 (Sat)	08:00-12:00 Guest S¥speaker “Tomorrow will not come without KAIZEN activity” PT. WAJA KAMAJA General Manager Ms. Alexandra Mety Djalim	13:00-15:00 Q&A Mr. Seki Mr. Takeuchi	
2/21 (Mon)	Factory visit: PANASONIC (BOGOR) 10:00-11:00: Introduction of PANASONIC 11:00-12:00: Factory tour 12:00-12:30: Q&A	15:00-18:00 Factory Visit (HONDA, PANASONIC) Summary meeting Mr. Seki & Mr. Takeuchi	
2/22 (Tue)	<u>SME DIAGNOSIS by Group A</u> 11 attendants, students no.2, 4, 6, 7, 11, 14, 16, 18, 20, 22 and 24. Instructor: Mr. Seki, Mr. Takeuchi Model Factory: PT NANDYA KARYA (Outline of the company) 2nd tier of ASTRA HONDA MOTOR (Seat manufacturing and CIPTA MANDIRI deliver parts/ components, Number of employees:150, 100% Indonesian capital) Production facility: Press, lathe, dies/molds making 08:00-09:00 Company guidance for diagnosis 09:15-11:15 Creation and revision of diagnosis questionnaire 13:00-15:00 Hearing from top management (at NADYA KARYA) 15:00-17:00 Factory visit 17:00-18:00 Q&A <u>Case Study by GROUP B</u> Attendants: 10. Students no.3, 5, 9, 10, 13, 15, 17, 19, 21 and 23 08:00-16:00 at PUSDIKLAT		

	AM (Mon～Thu and Sat:08:00-12:00 Fri: 08:00-11:30)	PM (13:30～18:00)	SYLLABUS
2/23 (Wed)	<u>SME DIAGNOSIS by GROUP B</u> Instructor: Mr. Seki, Mr. Takeuchi Model factory: GERITJI METAL JAYA (Outline of the company) Plastic Injection Div.: for PT PANASONIC Press Div: DARUMA POLIC METAL (1st tier supplier of PTASTRA HONDA MOTOR) Dies Div.: Maintenance work at Plastic Injection Press Division 81 employees 08:00-09:00 Company guidance for management consultation 09:15-11:15 Creation and revision of diagnosis questionnaire 13:00-15:00 Hearing from top management (at GERITJI) 15:00-17:00 Factory Visit 17:00-17:30 Q&A <u>Case study by GROUP A at PUSDIKLAT</u> 08:00-16:00		
2/24 (Thu)	08:00-18:00 Preparation of presentation on company diagnosis (GROUP A and GROUP B at PUSDIKLAT) Instructed by : Mr. Seki		
2/25 (Fri)	07:35-11:30 Examination at PUSDIKLAT	13:30-16:00 Guest Speaker “How we get over the economic crises in 1988” PT. GUNA SENAPUTRA SEJAHTERA MANAGING DIRECTOR MR. GUNAWAN ELISA 16:15-18:00 Preparation of presentation data and materials for Kaizen / diagnosis Instructor: Mr. Seki	

	AM (Mon～Thu and Sat:08:00-12:00 Fri: 08:00-11:30)	PM (13:30～18:00)	SYLLABUS
2/26 (Sat)	08:00-12:00 Preparation of presentation data and materials for Kaizen / diagnosis Instructor: Mr. Seki	13:00-18:00 Practice for presentation to PT NANDYA KARYA, PT GERITJI Instructed by Mr. Seki	
2/28 (Mon)	08:00-12:00 Workshop and presentation to NANDYA KARYA AT PUSDIKLAT by GROUP A	13:00-17:00 Workshop and presentation to GERITJI METAL JAYA at PUSDIKLAT by GROPU B	
3/1 (Tue)	09:00-12:00 Delivery of certificate Closing ceremony	13:00-15:00 Farewell party at PUSDIKLAT	

Note) 1. 2/9 and 2/10: National holiday, Sunday: holiday
2. Intersession in every 2 hours in principal
3. Praying time: during 12:00～13:00 on Friday, others: once in the morning and once after 15:00

R1.1.3 Structure of Curriculum and Objectives

(1) Overall Objective

To transfer indispensable knowledge on corporate management and production control to officers. This TOT's target is to set to promote self-learning by attendants as SME management consultant.

(2) Difference of the Curriculum between the TOT-I and TOT-II

At the TOT-I, the study team visited four small and medium companies that were situated at the stage 2to4. It was uncertain whether majority of attendants knew about the actual situation of the Indonesian supporting industry. This factory visit program was designed to provide attendants with knowledge on the indigenous supporting industry. As it turned out, they had enough knowledge on the indigenous supporting industry. The study team came to the conclusion that the factory visit should be switched to the teaching of corporate management, accounting, personnel affair and marketing which were widely demanded according to the questionnaire survey of SMEs.

At the TOT-II, the night program from 19:00 to 21:00 was canceled because the study team was not able to obtain confirmation on the availability of dormitory at

PUSDIKLAT-INDAG. In this connection, supplemental lectures, success stories by guest speakers were canceled.

The training curriculum at the TOT-II has upgraded from the TOT-I. The study team prepared necessary teaching materials for attendants, including criteria for company diagnosis, guidelines and guidance.

Difference in training hours and programs

Training hours at TOT-I：150 hours

Training hours at TOT-II：135.5hours

Ostensibly, there are 14.5hours difference between TOT-I and II. However, TOT-II put an emphasis on lecturing as core programs than TOT-I and there were no much difference if we see the training programs allocated for the production control.

	Corporate management	Production Control	Factory visit ate assembling factory	Factory Diagnosis
TOT-I	1.5 (+4) *[1] units	10 units	4 units	6 units
TOT-II	5 units	8.5 +2 *[2] units	4 units	6 units

Remark: a half day program = 1 unit

*1: Factory visit to understand the actual conditions of supporting industries: spent total of 8 hours

*2: Allocate enough time to Q&A (to correspond result of the questionnaire survey to attendants at TOT-I)

(3) Content of the Curriculum

1) "Introduction of HRD to SME": Two and a half hour by Mr. H. Yamauchi

Lecture on the outline and general condition of SMEs and reason to promote SMEs. The program was newly added to replace the factory visit at the TOT-I. This program was added to serve as TOT guidance for SME management consultation.

2) "Corporate Management Theory": 4 hours and 5 minutes by Mr. Y. Takeuchi

Lecture on: Management philosophy, corporate culture, company objective, corporate strategies, SWOT analysis, share of duty、rule of competence, organization, budget allocation and etc.

3) "Corporate Accounting": 5 hours and 35 minutes by Mr. Henry Faizal Noor

Themes of the lecture: Starting from "Bookkeeping" to "settlement of accounts". "financing based on fundraising", and "budgeting"

4) "Human Resource Development": 4 hours 45 minutes, by Mr. Y. Takeuchi

Themes: Employment and recruitment, In-house training, wage rules, evaluation and treatment, moral control and motivation theory, target control.

5) "Marketing: 4hours 5 minutes by Mr. Y. Takeuchi

Topics necessary to be discussed for SME promotion were lectured. Especially, typical concept in modern marketing theory such as market segmentation and target customer, marketing channel, competition、marketing mix、marketing concept、customer satisfaction, relationship marketing、supply chain management, data collection and introduction to the development of new products was adopted.

6) Production Management Techniques – 32 hours and 20 minutes in total (including Q&A session); instructor – Mr. Takashi Seki

1. Compendium of Production Control	2. Production Control	3. Process Control
4. Operation Analysis・I.E.	5. Inventory Management	6. Transportation Control
7. Storage Control	8. Equipment Management, Economical Engineering	9. QC (7 Tools)
10. TPM	11. KAIZEN	12. 5S
13. Exercise	14. Cost Management	15. ISO9000 Series
16. Production Information System		

7) Special Lecture by SME Employer on "Key to Success"

i) "Tomorrow will not come without KAIZEN" Feb. 19 (Sat) 08:00-12:00

Speaker: Ms. ALEXANDRA METY DJALIM, General Manager of PT. WAJA KAMAJA

The company produces auto parts with machine processing technology. Ms. Alexandra is a daughter of the founder. She obtained MBA in the United States and worked for Motorola. She talked about a gap between theory and realities in the production workshop and renovation using Kaizen technology.

ii) "How We Get Over the Economic Crisis in 1998" Feb. 25 (Sat) 13:30-16:00

Speaker: Mr. John Isac Elisa, General Manager of PT GUNA SENAPUTRA SEJAHTERA

The company produces auto related parts for HONDA and electronic parts for PANASONIC. The company is excelled at machining and injection molding technologies. It was established in 1996 and soon faced the currency crisis.

The company treats their employees as a member of the family and unifies them under the company spirit. The slogans “never say no” or “keep promise” helped the company weather the difficult situation through concerted efforts. There are any hints to get good contact with Japanese-capital assemblers.

In addition, the company frankly indicated the reason to upgrade educational levels, acceleration to get of governmental approvals and so on

8) Factory tour at large assembling companies

The primary objective of the factory tour is to learn quality control/purchase policy of major assembly manufacturers, as well as their policy on the fostering of suppliers, and audit procedures. Many Indonesian supporting Industries supply their products (parts and components) to Japanese assemblers. Therefore, it is useful for the attendants to study the subcontractor control system executed by those assemblers. Especially, Q.C.D.M based management, accurate forecasting and auditing system (training and technology transfer system on QCDM) has been instructed

i) PT ASTRA HONDA MOTOR at SUNTER (on Feb. 18)

Motorcycle manufacturing, Annual production: 2.7 million units in 2004. Market share: 60%, Number of employees: 6,500

Objective of visit: To learn the barcode control system and the JIT system

ii) PT PANASONIC (on Feb. 21)

Joint stock company with Panasonic (6) and Gobel International (4). Number of employees: 3,500. Products export ratio: 80%、Share of local indigenous materials: 43%. There are 8 branch factories under PT Panasonic. Among these, we visited a water pump production line. Share of the indigenous raw materials in this section reached about 78%. We studied the EDI subcontractor control system at the section. EDI is a computerized raw materials ordering system by simulating production volume.

9) Summary of the Kaizen Planning Workshop conducted in Feb. 22-23

Twenty three participants conducted a factory diagnosis and proposed kaizen plans for the target factory by applying knowledge acquired in the 1st week and 2nd week lecture. The program proceeded as follows.

- Participants were divided into two groups, each of which conducted factory diagnosis separately. Each group has a leader and a sub-leader.

- An instructor (study team member) gave special advice to each group for the purpose of transferring SINDAN technology to attendants using SHINDAN criteria prepared specially for the project.
- Attendants conducted interview surveys of managers of the target factories to identify constraints and aspects for diagnosis.
- Factory tour
- Question and answer session with executives
- Preparation of counseling results
- Implement presentation to executives

10) Factory visit:

A. NANDYA KARYA Group A (11 attendants) visited on Feb. 22

B. GERITJI METAL JAYA Group B (10 attendants) visited on Feb.23

11) Achievement test

An achievement test was conducted to determine levels of achievement of attendants

SMS theory	5 questions
Company management	5 questions
HRD	5 questions
Marketing	5 questions
Accounting and finance	7 questions
Production control	63 questions
Total	90 questions, (full-score: 100 points)

R1.1.4 Evaluation of TOT Result

(1) Summary of the Questionnaire Survey Results (Lecture) (5 points in full scale)

Questions	(1) Was the lecture useful for you to serve as an instructor on the subject at a seminar intended for manufacturers?	Average (on a five-point Score)	4.31
	(2) Was the lecture easy to understand?		4.01
	(3) Was the textbook useful for you to understand the lecture?		4.23

Both content of the program/subject and degree of difficulty of instruction exceeds 4 points respectively and is considered satisfactory.

It should be noted, however, that several problems were pointed out by participants, including: the textbook sometimes used technical terms in different meanings; the language (Indonesian) had still to be refined for the ease of understanding; and the interpreter was not fully familiar with the field of production control techniques.

Summary of the Questionnaire Survey Results (Lecture)

	Question-1 (Usefulness)	Question-2 (Easy to understand)	Question-3 (Quality of Textbook)	Remarks
Lecture-1(SME theory)	4.13	3.83	3.91	There were no teaching materials for Lecture-1 and 3.
Lecture-2(Company Management)	4.22	3.83	4.09	
Lecture-3(Accounting/ Budget)	4.65	4.57	4.52	
Lecture-4(HRD)	4.23	3.73	4.14	
Lecture-5(Production Control (1)~(5))	4.26	4.00	4.17	
Lecture-6(Production Control (6)~(8))	4.04	3.87	4.17	
Lecture-7(Marketing)	4.32	3.86	4.00	
Lecture-8(Production Control (8)~(12))	4.39	4.00	4.17	
Lecture-9(Cost Management)	4.41	4.09	4.41	
Lecture-10(ISO9000)	4.30	4.09	4.35	
Lecture-11(Production Information System)	4.33	4.05	4.30	
Average	4.31	4.01	4.23	

(2) Result of Achievement Test

Average score	55.1 point
High Score	69.5 point
Low Score	40.1 point

The result considered reasonable level.

The study team analyzed the following 3 areas:

1) Eligibility of TOT attendants

Generally, eligibility applied in PUSDIKLAT seems acceptable, however, IKM was not. Capability of attendants selected by IKM varied greatly. It is recommended that eligibility criteria adopted by PUSDIKLAT is followed.

(Reasons)

Six out of seven attendants selected by PUSDIKLAT scored more than the average in the achievement test.

Academic level and attitude of attendants (extension officers) selected by IKM varied greatly. Especially two attendants were poorly motivated very to become a SME management consultant.

2) Capability to follow the lecture

Though the study team prepared and developed the curriculum to ensure 60 percent at the achievement test, attendants scored 55.1 on average.

3) Accuracy of self-assessment (leaders and sub-leaders scored high points at the test)

Twenty three attendants were divided into two groups. And, each group selected a leader and a sub-leader for the further programs. It was proven that the self-assessment worked well as all the leaders obtained relatively high scores at the achievement test

R1.1.5 Selection of Participants Qualified as SME Consultant

Upon the request of IDKM PUSDIKLAT, eight persons were selected from 24 participants as candidates who have potential to become SME consultants, subject to self-development efforts.

The eight persons were selected according to the following criteria

1. High test scores (over the overall average point of 55.1, preferably over 60 points)
2. Good attendance (a high attendance rate, and active participation in and good contribution to class discussion)
3. Basic consulting skills (good listener, good presentation skills, analytical ability, the ability to develop a workable proposal)

If this selection is acceptable to the Indonesian counterpart, the training program is expected to serve as a place to find potential SME consultants in addition to its original role in assisting program participants in self-development efforts.

R-1.1.6 Results of Questionnaire Survey about Factory Tours on Assembly Manufacturers (Astra Honda and Panasonic)

The factory tour was conducted in recognition of the notion that consultation for supporting industries would be impossible unless the consultant does not know the actual state of QCD management practiced by assembly manufacturers. The results of the questionnaire survey of participants in the factory tour are summarized as follows.

Question	Average point for Honda	Average point for Panasonic
1. Were you able to understand the company's explanation on content of business administration and production management practiced by the company?	3.50	4.13
2. Were you able to understand the purchase policy and practice?	3.25	3.75
3. Were you able to understand purchase-related problems faced by assembly manufacturers and their attempted solutions?	3.50	3.50
4. Were you able to understand how assembly manufacturers provided guidance for suppliers from the QCD viewpoint?	3.75	3.75
5. Were you able to understand the content of the audit?	3.50	3.71
Overall average score	3.50	3.77

5: Excellent、3: Average、1: Bad

It was the second time for both Astra Honda and Panasonic to accept the factory tour. As they knew in advance that participants represented the Ministry of Commerce and Industry, they seemed to become somewhat cautious about what they revealed. In particular, there was not sufficient explanation on the bard cord system, order forecasting using the computer, the purchasing and order placement process, and content of the audit, while a question and answer session was clearly shortened. As a result, participants showed some dissatisfaction.

R.1.1.7 Results of Questionnaire Survey about "Kaizen Proposal Workshop"

(1) Summary of Survey Results

Question	NANDY KARYA Group	GERTJI Group
1. Was prior guidance by instructors appropriate?	4.00	4.20
2. Did the company that received the proposal react favorably, including explanation?	4.30	4.40
3. Was the proposal useful for the company's management?	4.00	3.60
4. List three abilities and three sets of knowledge that are crucial to the development of a good kaizen proposal for companies. Knowledge/experience: QC, PM, plant layout, etc. Ability: Analysis, motivating employees, etc.		

5: Excellent、3: Average、1: Bad

Participants for both groups found the workshop to be useful and companies receive them very well.

(2) Reaction of Companies That Received the Proposal

Question	NANDY KARYA Group	GERTJI Group
Was the proposal presented useful for future management of your company?	5	4

Both groups highly praised the proposal and found it to be very useful. In particular, GERITJI commented that the proposal (consisting of four recommendations, namely plant layout, warehouse management, the establishment of standard time, advantages of tracking causes for defect) was better than the previous one and they would like to implement it immediately. NANDYA KARYA, which received the proposal for the first time, reacted favorably and found it to be very useful, partly because the proposal including problem identification was made on the basis of questionnaire surveys of employees (questionnaire was distributed to 100 employees and 82 responded). In particular, the company felt that it would be able to raise employee motivation through the improvement of management-labor communication.

R.1.1.8 Results of the Questionnaire Survey of Participants

Question	Average score
1. Was the level of the lecture adequate?	3.88
2. Was the training program managed properly?	3.88
3. Were the factory tour and the kaizen proposal workshop suitable for the training purpose?	3.43

As the survey was conducted at the end of the program, only eight participants responded. Thus, the survey results do not necessarily represent general opinions of the entire participant group. More importantly, however, most respondents did not understand the purpose of the training program accurately, i.e., they provided consultation for small enterprises (less than 10 employees or 10-20 employees) and believed that the training program was designed for improvement of consultation service for small enterprises. Although the misunderstanding was pointed out repeatedly during the program, most participants did not understand our explanation, as reflected in their response, i.e., they felt that the program content was too high in terms of level of knowledge and skill and was not useful for consultation of small enterprises. In particular, extension officers recruited by IKM felt strong dissatisfaction in this regard. Thus, it is important to fully explain the principal purpose of the training program prior to the recruitment of participants in the third program.

R.1.1.9 Attendance and Issuance of Certificate of Completion

During the 3-weeek/18-day training program, attendance was checked twice per day (morning and afternoon). The attendance rate is summarized as follows.

1.	Participant who attended the first day only	1 (IDKM)
2.	Participant who was absent for 2 days (4 roll calls) and late for class, with extensive leave during the program	1 (IDKM)
3.	Participant who was absent for 2 roll calls and was late frequently (around 30 minutes)	1 (IDKM)
4.	Participants who was absent once	5 (4 from IDKM, and 1 from PUSDIKLAT)

For participants in 1.and 2, the certificate of completion was not issued as a result of consultation with the Indonesian counterpart

R.1.1.10 Evaluation of Participants by Instructors

(1) Evaluation by Instructor A

1) Attitude during the lecture session

Although most participants did not have field experience (some worked at a factory), they were attentive during the lecture on production management. The lecture was given on the basis of slide presentation. Although the instructor discussed the subject not related to a slide, one third of participants took note attentively. Also, questions were asked in the course of the lecture. On the other hand, some participants left the lecture room, talked on cellular phone or sent/received e-mail, clearly lacking interest.

2) Factory diagnosis

The class was divided into two groups, and a leader and a sub-leader were selected in each group. Each group prepared questions to the manager in advance according to the instructor's advice, including a set of evaluation items. Also, the instructor explained key checkpoints on the shop floor as well as the needs raised by the manager during his interview. Despite such preparation, however, sufficient questions were not raised during the field tour to identify problems effectively.

The report on factory diagnosis should contain a set of observations and recommendations that can readily be useful for the company. In the process, participants were expected to apply their knowledge to the actual production environment. The report prepared by Group A, however, only contained general observation and advice based on textbook knowledge, because the leader instituted on his belief although the instructor gave

him advice repeatedly. In contrast, Group B was able to make a report that will meet the needs of the company by applying knowledge according to the instructor's advice.

3) Written examination

The duration of the written test seems to be sufficient, as most participants answered all questions.

Generally, participants who take note during the lecture recorded high scores, while active participation in the lecture, i.e., frequently asking questions, is not necessarily related to a high score. Some of participants who did not participate in discussion had good results, probably because they studied after the class.

One participant was late for the examination and the other left one hour before the end of the test (not completed). The average score was 55 points despite the fact that many questions were of multiple choice types and came from the textbook or key points emphasized by the instructor.

As for essay questions, some participants left them blank or failed to come to point, although key points were emphasized during the lecture. They apparently lack the basic aptitude required for employees in the manufacturing industry or the interest in the training program.

(2) Evaluation by Instructor B and Possible Areas of Improvement

1) As pointed out in 8.3, eight out of twenty four participants, one third of the total, are considered to have potential to become SME consultants. Compared to the previous program where one half of the total was considered to be qualified, the result indicates that the overall level of participants is relatively low. In particular, three out of seventeen participants selected by IDKM (18% of the total) reached the qualification level, indicating the need for modification of the selection criteria.

2) In addition, some participants who were considered to have high potential failed to apply what they learned during the program to the proposal workshop and were content with knowledge and experience they gained in the past. Thus, it should be recommended to add "flexibility" to an eligibility factor for participation in the training program.

3) More people did not take the program seriously than the previous one. One third of participants were late for the class frequently and many left the class during the

lecture. To warn them seriousness of the situation, the certificate of completion was not issued to two participants.

4) The kaizen proposal workshop seems to be fairly effective for participants and this type of learning opportunity should be increased in the lecture session.

5) It became apparent that production management alone was not sufficient and other courses, namely business administration, HRD and marketing, should be added, as most participants lacked knowledge and skills in these areas (not necessarily taught by a Japanese instructor).

6) The results of the written test (average score of 55.1 points) were disappointing. The test was designed to measure the level of understanding of the lecture and the instructor hoped that the average score exceeded 60 points. Few participants seem to have studied in the dormitory.

7) For many participants, the lecture session was more difficult to understand in comparison to the content of the lecture or textbook, probably because Japanese instructors required an interpreter. Improvement should be made to give a lecture that can be easily interpreted.

8) The textbook was also difficult to understand in some parts due to poor translation, which should be improved in the future.

9) There was a large perception gap about the purpose of the training program between the instructor and participants, because it was not explained well in advance. In particular, IKM should motivate its potential participants, namely extension officers, to participate in the program by explaining potential benefits expected from the program in terms of relationship with its long-term vision.

R.1.2 TOT-III

(1) Objective of training

The training course will be conducted primarily for MOI's extension officers, who are engaged in technical guidance service for SMEs. It will primarily focus on production management technology, while introducing various cases relating to supporting industries that

serve automobile and electronics manufacturers. While the course aims to broaden and upgrade knowledge and skills relating to SME consultation, it basically consists of introductory courses from global educational standard.

(2) Organizers

The course will be jointly held by IKM, PUSDIKLAT-INDAG and JICA.

(3) Training facility and period

1) Training facility

PUSDIKLAT-INDAG

JL. WIDYA CHANDRA VIII/34, KEBAYORAN BARU, JAKARTA

2) Training period

18 days between May 25 (Wed.) – June 14 (Tue.), 2005 (except for Sundays)

(4) Participants

1) Number of participants: 24

2) List of participants

#	NAME	SEX	AGE	EDUCATION	POSITION	UNIT
1	A	M	50	S1: Mechanical Engg. S2: Marketing	Widyaiswara	BDI Surabaya
2	B	M	45	S1: Mechanical Engg.	Staff	Disperindag & Penanaman Modal Gorontalo
3	C	M	38	D3: Industry	Fungsional Instruktur	BDI Makassar
4	D	M	52	S1: State Administration	Fungsional	MIDC Bandung
5	E	M	28	S1: Mechanical Engg.	Staff	BDI Padang
6	F	M	46	S1: Mechanical Engg. S2: Marketing	Staff	BPPI
7	G	M	46	S1: Business Administration	Fungsional Penyuluh	Ditjen IKAH
8	H	M	52	D3: Metal Industry	Fungsional Peneliti	MIDC Bandung
9	I	M	30	S1: Industrial Engg.	Widyaiswara	BDI Surabaya
10	J	F	42	S1: Chemical Engg.	Fungsional Penyuluh	Disperindag Prop. Jateng
11	K	F	40	S1: Agricultural Engg.	Staff	Disperindag. Prop. Jambi
12	L	F	44	S1: Economy	Fungsional Penyuluh	Baristand Indag Medan
13	M	M	30	S1: Agricultural Engg.	Widyaiswara	BDI Surabaya
14	N	M	50	S1: Economy	Fungsional Penyuluh	Ditjen IKAH
15	O	M	35	S1: Economic Management	Staff	Ditjen IKM

#	NAME	SEX	AGE	EDUCATION	POSITION	UNIT
16	P	M	47	SLTA	Fungsional Penyuluh	Disperindag Prop. Jatim
17	Q	F	50	S1: Chemical Engg.	Fungsional Penyuluh	Disperindag Prop. Sumsel
18	R	F	59	S1: Economy S2: Management	Widyaiswara	PPEI
19	S	M	55	S1: Industrial Engg.	Fungsional Penyuluh	Ditjen IKAH
20	T	M	46	S2: Magister	Fungsional Statistisi	BPPI
21	U	F	54	S1: Chemical Engg.	Fungsional Penyuluh	Ditjen IKAH
22	V	F	48	S1: Economy S2: Business & Law	Kasubbag Kerjasama	Ditjen IKM
23	W	M	48	S1:Law & Administration	Fungsional Penyuluh	Disperindag Prop. Kalsel
24	X	M	49	SLTA	Fungsional Penyuluh	Ditjen IKM

3) Breakdown by organization sending participants

DISPERINDAG (Local office of IKM)	6
BDI (PUSDIKLAT-INDAG at local area)	5
IKAH (One of the section of MOI)	4
IKM (Under Ministry of Industry)	3
MIDC (Under MOI)	2
BPPI (Research institute under MOI)	2
PPEI (Export Training Center under MOT)	1
BARISTAND (Technology Research Institute)	1
Total	24

1.Participants from local organizations accounted for approximately 60% (14 persons) of the total in order to be responsive to IKM's intention to emphasize on training of field service officers, reflecting the fact that SME promotion resources are increasingly allocated to rural regions with the progress of decentralization in the country.

2.Breakdown by recommendation organization

Participants recommended by IKM	18
Participants recommended by PUSDIKLAT-INDAG	6

3.Extension officer (estimated) 19

4) Breakdown by educational background

- Master's degree: 5
- Bachelor's degree: 15
- Polytechnic diploma: 2

- High school diploma: 2

(Summary: Science & engineering major: 17, Social science major: 7)

5) Male/female ratio

17 men and 7 women

6) Age composition

1. Average age: 45.17 years old (highest age – 59: lowest – 28)
2. Breakdown by age group
   - 20s: 1
   - 30s: 4
   - 40s: 11
   - 50s: 8

7) Total number of persons who have received the TOT certificate (1st – 3rd)

- 1st course: 29
- 2nd course: 23
- 3rd course: 24

Total: 76

Note: In the second course, 24 persons participated but no certificate was issued for two persons who did not meet the attendance requirement due to a personal reason and poor attendance.

8) Selection criteria

In selecting participants, the study team proposed the following criteria to IKM and PUSDIKLAT-INDAG:

1. University graduates or higher educational background;
2. Engineering major; and
3. Good performance in the present job.

9) Participants specialized in extension service for microenterprises

Participants from DISPERINDAG PROP JAMBI have no experience in extension service for SMEs due to local conditions (mainly providing service for farms, while most manufacturing enterprises employee 10 or less persons). They complained that the training course was very difficult, despite the fact that it was designed for beginners.

10) Participation of HRD Clinic members

The training course was participated by IKM's staff. Her participation seems to represent a strong intention and willingness of the Indonesian counterpart to conduct the training course on a sustainable basis.

(5) Course curriculum

1) Training course curriculum

	AM (8^{00}～12^{00})	PM (13^{30}～18^{00})	Remarks
5/25 (Wed)	***8:30～9:30*** Opening speech and guidance Mr.USEP-Pusdiklat, Mr.Homma-JICA Mr.Yamauchi-UNICO, Mr.Sakri-IKM ***9:45 – 12:00*** Introduction of Human Resource Development to SMEs H. Yamauchi	***13:30 – 18:00*** Company Management Mr.Y.Takeuchi	9:30 – 9:45 coffee break 15:20 – 15:45 coffee break
5/26(Thu)	***8:00 – 12:00*** Accounting / Financing/ Administration Mr.HENRY Faizal Noor	***13:30 – 15:20*** SWOT Analysis Mr.N.Itoh-JICA ***15:45 – 18:00*** Introduction of Production Control Mr.T.Seki	10:00 – 10:15 coffee break 15:20 – 15:45 coffee break
5/27(Fri)	***8:00 – 11:45*** Personnel Affairs Mr.Y.Takeuchi	***13:30 – 15:20*** Cost Management Mr. T.Seki ***15:45 – 18:00*** Production Planning Mr.T.Seki	10:00 – 10:15 coffee break 15:20 – 15:45 coffee break
5/28(Sat)	***8:00 – 10:00*** Supplementary Lecture On Company Management & Personnel Affairs Mr.Y. Takeuchi ***10:15 – 12:00*** Q & A Mr.Seki, Mr.Takeuchi	***13:30 – 15:30*** KJ Method Mr.Seki, Mr.Takeuchi	10:00 – 10:15 coffee break
5/29(Sun)	***Holiday***		
5/30(Mon)	***8:00 – 10:00*** Production Control Mr.T.Seki ***10:15 – 12:00*** Operation Analysis	***13:30 – 15:20*** Delivery, Transportation, Warehouse management SLP(Systematic Layout Planning)	10:00 – 10:15 coffee break 15:20 – 15:45 coffee break

	AM (8^{00}～12^{00})	PM (13^{30}～18^{00})	Remarks
	Mr.T.Seki	Mr.T.Seki 15:45 – 18:00 Inventory Control Mr.T.Seki	
5/31(Tue)	***8:00 – 10:00*** Operation Improvement Mr.T.Seki ***10:15 – 12:00*** Total Productive maintenance (TPM) Mr.T.Seki	***13:30 – 18:00*** Marketing Mr.Y.Takeuchi	10:00 – 10:15 coffee break 15:20 – 15:45 coffee break
6/1(Wed)	***8:00 – 10:00*** 5S (Factory Basic Manner) Mr.T.Seki ***10:15 – 12:00*** Quality Control Mr.Seki	***14:00 – 15:20*** SMEs Promotion By:H.Yamauchi ***15:45 – 18:00*** Environmental Production By: Ms.Rohmi	10:00 – 10:15 coffee break 15:20 – 15:45 coffee break
6/2(Thu)	***8:00 – 10:00*** ISO 9000 Series Mr.T.Seki ***10:15 – 12:00*** Factory Information System Mr.T.Seki	***13:30 – 18:00*** Case Study Mr.T.Seki	10:00 – 10:15 coffee break 15:20 – 15:45 coffee break
6/3(Fri)	***8:00 – 10:30*** Orientation for Factory Visit Mr.T.Seki, Mr.Y.Takeuchi	***13:30 – 18:00*** Q & A Mr.T.Seki, Mr.Y.Takeuchi	11:00 – 12:30 Lunch & Pray 13:00 Move to factory site
6/4(Sat)	***8:00 – 12:00*** Guest Speaker: There are no company management without KAIZEN Ms.Alexandra Mety Djalim,MBA General Manager of PT.Waja Kamajaya Sentosa	***13:30 – 15:30*** Q & A Mr.T.Seki, Mr.Y.Takeuchi	10:00 – 10:15 coffee break
6/5(Sun)	holiday		
6/6(Mon)	***9:00 – 12:00*** Factory Visit PT. PANASONIC	***13:30 – 18:00*** Factory Visit to ASTRA HONDA MOTORS	7:30 and 12:30 Move to PANASONIC & HONDA, respectively
6/7(Tue)	***8:00 – 12:00***	***14:00 – 18:00***	12:30

	AM (8^{00}～12^{00})	PM (13^{30}～18^{00})	Remarks
	Guidance for Diagnosis (Group A) Case Study (Group B)	Diagnosis PT Waja Kamajaya Sentosa (Group A) Case study (Group B)	Move to Waja Kamaja
6/8(Wed)	***8:00 – 11:30*** Guidance for Diagnosis (Group B) Mr.T.Seki Case Study (Group A)	***13:30 – 18:00*** Diagnosis (Nandya Karya Perkasa) Case Study (Group A)	Move to Nadya Karya at 11:30
6/9(Thu)	***8:00-12:00*** Preparation of Company Diagnosis Presentation Mr.T.Seki	***13:30 – 18:00*** Preparation of Company Diagnosis Presentation Mr.T.Seki	10:00 – 10:15 coffee break 15:20 – 15:45 coffee break
6/10(Fri)	***8:00 – 11:40*** Practice for Presentation Of Company Diagnosis (Group A) Mr.T.Seki	***13:30 – 18:00*** Guest Speaker Mr. John I. Elisa General Manager of PT.Guna Senaputra Sejahtera	10:00 – 10:15 coffee break 15:20 – 15:45 coffee break
6/11(Sat)	***8:00 – 12:00*** Practice for Presentation of Company Diagnosis (Group B)	***13:30 – 18:00*** Presentation to Waja Kamaja	10:00 – 10:15 coffee break 15:20 – 15:45 coffee break
6/12(Sun)	Holiday		
6/13(Mon)	***8:00 – 11:30*** Achievement Test	***13:30 – 17:00*** Presentation to Nandya Karya (Group B)	15:20 – 15:45 coffee break
6/14(Tue)	***10:00 – 12:00*** Delivery of Certification Speakers: 1.Mr.Usep- Pusdiklat 2.Mr.Yusulan - IKM 3.Mr.N.Itoh – JICA Expert 4.Mr.H.Yamauchi - UNICO		

2) Instructors and guest speakers

Corporate management	Business administration	Mr. Naoki Itoh	Chief researcher/instructor of the Organization for Small & Medium Enterprises and Regional Innovation, JAPAN (SMRJ) (JICA Expert)
	Personnel management/labor relations	Mr. Yasuo Takeuchi	Technical consultant of UNICO
	Marketing	Mr. Yasuo Takeuchi	Technical consultant of UNICO
	Accounting (settlement of accounts, financial management, budgeting)	Mr. Henay Faizal Noor	Professor of accounting courses at the University of Indonesia
Production management	Production management theory, diagnosis of manufacturing enterprises, etc.	Mr. Takaharu Seki	Principal instructor of HACCP SME consultant and certified consulting engineer
	Case study	Mr. Agus Setiadi	PUSDIKLAT instructor (participated in the first TOT course)
	Environment	Ms. ROHMI	PUSDIKLAT instructor

- Guest speakers

  "Only Kaizen makes your day"

  Ms. ALEXANDRAMEITYDHALIN, MBA

  General Manager

  P.T. WAJA KAMAJAYA SENTOSA

  "Success story: How we have been selected as the best supplier for Panasonic by overcoming a lot of difficulties"

  Mr. JOHN ISAC ELISA

  General Manager

  P.T. GUNA SENAPUTRA SEJAHTERA

3) Key goals of the training course and its curriculum

1. Objective

The principal objective of the training course is to promote technology transfer (production management and factory diagnosis) to government employees who are engaged in management guidance service for SMEs, including extension officers and staffs of BALAI BESAR.

2. Industry sectors covered in the training course

While no specific industry sector was chosen for the major focus of the training course, priority was given to facilitate the teaching and understanding of production management technology in the context of the envisioned relationship between SMEs and the automobile and electrical/electronics industries to integrate the former into the vertical production system. As a result, the course curriculum emphasized on the method and technique to provide proper guidance for supporting industries serving the automobile and electrical/electronics industries.

3. Course design concept

The training course was designed in consideration of an axiom “where there is no adequate theory or principle, there can be no adequate policy or program” by introducing relevant theories, followed by their applications in actual cases to allow participants to understand as to how each theory can be best utilized in their everyday work.

4) Organization of the course curriculum in terms of time allocation (for the 18-day course consisting of 71 credits)

Curriculum			Credit				
			3rd		2nd		1st
Theory	Corporate management	SME operation and management, business planning, HR management/labor relations, marketing, accounting (settlement of accounts, financial management, budgeting)	11 (15.5%)		11 (15.5%)		
	Production management	Introduction to production management, quality control, production planning, process control, inventory control, transportation management, work improvement, IE/VA, cost control, 5S, ISO9000, TPM, plant layout, pollution control, factory information system, etc.	20 (28.2%)		17 (26.7%)		
Practical training	Case analysis	* Case study (1) by Mr. Seki * Case study (2) by Mr. Agus * Guest speakers (Ms. Alexander and Mr. J.I.Elisa)	10 (14%)		8 (11.2%)		
	Practical training: factory diagnosis	* Field tour at Panasonic and Astra Honda Motor	6	26 (36.6%)	8	29 (41.0%)	
		* Factory diagnosis on two factories, PT WAJA KAMAJAYA SENTOSA and PT. NANDYAKARYNPERKASA	20		21		
Course evaluation	Examination	Achievement test consisting of 90 problems	2 (3%)		2 (3%)		
Other	Other	Opening and closing ceremonies (presentation of certificates)	2 (3%)		2 (3%)		
Total credit (%)			71 (100%)		71 (100%)		

Note that the course was designed to allocate roughly equal time to each of the theory and practical training elements. While the first training course was centered on production management, the second and later courses weighed more on business management in response to the request of the counterpart.

(6) Course evaluation

Effectiveness of the training course was evaluated by the following three methods:

1) Evaluation by participants in the form of questionnaire survey;
2) An achievement test to measure the level of understanding of participants; and
3) Performance evaluation on participants by instructors

1) Results of evaluation by participants through the series of questionnaire surveys

1. Questionnaire survey 1 (evaluation on the class lecture)

Questionnaire 1

Question	Evaluation	Remark
1 Was the lecture easy to understand?	5 4 3 2 1	
2. Is what you have learned in the lecture useful for your work?	5 4 3 2 1	
3. Is what you have read in the course material useful for your work?	5 4 3 2 1	
4. Was interpretation of the lecture to Indonesia easy to understand?	5 4 3 2 1	
5. Do you have any suggestion for possible improvement in the lecture and its content?		

Score: 5 – excellent; 3 – average; 1 – bad

Summary and Analysis of Responses to Questionnaire Survey 1

	date	subject	Question 1 Easy-to-understand	Question 2 usefulness	Question 3 The course material	Question 4 Interpretation
1	5/25	Compendium of SMEs-1	4.12	4.41	4.18	4.29
2	5/25	Corporate Management-1	4.20	4.20	4.30	4.10
3	5/26	Compendium of Accounting	4.86	4.64	4.43	
4	5/26	SWOT Analysis	4.28	4.19	4.24	4.15
5	5/26	Basic Production Control	4.14	4.24	4.33	4.19
6	5/27	Corporate Management-2	4.21	4.29	4.38	4.23
7	5/27	Cost Management	4.21	4.26	4.37	4.21
8	5/27	Production Planning	4.05	4.25	4.40	4.35
9	5/28	Personnel/labor affair	4.19	4.38	4.52	4.48
10	5/30	Process Control	4.33	4.42	4.58	4.50
11	5/30	Operation Analysis	4.26	4.47	4.52	4.48
12	5/30	Transportation/Inventory Control	4.54	4.58	4.58	4.54
13	5/30	Plant, Equipment Planning	4.45	4.45	4.50	4.72
14	5/30	Improvement of Operation	4.54	4.67	4.58	4.62
15	5/30	TPM	4.54	4.58	4.58	4.62
16	5/31	Marketing	4.42	4.42	4.54	4.33

	date	subject	Question 1 Easy-to-understand	Question 2 usefulness	Question 3 The course material	Question 4 Interpretation
17	6/1	5S	4.79	4.79	4.71	4.83
18	6/1	QC	4.71	4.67	4.67	4.79
19	6/1	Compendium of SMEs-2	4.75	4.62	4.67	4.71
20	6/1	Environment Protection	4.83	4.42	4.12	
21	6/2	ISO9001	4.50	4.50	4.71	4.37
22	6/2	Factory Information	4.83	4.54	4.54	4.89
		Average	4.44	4.45	4.47	4.47

Explanations

1. The evaluation results show a significant improvement, achieving nearly 90 points on average for each item, probably because the lecture was same in content as the previous (first) one and instructors made some improvements to improve quality of the lecture.
2. In particular, the lecture on hands-on, practical knowledge and techniques (such as 5S (4.79), QC tools, and quality control (4.67)) was highly valued by many participants as they were engaged in management guidance for microenterprises. This information is expected to provide useful data for future deployment of the training program of this type.

2) Questionnaire survey II (concerning the field tour on two assembly plants (Panasonic and Astra Honda Motor)

Questionnaire II (field tour on assembly plants)

Name of participant		Participant No.	
Organization		Sex	Male/Female

Name of factory visited		Date of visit	

Question	Evaluation	Remark (in legible letters, please!)
1. Was the briefing by instructors prior to factory visit adequate and useful?	5 4 3 2 1	
2. Did the factory representative explain to you clearly as to how the assembler makes purchase from suppliers? (especially in terms of QCDC)	5 4 3 2 1	
3. Did the factory tour help you to understand as to how production management is carried out by the assembler?	5 4 3 2 1	

Question	Evaluation	Remark (in legible letters, please!)
4. Did the factory tour help you to understand as to how the assembly conducts an audit on suppliers?	5 4 3 2 1	
5. What was most impressing in the field tour?		

Score: 5 – excellent; 3 – average; 1 – bad

Summary and Analysis of Responses to Questionnaire Survey II (evaluation by participants on the factory tour)

Field tour at Panasonic Indonesia's household pump assembly plant

[Average score]

Briefing by instructors	Understanding on the supplier relationship	Quality control conducted at the factory	Understanding on the audit system
4.25	4.08	3.83	3.82

[Comments]

- The visit was short (two hours).
- The factory did not answer questions in detail.

- Workers tolerate monotonous work.
- Assembly workers are required to maintain the high level of concentration. As they have to keep pace with machine operation, there is a risk of accident.

- There are many things to learn about quality control.
- Process control is excellent.
- Workers are highly disciplined.
- It is interesting (for the first time) to watch how a Japanese company's factor operates.

Explanations

1. While Panasonic exports nearly 80% of its products, the household pump division primarily serves the domestic market and its local content is nearly 90% (compared to 45% for the corporate average). Thus, the factory was selected as a good example of making extensive procurement from local suppliers.
2. The factory seems to have reluctantly accepted the field tour because of JICA's request and its representative apparently has little intention to reveal detailed information to MOI officers. The duration of the visit was limited to two hours and the representative gave no specific answer to some questions that required detailed explanation.

3. Nevertheless, participants were surprised by the efficient work system and high quality of work as they visited a Japanese factory for the first time. Also, they were able to understand a general outline of the procurement system including QCD requirements for suppliers, technical guidance, and the ordering procedures.

Field tour at ASTRA Honda Motor's SUNTER plant (motorcycle assembly)

Average score]

Briefing by instructors	Understanding on the supplier relationship	Quality control conducted at the factory	Understanding on the audit system
4.58	4.42	4.33	4.17

[Comments]

- Honda is great, excellent! (4 persons)
- It was a great experience. (5 persons)

- Good equipment, high-level technology, and excellent production conditions.
- Particularly impressed by process control.
- An excellent QC system.
- I came to understand as to how the bar code system works.

Explanations

1. Honda is currently producing 20 million units per year and is adding a new assembly facility capable of producing 1.5 million units at present. Strong business growth is reflected in the factory's lively atmosphere. It is exciting to see a finished motorcycle comes out of the line at a rate of one unit per every 20 seconds. Products are 100% sold to the domestic market.
2. Participants seem to have understand the supplier relationship well.

3) Questionnaire survey III and IV (evaluation by participants on factory diagnosis and guidance, and evaluation by factory managers)

Questionnaire III (evaluation on the diagnosis program by participants)

Name of participant		Participant No.	
Organization		Sex	Male/Female

Company receiving factory diagnosis and general profile	(Company name)
	(General profile)

Question	Evaluation	Remark (in legible letters, please!)
1. Was the briefing by instructors prior to diagnosis adequate and useful?	5 4 3 2 1	
2. Did the factory representative explain to you clearly and adequately?	5 4 3 2 1	
3. Did the lecture help you with actual diagnosis?	5 4 3 2 1	
4. Was the content of factory diagnosis satisfactory?	5 4 3 2 1	
5. For you to conduct corporate diagnosis by yourself, what you expect to be reinforced by TOT?		
6. Any suggestion, opinion or comment?		

Questionnaire IV (evaluation on the diagnosis program by the factory manager)

Thank you for your cooperation and participation in our diagnosis program. Please evaluate the program by answering the following questions

Company name	
Name and title of the respondent	
Date	

Question	Evaluation	Remark (in legible letters, please!)
1. Are you satisfied with our diagnosis program and its results? Is there anything you are not satisfied or do not like about it?	5 4 3 2 1	(Suggestion for improvement, etc.)
2. Do you think that the person(s) who has diagnosed your factory is a good SME evaluator in terms of fairness, insight and communication skill?	5 4 3 2 1	

Question	Evaluation	Remark (in legible letters, please!)
3. Was the survey method chosen by the evaluator appropriate for the purpose of diagnosing your factory?	5 4 3 2 1	
4. Any suggestion, comment or request for future diagnosis		

Thank you for your cooperation.

Questionnaire III (evaluation on the diagnosis program by participants)

[Average score]

Briefing by instructors	Explanation by the factory	Usefulness of lecture for field activity	Self-evaluation on diagnostic results
4.29	4.21	4.58	3.96

Questionnaire IV (evaluation on the diagnosis program by the factory manager)

	Level of satisfaction on output	Quality of evaluator	Appropriateness of the survey method
WAJA KAMAJAYA	4	5	4
NANDYA KARYA	4	4	4

Comments by Waja Kamajaya

- The half-day survey period was too short.
- It would be better if the follow-up study or activity is made.

Comments by NANDYA KARYA

- The diagnosis covered many areas very broadly. It needs some focus, especially in the area of QCD.
- The survey period was short.
- It would be better if CAD/CAM information is furnished.

Explanations

1. WAJA KAMAJA is a machining shop for construction equipment and automobile manufacturers. Its general manager, Ms. Alexcandra, has received MBA from an American university and is enthusiastic about modernization of the company founded by her father. She contributed to the training program by presenting her “kaizen” experience as a guest speaker.

2. NANDYA KARYA was established by Mr. Hadi and is highly valued by ASTRA Mitra Ventura (ASTRA Group company to foster new ventures). It supplies parts to ASTRA Honda Motor. The company has been participating in the training program by receiving the diagnosis team since the first training course.
3. The field experience has made participants realize the importance of lecture (usefulness of lecture: 4.58 points) as well as difficulty in factory diagnosis (self-evaluation on diagnosis results: 3.96 points). It suggests that the training curriculum should weigh more on the practical training portion.

Questionnaire V (overall evaluation)

Name of participant		Participant No.	
Organization		Sex	Male/Female

Question	Evaluation	Remark (in legible letters, please!)
1. Did the training course cover fundamentals of SME guidance service? Was the lecture useful for future guidance service for SME manufacturers?	5 4 3 2 1	
2. Was the training program managed properly (including accommodation, textbook, and meals)?	5 4 3 2 1	
3. Was the field tour at the assembly company useful for you?	5 4 3 2 1	
4. Was the factory diagnosis useful as an opportunity to apply what you have learned from the lecture to the field?	5 4 3 2 1	
5. Do you wish to participate in a more advanced training course, which helps you to gain knowledge and experience on specific fields of specialization, if it is offered as part of this training program? Please select and mark all fields of interest that would fit your future needs from those listed on the right-hand column and/or you may specify your preference in the bottom of the column.	(Business administration) Management strategy, entrepreneurship, cost management, financial management, corporate analysis through financial analysis, accounting practice, marketing, risk management, international trade practice, use of IT, information management, product development, HR/labor management, employee morale and motivation control, performance evaluation, labor laws and regulations, corporate diagnosis, environmental assessment, industrial accumulation, SME management (Production management) Product development, safety control, production technology, new business development, supply chain management, productivity improvement practice, CIM (computer integrated manufacturing), KANBAN (just-in-time) production system, engineering of economy (capital investment analysis), OR (operation research)	

<table>
<tr><th>Question</th><th>Evaluation</th><th>Remark (in legible letters, please!)</th></tr>
<tr><td></td><td colspan="2">(Others) Specify:</td></tr>
<tr><td>6. The advanced training course will include higher levels of factory tour and diagnosis. Do you have any suggestion or request for specific content of the factory tour and/or diagnosis?</td><td colspan="2"></td></tr>
<tr><td>7. Please specify your preference on the basic and advanced training courses.</td><td colspan="2"><table>
<tr><th></th><th>Basic</th><th>Advanced</th></tr>
<tr><td>1. Training period</td><td></td><td></td></tr>
<tr><td>2. Place</td><td></td><td></td></tr>
<tr><td>3. Instructor</td><td>Indonesian
Japanese
Other</td><td>Indonesian
Japanese
Other</td></tr>
<tr><td>4. Practical training</td><td>Indonesia
Overseas
Both</td><td>Indonesia
Overseas
Both</td></tr>
<tr><td>5. Affordable fee (for 10 persons)</td><td>Rp</td><td>Rp</td></tr>
</table></td></tr>
</table>

Results of Questionnaire V

[Average score]

Usefulness of the training program for future SME support service	Appropriateness of program management	Usefulness of factory tour	Usefulness of factory diagnosis
4.62	4.25	4.71	4.67

Explanations

1. The training program was highly valued, except for general management such as accommodation, receiving 4.5 or higher points. Thus, the training program achieved its intended purpose and succeeded in producing good results. Also, it is indicated that the factory tour and the field training on diagnosis are indispensable for the future program.

Other comments found in response to Questionnaire V

As for the question to ask for preferred subjects in the advanced course, if it is offered in the future, top five responses are listed as follows.

(Business administration)

1. Entrepreneurship	16
2. Product development	14
3. Information management	12
4. Corporate analysis through financial analysis	11
5. HR/labor management	10
Use of IT	10

(Production management)

1. Production management	14
2. Kanban system	12
Productivity improvement practice	12
3. CIM	11
Supply chain management	
4. New business development	10
OR	

In addition, several questions were asked about what they expect from basic and advanced courses if they are established in the future. Responses are summarized as follows.

	Basic course	Advanced course
Training period	1 month – 11 persons; 3 weeks – 7 6 months – 6 persons; 3 months – 6	2 weeks – 6; 1 month – 4
Place	In Indonesia, preferably Jakarta	In Indonesia, preferably Jakarta (other regions also)
Instructors	Mixture of Indonesian and Japanese instructors	
Training method	Few specific suggestions were made. Some cited 60% theory and 40% practical training.	
Affordable fee	Many prefer free of charge (paid by JICA), but some are ready to pay, ranging between 750,000 and 4 million rupiahs.	

4) Other evaluations

1. Questionnaire survey on the guest speakers (the form used for Questionnaire I survey)

	Easy to understand	Useful	Course material
Presentation by Ms. Alexandra, WAJA KAMAJAYA	4.74	4.65	4.54
Presentation by Mr. J. Elissa, GUNAWAN	4.59	4.53	—

Presentations by the guest speakers were received as the informative lecture partly because no interpreter was used and partly because they dealt with actual experiences.

2. Evaluation on the level of understanding of participants in the form of test

An achievement test was conducted for participants, consisting of 90 problems and lasting 3 hours and 30 minutes. It was partially modified in response to requests by participants as follows:

- To provide recess during the test.
- To extend the test period by 30 minutes.

(Test scores)

Highest – 69.2 points; lowest – 32.9; average – 53.2

60 or over – 8 persons; 50 or over and less than 60 – 7

3. Overall evaluation by instructors

The overall evaluation on participants was made on the basis of the following percentage distribution.

Achievement test score	50%
Evaluation by instructors during the class (participation, etc.)	20%
Evaluation by instructors during the field training (factory diagnosis)	30%
Total	100%

Based on the above results, each participant was graded on a scale of a hundred to determine his or her qualification as SME guidance officer.

Highest score – 84.6 points; lowest – 26.45; average - 62.25

Grade distribution

80 points or over	4
70 - less than 80	3
60 - less than 70	6
50 - less than 60	7
40 - less than 50	1
30 - less than 40	1
20 - less than 30	1
N.A	1
Total	24

Of 24 participants, 11 were selected according to their grade and were recommended as qualified personnel.

4. Attendance and attitude

During the 18-day training course, all participants attended.

All the participants arrived at class punctually and the class sometimes started 15 minutes earlier the official starting time.

They attended very attentively and listened to the lecture seriously.

Many questions were asked, often coming to the point.

They aggressively participated in factory diagnosis and followed procedures smoothly.

Overall, they were best among the past three TOT courses.

5. Conclusion

The training course is considered as highly successful, for the following reasons.

[1] In Questionnaire V (overall evaluation by participants), all respondents gave 4.5 points or higher.

Is the training content useful for future development of SMEs?	4.62
Is the field tour at the assembly plant useful?	4.71
Is the field training for factory diagnosis useful?	4.67

[2] The average overall grade of participants (results of the achievement test plus evaluation by instructors) exceeds 60 points.

[3] Participants attended at the class as well as field training very enthusiastically, with their attitude being improved with progress of the training course, and no one was absent or late for class. As a result, the class was conducted with strong concentration and motivation.

Chapter 6 Conclusion and Recommendations

Chapter 6 Conclusion and Recommendations

6.1 Background of HRD Committee's support and basic assumptions for recommendations

6.1.1 Training of SME development consultants (upgrading of the TOT implementation method and the relationship with the shindan-shi certification system)

(1) Background

Support activities of HRD Committee are expected to form a core element of activities conducted under this follow-up study. However, the board was not formally established as of January 2005, when the follow-up study was started. In fact, the board has to become operational and carry out activities on its own as of June, and therefore, the study team has been discussing and working with Directorate General of Small and Medium Scale Industry (IKM), which sends the largest number of staffs to the board and its secretariat, and the Working Group that continues its activities on a provisional basis.

Against this backdrop, while hoping for early and formal restructuring of HRD Committee in order to enable it to start substantial activities, the study team makes a set of recommendations for efficient and sustainable implementation of action plans relating to HR development for SMEs in Indonesia. As SME promotion and HR development were proclaimed as key issues at the government/private sector joint forum held in December 2004, it would be timely to support HRD Committee and its activities.

Among the items announced as principal activity goals of the board, the study team hereby proposes practical recommendations in the areas of "implementation of TOT" – which is expected to produce a high HR development effect when it is implemented on a continuous basis – and "database building, " which leads to the development of the environment to encourage and support HRD initiatives. At the same time, recommendations are made in the area of the shindan-shi system, which development is closely associated with the TOT system, with view to promoting complementary relationships.

(2) Rationale for SME promotion

In Indonesia, small enterprises often refer to a group of small businesses including microenterprises. In fact, IKM under the MOI formulates and implements promotion plans for small businesses that also embrace microenterprises. BPS's statistics mainly classify SMEs to two categories, i.e., medium-sized enterprises and small enterprises including microenterprises.

Generally speaking, however, promotion of microenterprises should be approached from social policy perspectives, such as eradication of poverty, social security, and job creation, which are often significantly different from economic policy objectives pursued in promotion of SMEs. More precisely, as microenterprises do not have a support organization to focus on efficient business activities, they cannot be effectively supported by SME diagnosis and guidance services, as contemplated in this study, "which primary purpose is to allow production and business activities to operate in an efficient and effective manner and in terms of division of labor."

A guideline issued by Director General of IKM to reinforce SMEs for vitalization of the Indonesian economy is consistent with the targets set in the SME HR development planning study that has been carried out since September 2003. While it is rather a far-reaching goal to achieve strong GDP growth by encouraging development of the small enterprise sector including microenterprises, its accelerated promotion can have significant socioeconomic impacts – in consideration of its position as the large employer – and should therefore form an integral part of the guideline. In particular, addition of support activities to promote development of microenterprises to small enterprises can lead to increased benefits of SME promotion policies and programs. Furthermore, support for microenterprises to achieve self-sufficiency may be desirable from the standpoint of national development as it creates external economy in the market system.

【SME support by industry, as seen in the results of the questionnaire survey】

The study team conducted the series of HRD demand studies, primarily targeting SME manufacturers, in 2004 and 2005. Different questionnaire surveys were conducted for supporting industries and other manufacturing industries, as the two sectors differ significantly in terms of industrial structure.

Consulting service for SMEs varies greatly. It is highly demanded by supporting industries, among other subsectors, because they struggle to make continuous improvement in areas of quality, cost and delivery schedule (QCD) in order to win and maintain long-term commercial relationships with assembly manufacturers. While promotion of supporting industries involves a high degree of necessity, it also serves as a major pillar of Indonesia's national development plan by driving industrial exports in the country where industrialization is positioned as an impetus for economic growth.

Major players of supporting industries are SMEs, not microenterprises. On the other hand, other industries have a higher percentage of microenterprises and vary greatly from one subsector to another in terms of adequate technology and market strategy.

Nature and content of consulting service varies with size of enterprise due to different characteristics between large and small companies. More precisely, subsectors consisting of microenterprises and small enterprises and those composed of larger enterprises are inherently different. While the former tends to be promoted under social development policy, such as regional development, creation employment opportunities, social security, and eradication of poverty, the latter is viewed as an important sector to lead the national industrialization process and its promotion forms an integral part of national efforts to reinforce the leading economic sector. Thus, these different industry groups should be promoted by different approaches and methods, each of which must be carefully considered to address varying needs.

(3) Present state of consulting service in Indonesia

1) Historical background on SME consulting service

Consulting service in Indonesia seems to be originated in construction and civil engineering. Then the scope of service has been expanding, including SME loan advisors and BDS consultants who are recently very active. As for consulting service relating to business promotion, management consultants primarily serve large corporations in the areas of auditing, market forecast, HR management, and financial management.

On the other hand, there are few engineering and technology-related consultants, such as production technology, production management, and quality control, in the private sector. Thus, consulting service in these fields is rendered by universities, public support

organizations such as MIDC (Metal Industry Development Center) and Balai Besar (technical guidance center under the MOI), instructors at polytechnic schools and educational foundations such as LPSM and YDBA. As for consulting service specialized in SME management, APEC-IBIZ's counseling system started three years ago but mainly offers consultation and guidance services relating to SME management, with focus on advice to prevent SME loans from turning into non-performing. Consultants working for the counseling system do not have technical expertise such as production management.

In the next section, the current state of consulting service for microenterprises is described and analyzed.

2) Historical background on promotion of microenterprises in Indonesia

In Indonesia, microenterprises account for approximately 90% of the manufacturing sector in terms of the number of establishments. Although they make a small contribution to value added, less than one tenth that by large corporations, they have significant socioeconomic impacts in terms of employment. The historical background on consulting service for microenterprises is as follows.

As discussed earlier, promotion of microenterprises in the country has been traditionally carried out from social policy perspectives. For instance, the central government established, in 2000, an organization called LPT in 15 states throughout the country. LPT started directed loans for small enterprises and microenterprises by using the government's special fund called the Revolving Fund. While extension officers were required to provide guidance and supervision to ensure loan repayment, many loans were turned into non-performing due to the lack of regulation to define responsibility of the loan supervisor. Many microenterprises were able to benefit from loans for a short period of time, but they lost everything due to bankruptcy.

Another well-known instrument established to promote microenterprises is BDS, which is mandated to provide service for microenterprises and small enterprises, organizations, and individuals. However, BDS does not take an approach to promote individual companies. Rather, its activity is characterized as regional development, which may trickle down to promotion of individual companies. Thus, BDS does not render management consulting service.

3) Problems relating to the traditional method for minor businesses promotion

Analysis of traditional programs to promote minor-businesses, which have been carried out by UPT, Balai Besar, and extension officers as part of SME promotion measures, raises a serious question about their effectiveness, e.g., most programs do not seem to produce measurable results, such as a significant rise in internal rate of return when program benefits are evaluated in a quantitative term.

The study team, therefore, proposes an alternative to the traditional social policy-oriented one. The new approach is to promote minor-businesses by applying consultation techniques to the smallest business unit, with an aim to produce measurable results in terms of business growth. Consulting service for microenterprises has ostensibly been provided as part of multi-faceted support programs. However, it has failed to produce results due to the lack of consulting ability of service providers, and/or, due to the failure to develop an effective method targeting microenterprises and their promotion.

The lack of the consulting ability is seen among extension officers, who are said to be extensively engaged in minor-businesses promotion programs. Many point out that they simply lack the ability to prepare or help prepare a realistic repayment plan for microenterprises that borrow from the Revolving Fund, or consulting skills to control waste in production or business management. During the past decade, at least, no program was executed to define the role of the extension officer and to upgrade skills by requiring qualification for related services.

In consideration of the above situation, the upgrading of extension officers' skills seems to hold the key to improved effectiveness of minor-businesses promotion programs. It should be noted, however, that the final goal is to promote minor-businesses, not to benefit extension officers. The upgrading of their skills is an approach to obtain desirable results.

4) Current state of SME consultation service in rural regions

At present, the central government is responsible for improving and maintaining quality of extension service, including the training of extension officers. As the decentralization of administrative power and authority progresses as planned, however, it will be delegated to local government. Unfortunately, however, local government in the country lacks expertise

relating to skills upgrading of extension officers nor experience or idea to nurture local consultants capable of providing guidance for individual companies. Moreover, some local government officials falsely believe that they are qualified to be engaged in SME promotion programs because of their university degree, or that BDS or cluster consultants can also provide adequate service for individual enterprises.

Needless to say, BDS and cluster promotion projects are designed for regional development, so that consultants responsible for these projects are inherently different from SME consultants. It is therefore important to realize that there are few consultants, if any, in rural regions, who can provide service required by SMEs. Also there is no program to train such consultants. Under these circumstances, a realistic and workable solution is to establish a new basic TOT program to teach and train extension officers the SME promotion method in a systematic way, thereby to upgrade their consultation skills. This way, they are expected to provide more effective guidance for minor-businesses, which will then be able to grow and become small enterprises. The new TOT program should aim to produce consultants who can identify and advise minor-businesses that are eager to grow, build a necessary organization, and/or are highly motivated to upgrade levels of technology. It is a focused approach, not serving minor-businesses uniformly.

Thus, the basic TOT program is an instrument to increase the number of SMEs that can contribute to national economic development. Promotion of minor-businesses as a general is out of the scope of its service.

Finally, the major duty of SME consultants is to help small enterprises with an unstable management base to evolve to those with sound management and medium-sized enterprises with strong vitality. Also, the advanced TOT program in rural regions is expected to contribute significantly to industrial promotion.

(4) Consulting needs of SMEs and microenterprises

As pointed out earlier, SMEs and minor-businesses in Indonesia require consulting service. The survey results indicate that SMEs are willing to pay for the training program that can lead to effective improvement of productivity and other aspects of production, albeit they are not free from financial constraint. In contrast, minor-businesses, which were not covered by the

questionnaire surveys, cannot afford to use consulting service because most of them appear to be in difficult financial conditions.

As for quality of outside consultants, the results of the questionnaire surveys indicate that many SMEs, which have previously retained an outside consultant, complain about “lack of ability to propose a realistic, workable solution” and “low level of expertise and experience.” Thus, there is a strong need to improve quality of outside consultants and their service.

In Indonesia, there are local SMEs that strive to meet strict requirements in terms of QCD from assembly manufacturers. They maintain high levels of production technology and workers are willingness to learn new skills. Consultants with poor skills cannot propose an effective solution to these SMEs. In particular, there is a serious shortage of experts specialized in production management, because Indonesia does not have a training program to teach systematic consulting skills and techniques. As a result, only engineers who have long experience at a world-class factory or who work at an engineering or other research organization are qualified to provide high quality service demanded by SMEs. The word “experts” is used here to distinguish them from consultants. They differ greatly in terms of required ability and scope of service. SME consultants must have sufficient expertise and experience to make up for the lack of management resources (not limited to production management) often faced by SMEs. On the other hand, experts are capable of providing professional service in a certain area of specialization.

(5) Scope of activity for consultants

As promotion of SMEs and human resource development are defined as important policy agenda in the highest-level national development plan, SME consultants are expected to play an increasingly important role in driving the national development process. Their responsibility should extend to smaller enterprises including microenterprises.

As discussed earlier, minor-businesses cannot afford to hire private consultants due to financial constraint. On the other hand, SMEs have relatively strong needs for qualified consultants, but many of them do not have a sufficient financial capability to hire them. Thus, the government should provide financial assistance for these companies to pay the consulting service fee, in whole or part. Needless to say, consulting service is expected to become an independent, viable business in the future, if the number of qualified consultants is to increase

substantially. To nurture the consultant community, their customers, SMEs, need to develop financial capability to support the industry. In turn, provision of the environment to foster qualified consultants is essential in promoting healthy growth of SMEs.

Companies usually start as minor-businesses, which grows to a small enterprise, and then to a mid-sized enterprise. As they evolve and grow in size, some of them become competitive in the international marketplace by improving their ability to meet the OEM standards. As discussed in (4) above, there is a shortage of consultants who have profound knowledge and experience in specific fields. It is also impossible to train such consultants over a short period of time. A realistic solution is therefore to establish clear qualification standards for consultants and provide systematic training for candidates to acquire necessary skills to meet such standards.

6.2 Conclusion and Recommendations

As a result of scrutinizing the contents of the action plan for HRD committee proposed by the Study (in 2004), it is understood to modify a part of methodology so that much more efficiency may go up to the HRD for SMEs.

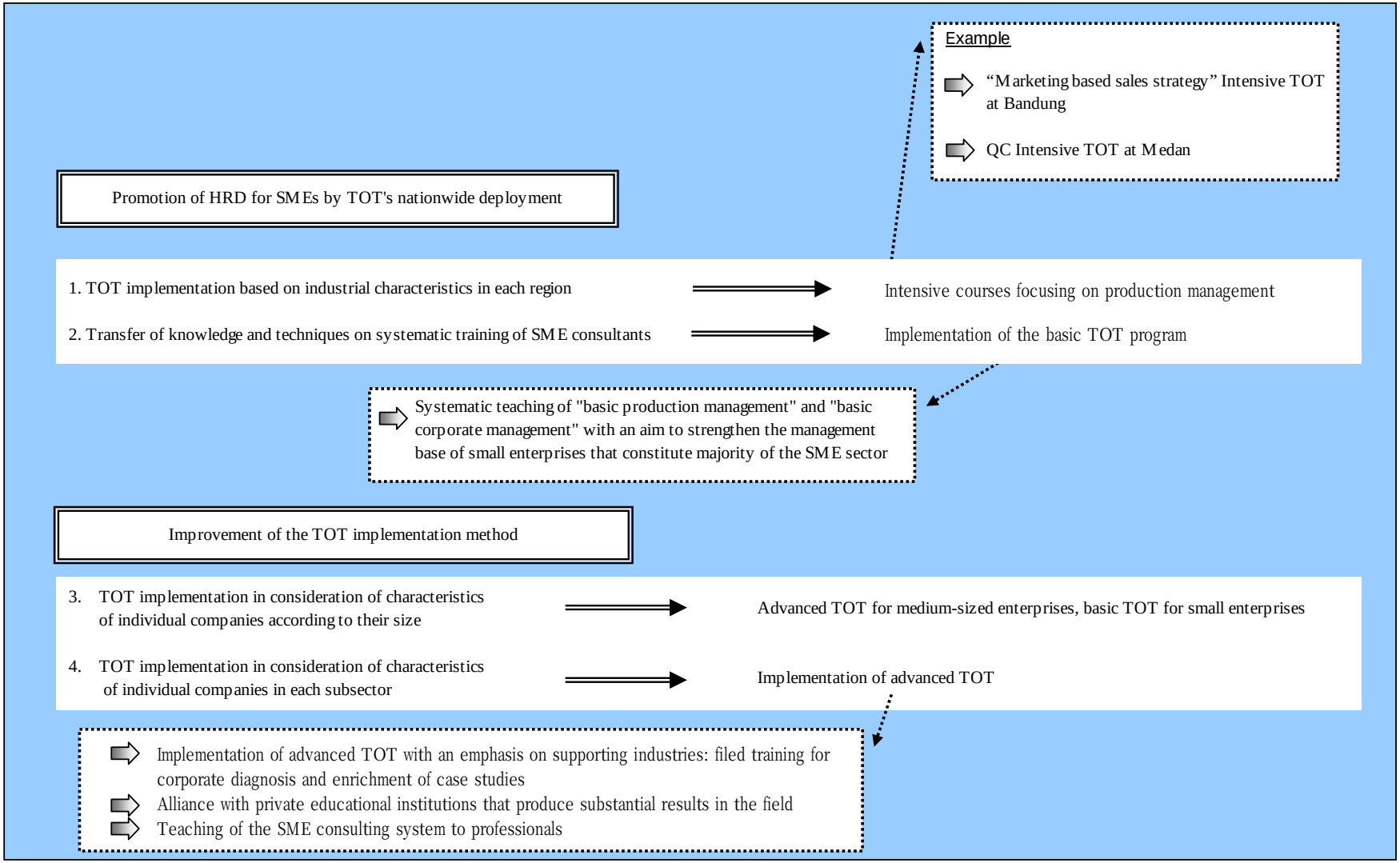
A recommendation divides roughly and consists of two following themes.

1. Recommendation targeting to realize more effective/rapid-acting output
2. Recommendation to develop “SME network” to improve environment for HRD of SMEs

6.2.1 Revision of TOT Curriculum

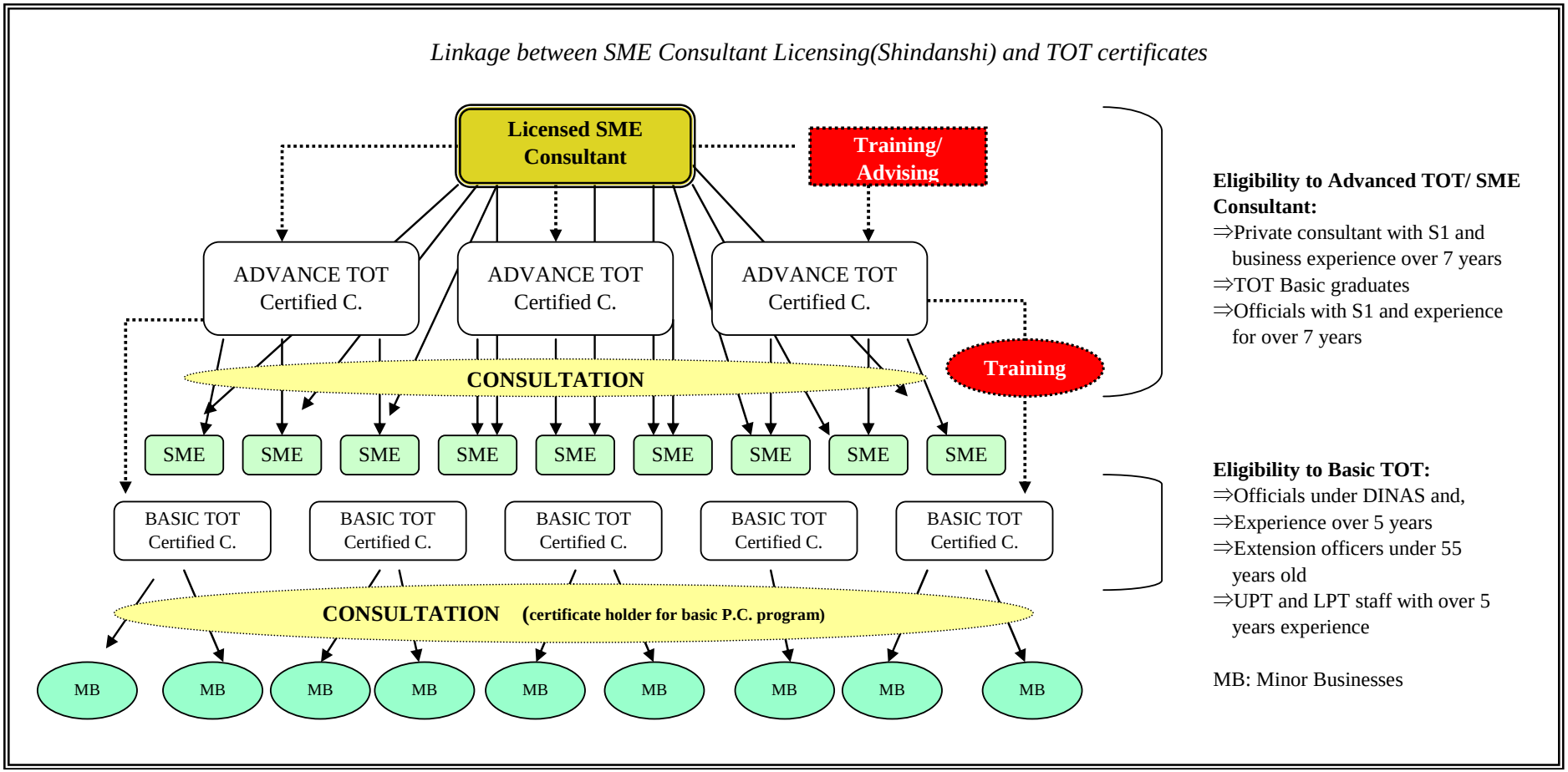
Fig. 6-1 summarizes recommendations relating to human resource development for SMEs by focusing on the improvement of the TOT implementation method, together with the training of SME consultants (led by “SME shindan-shi”). Primarily, licensed SME consultant who has finished Shindanshi nurturing program will assume a roll of supervisor of SME consultation and diagnosis (shindan). And the licensed SME consultant instructs SME advisors who have finished TOT basic and advance course. TOT graduates (SME advisors) engage in the counseling and training services of SME or Minor business according to the respective abilities. These are the concept of Figure 6-2.

In addition, Fig. 6-3 shows an alternative proposal that is defined as an emergency measure program that places expectations on the ability of local government to execute the program and its immediate benefits. Fig. 6-3 introduces an effective structure to promote concentrated industry at rural area by SME advisors who have finished TOT program that has special production control courses focusing in the regional industry. In this concept, both SME advisor and SME consultant work together to promote regional SMEs. Meanwhile, the SME support system shown in Fig. 6-2 is highly desirable to help SMEs in the country to overcome their structural weaknesses, and an implementation body to operate and management the system should be organized from medium- and long-term perspectives.



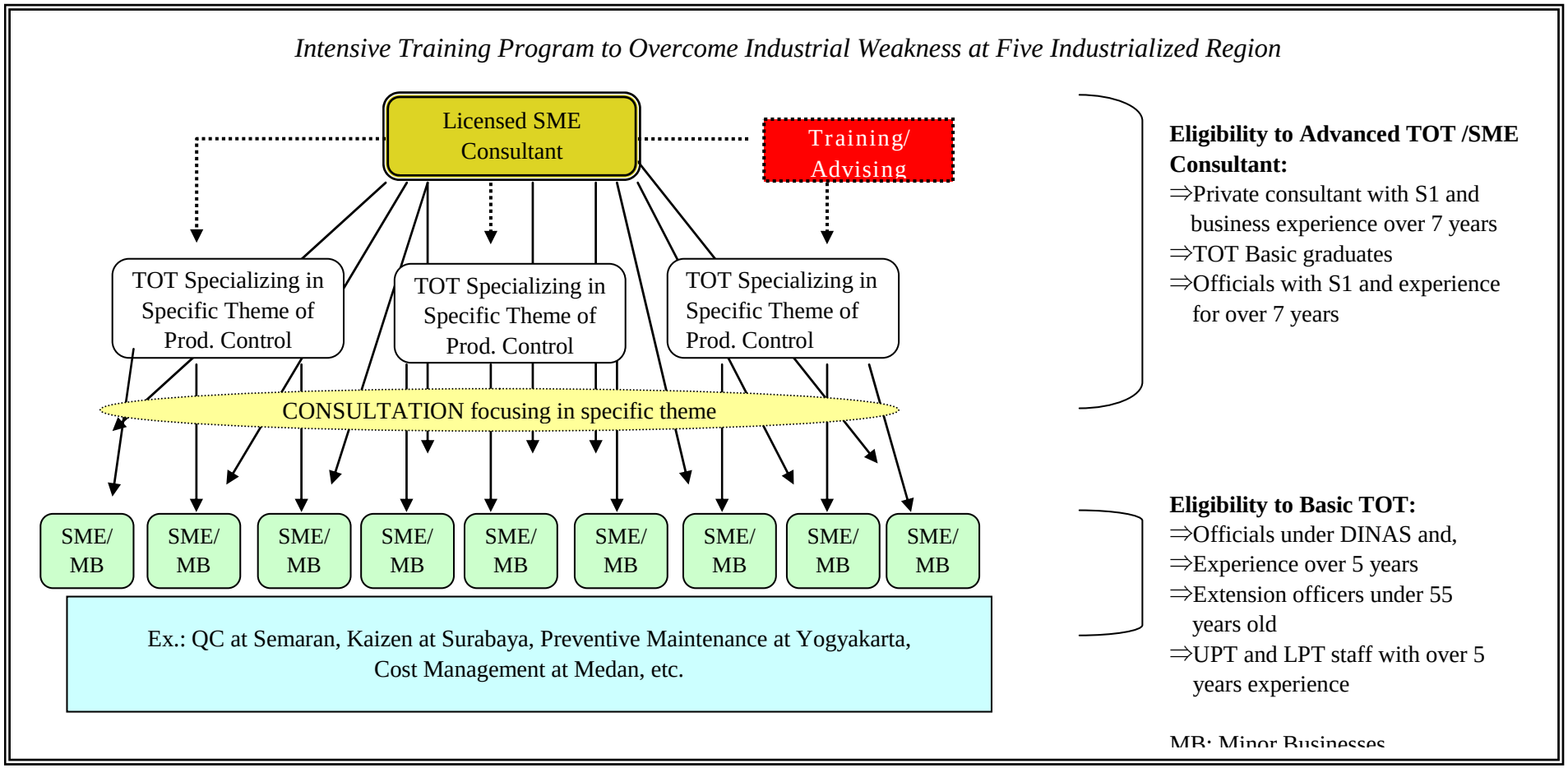
Source: JICA Study Team

Fig. 6-1 Structure of a new TOT Implementation Method



Source: JICA Study Team

Fig. 6-2 Target Scale of Enterprises for Consultation and Linkage between Shindan-shi System and TOT Program



Source: JICA Study Team

Fig. 6-3 Intensive Training Program at Off-JABOTABEK Industrialized Region

(1) Delineation of TOT courses and their purposes

1) Basic TOT course

a) Purpose

The purpose of the basic TOT course is to learn basic knowledge on management consultation and key points in corporate diagnosis.

Production management techniques will also be covered. By combination of lecture and practical training (workshop/seminar), the course will emphasize basic and workable techniques, rather than advanced ones, which can be quickly and effectively adopted by microenterprises, such as the 3S rules, and inspection and acceptance methods and schedules. A proposed syllabus for the basic TOT course is presented in Annex-II.

b) Eligibility for participants

The basic TOT course can be participated by technical staffs with work experience of five or more years and academic ability of D3 or higher, including EOs of DINAS, technical staffs of UPT and Balai Besar. The course will not accept administrative staff under any circumstances. There is a tendency to use the TOT as a means of a government official's career improvement training program. This is the first principle to reject participants who do not engage in the direct consultation activity to SMEs.

c) Qualification for TOT instructors

TOT instructors should be selected from professional consultants, who have completed the advanced TOT course, who are qualified as the basic TOT course instructor in terms of knowledge ad practical experience, and who are certified by HRD Center for SME or LPTC (Labor Productivity Training Center). Candidates include the following persons:

MIDC’s technical staff, who are recommended by MIDC’s general manager

POLMAN’s instructors in quality control, who are recommended by their supervisors

d) Recommended incentives for TOT instructors

It is recommended to provide the following incentives for TOT instructors.

☆ Compensation for instructors who are not government employees

☆ Automatic eligibility for the SME consultant training program[1]

☆ Payment of a special allowance for instructors who are government employees

☆ Opportunity for private enterprises and educational institutions that send instructors to make social contribution

e) Duties and privileges for persons who have completed the basic TOT course

- A certificate of completion of the Basic Production Control Program
- Graduates of the basic TOT course can visit and provide guidance for selected companies (determined according to the ability and the service area) under DINAS's microenterprise promotion plan.
- They also can hold a short course for basic production management for local microenterprises.
- Payment of a special allowance for field guidance (to be paid on the basis of strict performance evaluation, possibly under specific conditions, such as preparation and submission of a report describing a general outline of field guidance and its results.

f) Promotion of use of the consulting service system as public service

The proper training of qualified consultants is not an end in itself. Effective use of their ability and service is an important step for promotion of microenterprises. To promote a wide use of consulting service rendered by professional consultants, the following promotional activities will be carried out.

- Information/intermediary service to promote use of the consulting service system through the SME Network (described later; tentatively named)
- Direct promotion to trade associations and their member companies
- Publicity through media
- Use of DINAS's PR publications

g) Follow-up survey on TOT graduates

As the ultimate goal of the TOT program is to encourage development and growth of SMEs, it is important to check performance of TOT graduates on their SME promotion and

[1] The SME consultant is positioned at the highest level in the hierarchical structure shown in Fig. 6-1.

consulting services after completion of the training program and to provide feedback for future improvement of the TOT program.

It is therefore recommended to conduct a follow-up survey around six months after the TOT course, which should contain the following questions:

- Organization/department
- Service area
- Corporate guidance record: _____ companies (period)
- Area of specialization (if any)
- Classification of SMEs for which corporate diagnosis and guidance has been provided (microenterprises/small enterprise - ___ companies; medium-sized enterprises - ___ companies)
- Improvements relating to field guidance after TOT implementation
- Current issues relating to diagnosis and guidance
- Desirable improvements relating to the future TOT program
- Any suggestion, request or opinion on the training program and it content

Follow-up of TOT graduates is also indispensable when preventing using this program as a means of a government official's carrier improvement. In this reason, it is better to request TOT graduates to submit activity report annually. As a rule, his or her boss shall be brought to justice because of the unsuccessful instruction performance.

2) Advanced TOT course

a) Purpose

The advanced TOT course is designed to teach the fundamentals of SME diagnosis and guidance, in a systematic way, to technical experts who have work experience and basic knowledge on corporate management and production. It aims to transfer SME diagnosis techniques to persons who are engaged in SME promotion and to make them realize the difference in perspective between highly specialized experts and SME consultants.

Participants are expected to acquire the levels of skills required by advanced-level consultants for microenterprises, capable of providing guidance and training for small enterprises. In particular, SMEs in supporting industries strive to meet the QCD requirements by customers to compete in the market, and their consultants need to propose

a solution to enable them to meet the goal. As discussed earlier, it is very difficult, if not impossible, to train qualified consultants from the scratch through a short-term TOT course. Instead, it is more realistic to train specialists in a specific field, e.g., production technology, business management or financial management, by teaching a required set of SME consulting techniques. The basic concept of the TOT course is to bring experts, as defined earlier, closer to SME consultants by teaching them skills and techniques required for SME promotion. Draft syllabus for the advanced TOT course is shown in the Annex-III.

b) Eligibility for the advanced TOT course

As for consulting skills required for SMEs in supporting industries – particularly in the field of production management – engineers and workers of many SMEs have higher knowledge and skills than specialists sent by government, who are therefore unable to provide proper consulting service in many cases.

While SMEs supplying authorized parts to large assembly manufacturers receive technical assistance or audit from their customers, SMEs in supporting industries, which primarily serve the aftermarket, do not receive such support. Thus, it is the latter group of SMEs that should be served by SME consultants, for they do not have access to consulting service. For those SMEs that supply products to the aftermarket, it is desirable to establish stable relationships with assemblers by meeting the QCD requirements. As a result, they have to be served by qualified consultants who can help them to improve their compositeness in the world-class market.

To train SME consultants who have sufficient skill levels to provide consulting service for SMEs in supporting industries for the purpose of assisting them in meeting strict QCD requirements, participants should have sufficient work experience. Furthermore, it is unlikely that individual engineers want to receive professional consultant training, participants should be recruited from public organizations (such as Balai Besar, MIDC, CEVEST, and BTTP) and non-profit educational foundations (such as YDBA and LPSM). Other qualifications are proposed as follows.

- Government employees and other persons who have work experience of five years or longer and have educational background of S1 or equivalent

- Persons who have five years or longer experience in R&D activity and have educational background of S1 or equivalent
- Persons who have completed the basic TOT course with the grade above the overall average for all participants

c) Qualifications for instructors

As instructors of the advanced TOT course are expected to provide training and guidance that meet the requirements defined in 2) above, they have to meet at least the following qualifications.

- Research specialist and other persons who have work experience of five years or longer and have educational background of S1 or equivalent
- Technical officials who have five years or longer experience in R&D activity and have educational background of S1 or equivalent

While persons who have the shindan-shi certificate may serve as instructors in the future, senior technical officials of MIDC and POLMAN, instructors of universities and research institutes, and those of BPPT (Agency for Assessment and Application of Technology)[2], LPSM and YDBA should be appointed at the initial stage of the advanced TOT program. In particular, training in management fields may be assigned to APEC-IBIZ that maintains and operates a systematic training curriculum. In fact, APEC-IBIZ is willing to establish a collaborative relationship.

d) Recommended incentives for TOT instructors

It is recommended to provide the following incentives for instructors of the advanced TOT course.

- ☆ Compensation for instructors who are not government employees
- ☆ Registration as a person qualified for the SME consultant training program
- ☆ Payment of a special allowance for instructors who are government employees
- ☆ Issuance of a certificate of commendation or a letter of appreciation for social contribution to private enterprises and educational institutions that send instructors

[2] BPPT has started consulting service to provide technical assistance for SMEs. It consists of engineers and other staffs who have studied overseas and possess technical expertise.

e) Duties and privileges for persons who have completed the advanced TOT course

- A certificate of completion of the Advanced Production Control Program
- Graduates of the advanced TOT course are qualified to provide guidance for consultants who have completed the basic TOT course and are engaged in promotion and guidance for microenterprises.
- Graduates, who have obtained an above-average score at the achievement test conducted at the end of the TOT course and who are recommended by the HRD Committee, become eligible to participate in the SME consultant training program
- Payment of a special allowance for corporate diagnosis and guidance to be paid on the basis of strict performance evaluation, at a higher rate than graduates of the basic TOT course

f) Follow-up survey on TOT graduates

As the ultimate goal of the TOT program is to encourage development and growth of SMEs, it is important to check performance of TOT graduates on their SME promotion and guidance services after completion of the training program and to provide feedback for future improvement of the TOT program. In addition, it is requested to keep the principle to avoid governmental official who do not engage direct promotion activity to SMEs.

It is therefore recommended to conduct a follow-up survey around six months after the advanced TOT course, which should contain the following questions:

- Organization/department
- Service area
- Corporate guidance record: _____ companies (period)
- Area of specialization (if any)
- Classification of SMEs for which corporate diagnosis and guidance has been provided (microenterprises/small enterprise - ___ companies; medium-sized enterprises - ___ companies)
- Improvements relating to field guidance after TOT implementation
- Current issues relating to diagnosis and guidance
- Desirable improvements relating to the future TOT program
- Any suggestion, request or opinion on the training program and it content

3) SME Shindan-shi training course

a) Purpose and outline of the course

SME shindan-shi will be mandated to develop and strengthen the management consulting service market that can support a sufficient pool of private consultants and provide management capabilities and resources that SMEs often lack. Furthermore, shindan-shi is positioned as the highest rank professional in the SME consultant community, above consultants who have received training at the basic and advanced TOT programs, and will be responsible for SME guidance and training activities throughout the country.

At the same time, shindan-shi is required to have ever high knowledge and skills to meet the needs derived from SME management that becomes increasingly complex and sophisticated.

As a result, the shindan-shi training system should aim to upgrade capabilities and skills required for shindan-shi in key areas relating to latest business management, including practical knowledge and skills.

For the development of the SME shindan-shi certification system and training program, the working group has been organized and prepares for implementation under guidance and advice of JICA resident experts. (See a detailed work schedule up to implementation in Fig.6-4.)

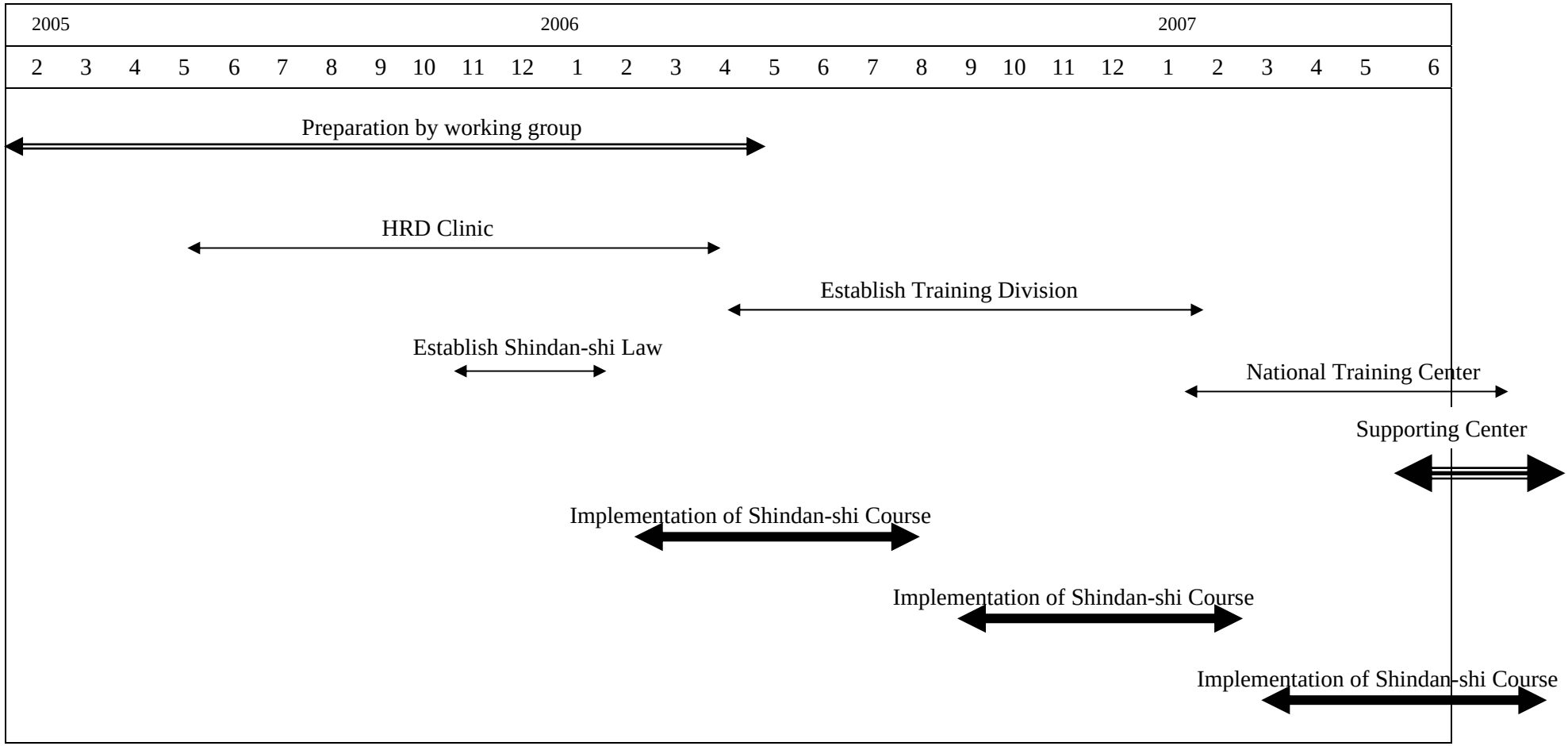
4) Intensive courses focusing on specific fields of production management

Industrial areas are characterized by local concentration of subsectors that enjoy location or other competitive advantages by situating in a specific area. Primary examples are leather and rubber products and textiles (batik), and silversmith in Yogyakarta, and textiles and machined parts in Bandung. These industries want information that is conducive to their business growth. For instance, market trends on consumer goods, such as textile and garment, are the major concerns for manufacturers. For suppliers of machined parts, information management strategy (including collection of technical information required for compliance with applicable OEM standards) and total quality control (TQC) are indispensable. Also, an industrial area consisting of food processors may want TOT training in the areas of quality control and hygiene management, which are also important for the

interest of consumer protection. Thus, there are a number of topics/themes required or suitable for a specific subsector.

In particular, for nationwide deployment of the TOT program, it must be designed and implemented in a way to meet the needs of local industries. Thus, the TOT program focusing on a specific topic/theme demanded by local industries is considered to be effective in invigorating them.

Participants in the shindan-shi training program are expected to learn a general outline of SME consulting service as well as a specific topic/theme in class and apply learned knowledge to practical training that is held at model factories in the form of workshop and case study.



Source: JICA Expert stations at IKM, 2005

Fig. 6-4 Tentative Schedule for Developing Shindan-shi System

5) TOT's nationwide deployment program II

a) Training of consultants specialized in fostering small enterprises and microenterprises (including startups)

While local governments generally have a serious doubt about the ability of consultants to provide guidance and training for local SMEs and microenterprises, they have no way to train consultants capable of making up for management resources that SMEs often lack.

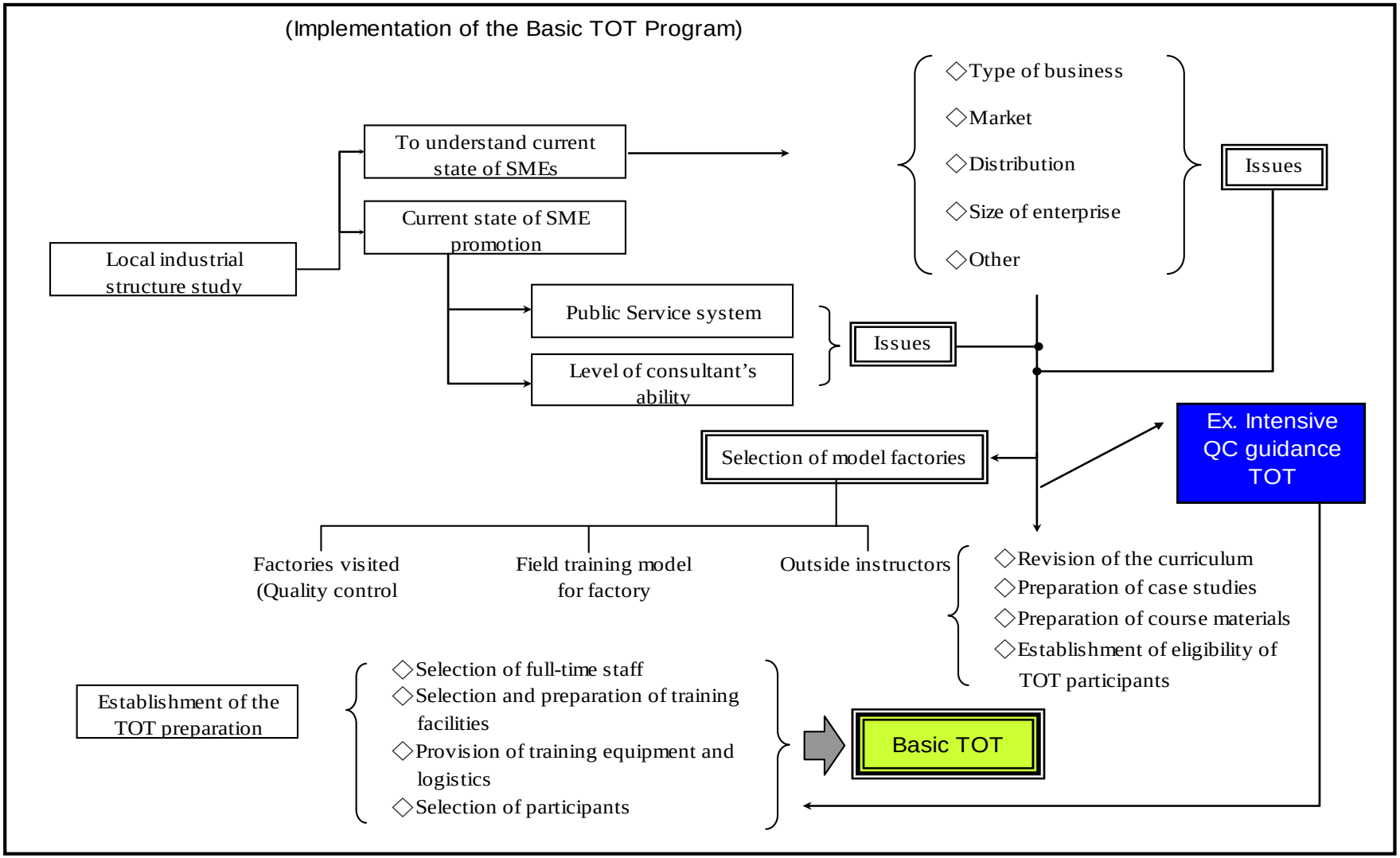
Many local government officials expect that BDS consultants or cluster development consultants render corporate diagnosis and guidance services, but they generally confuse "BDS/cluster development consultants as a regional development expert" with "SME consultants capable of addressing issues facing individual companies."

In Indonesia, there are around 2.3 million microenterprises in the manufacturing sector alone, and a number of them have been forced to discontinue production as they cannot receive much-needed assistance or support from local government. Many of them could be saved by teaching a simple accounting or financial management method and/or basic quality control techniques. Some local governments send university graduates with no work experience to microenterprises as a consultant and expect that they will become professional consultants through hands-on experience. This is nothing but nuisance for companies that need truly professional service, and it is impossible to make consultants without well-organized guidance and training. At the same time, given the progress of decentralization in country, stable supply of consultants who can underpin SME promotion efforts (including microenterprises) holds the key to vitalization of local economies and thus makes a high priority project.

If both basic and advanced TOT courses are started up simultaneously, the advanced TOT course will take much longer time for preparation, especially selection of instructors. It is therefore recommended to implement basic TOT courses in model areas, which focus on promotion of microenterprises, in an attempt to create an immediate effect. The program therefore proposes implementation of a priority project to meet the urgent need for the basic TOT program in rural regions. More precisely, selected industrial areas are designated as model areas for the TOT program to train consultants specialized in providing guidance and training for microenterprises. In each model area, the basic TOT course will be implemented under partnership with the local government.

It should be noted that the basic TOT course requires a reasonable preparatory period for several reasons including: (1) field training on corporate diagnosis is conducted in cooperation of various factories; (2) a prior study needs to be conducted to identify and analyze a local industrial structure and characteristics; (3) an organization responsible for implementation of the TOT program needs to be established in collaboration of local government; and (4) availability of local consultants needs to be confirmed. Nevertheless, its preparatory work takes a shorter period of time than that for the advanced TOT course, and its effectiveness appears to be highly promising. As the ultimate goal of the TOT program is to enable and empower SMEs to accomplish their business objectives, actual performance of consultants who have completed the TOT course should be monitored in the form of follow-up survey, and the results should be delivered to the TOT program for continuous modification and updating of the course content, as discussed in (2) above (advanced TOT course).

See Fig. 6-5 “Small Enterprise Consultant Training Program in Industrial/Model Areas (Implementation of the Basic TOT Program.”



Source: JICA Study Team

Fig. 6-5 Small Enterprise Consultant Training Program in Industrial/Model Areas

b) General outline of the program to improve the ability of local SME consultants

- Preparation period for implementation of the basic TOT course, including the local industrial structure study

1. Preliminary study on the local industrial structure through literature research and discussion with DINAS (2 – 3 weeks)
2. Interview surveys of selected companies (3 weeks)
3. Selection of model companies and negotiation/discussion with factories (2 weeks)
4. Preparation of the revised curriculum, case studies, and course materials (3 weeks)

- Preparation period for DINAS (after the establishment of the preparation office and the appointment of full-time staff)

1. Selection of training facilities
2. Provision of training equipment
3. Selection of participants and confirmation on intent to attend

} 1.5 months

- Number of participants of the basic TOT course: Around 20
- TOT implementation period: Around 3 weeks (in the case of a training camp: 5 days/week x 3 – 4 weeks; no lodging – 6 days per week x 3 – 4 weeks)

【Key points】

Based on the study team's experience in the TOT course held in Jakarta, the project should allow for sufficient time for preparation by the counterpart (DINAS). In particular, it takes considerable time to establish the preparation office (tentatively named) and secure a project budget, and these preparations by DINAS should preferably be completed before the study team arrives for field survey.

If the local preparation work is not completed when the study team holds a preparatory meeting with local government, the study team should return to Japan and revisit when all the local preparations are completed.

As the ultimate goal of the TOT program is to enable and empower SMEs to accomplish their business objectives, actual performance of consultants who have completed the TOT course should be monitored in the form of follow-up survey, and the results should be

delivered to the TOT program for continuous modification and updating of the course content, as discussed in (2) above (advanced TOT course).

6.2.2 Building of the SME database and its enhancement to the SME network

(1) Rationale (effective use of the database)

To achieve the purpose of the SME HR Development Center, the SME database should go beyond the government's information source for SME-related administration and should be used more effectively and widely. This is therefore to propose the development of the SME network that can also be accessed by SMEs.

The establishment of the SME Network (tentatively named) will lead to a significant increase in the number of enterprises, which will in turn allow government service to improve and benefit more and more companies. Thus, the network will serve as a starting point for the multiple effects.

Registration of SMEs in the SME Network can be promoted by making database registrants accessible to relevant government service, which would therefore work as incentive.

Key point 1:

- If the database is designed and managed for the administrative purpose of keeping track of SMEs, it will be difficult to increase the number of registrants.
- Efforts should be made to ensure efficient collection of SME data.
- The design concept of the database system varies greatly according to the perceived advantage of database buildup.
- Stored SME data should be used for government serving aiming at SME promotion.

Key point 2:

- The SME database will allow the government to understand the accurate state of SMEs and plan more effective promotion programs that address the issues facing them.
- The database will also allow the government to establish the statistical base for SME subsectors by obtaining population data.

1) The current state of the database system operated by the Ministry of Industry

The MOI has recently installed its own Web site (http://www.deprin.go.id/) in cooperation with JICA and its main content is summarized as follows.

Home	*Organization*	*Business*	*Regulation*	*Technology*	*Publication*	*Statistics*	*Links*

In "Regulation" holder, information on laws and regulations relating to exports and imports, standards, and company registration. "Business" holder contains databases on companies, exporters and importers. Note that data and information contained in each holder does not necessarily cover SMEs.

Also, the company database registers only 500 companies. There are several reasons for this, including the failure to collect information from local governments and the lack of linkage with private trade associations. As a result, the database covers less than 1% of SMEs in the manufacturing sector, totaling nearly 2.7 million. While all company data need not be published in the proposed network, it is preferable for government and its service to register as many enterprises as possible.

Weaknesses of the MOI's network are twofold: (1) shortage of operation and maintenance staff (only four people can accomplish any task less than satisfactory)[3]; and (2) lack of system power and capacity in terms of processing speed, hard disk storage capacity, network environment[4].

2) Expansion of the database

As pointed out earlier, the present database covers less than 1% of companies that constitute the statistical population.

The small number of system operation and maintenance staff is busy with database and Web site management and has no time nor ability to promote enhancement of the company

[3] Various departments of IKM have been developing and operating a variety of software including training guidelines and curriculum information, while there seems to be a significant duplication of activities without coordination, such as data input and SME promotion activities. This is not only inefficient but inconvenient due to the decentralized data management.

[4] NAFED under the Ministry of Commerce has implemented a network system capable of providing hosting service as well as on-line learning service. If an effective linkage is made with NAFED's system, quality of service for SMEs is expected to improve significantly.

database. Company data are collected by the MOI's local offices and DINAS, but it does not progress smoothly and data are often provided in a written form. Meanwhile, a large number of trade associations are organized and maintain their membership lists or databases, including GAIKINDO, GIAMM (Indonesian Automotive Parts & Components Industries Association), EEAI (Indonesia Electronic and Electrical Appliance Industries Association), and APLINDO (Indonesian Foundry Industries Association). If an arrangement can be made to establish collaborative relationships with these trade associations, data collection and maintenance can be made in an efficient manner (in particular, updating and addition of company information). Furthermore, the establishment of Web links will help increase access to Web sites of related parties.

(2) Strengthening of the SME HR development and SME promotion services through networking

Networking can facilitate the following services and functions.

a. Effective communication of administrative information
b. Introduction of new technologies
c. Publication of and discussion on requests and opinions from SMEs
d. Access to existing networks
e. Promotion of IT use to SMEs
f. Provision of intellectual properties
g. Execution of education and training services

1) Effective communication of administrative information

Networking will facilitate publication of various programs targeting SMEs and applications via the network. Given a variety of programs offered by different departments, few IKM staff grasp an overall picture.

Once a linkage with local governments is established, promotion of directed loan programs offered by different local governments as well as information on application procedures could be effectively communicated to SMEs.

2) Introduction of new technologies

Networking will enable the MOI and outside research organizations to provide technology information, while gaining access to overseas information sources. For many

Asian countries, it is desirable to attract SMEs from industrialized countries, which possess sophisticated machining and other technologies needed badly by local SMEs. In particular, Indonesia has a strong need to promote such SMEs, together with the training of skilled workers, which takes considerable time and money. Clearly, attracting SMEs having advanced production equipment and techniques and promoting their collaboration with local companies is effective in promoting technology transfer and dissemination to SMEs throughout the country.

3) Publication of and discussion on requests and opinions from SMEs

At present, it is doubtful as to whether the government can directly hear opinions of SMEs. While large trade associations and cooperatives such as KADIN function as interest groups to make their requests reach the competent ministry, SMEs in subsectors that are not well organized do not have any means to make their voice heard by the government.

IKM of the MOI faces the similar situation. It has little connection with trade associations and des not appear to understand what industries and individual enterprises need and want accurately.

4) Access to existing networks

In consideration of size of Asian economies and their industrialized technologies that are increasingly sophisticated, it is very difficult, if not impossible, for an industrial sector in a single country to possess and maintain all technologies that it needs for production. Instead, industries in Asian countries need to establish a specialized technology base in each industrial area (concentration), which then form a regional technology base by building complementary networks of industrial technology sources that are scattered in Asia. As international exchange of technology information increases globally, it is feasible for SMEs and related industries in Indonesia to participate in such networks.

5) Promotion of IT use to SMEs

The division of each DINAS in charge of SME support will install a computer terminal, which will be made available to SMEs for network access, while hiring instructors for operational guidance. This aims to promote use of computer networks and services that are available through them. The study team estimates that Internet connectivity of SMEs in Indonesia is lagged behind that in other East/Southeast Asian countries where it has

conducted SME-relates studies, such as the Philippines, Thailand, Malaysia, and China. It is partially due to a delay in construction of the communication infrastructure including service providers. At the same time, efforts should be made to encourage use of the Internet and related service, which has become a powerful tool for SMEs to survive and grow in the increasingly globalizing business environment. And it is important to provide a variety of services that give incentive to SMEs for the Internet use, as well as a campaign to advertise advantages of networking and network use.

【Promotion of IT use by SMEs and development process】

SMEs are slow in introducing computers and IT resources in the IT propagation process. Indonesia is no exception to this. However, the low rate of IT use does not necessarily mean that there is no need for IT-based administrative service for SMEs. For this reason, it is important for the government to take initiative in providing and promoting network services as part of efforts to enable SMEs to meet requirements in the globalizing market.

Generally, propagation of IT among SMEs progresses through the following steps.

1. Lack of interest in IT
2. Building of IT infrastructure (for computerization of present business processes)
3. Start of IT use as the means to implement business strategy
4. New business development through innovative application of IT

At present, SMEs in Indonesia appear to be in the first step of the IT propagation process.

6) Provision of intellectual properties

Today's manufacturing industries, especially supporting industries, are facing increasingly intensive competition in the international market. The key factor for SMEs to maintain competitiveness is to train and retain highly skilled workers. However, it is currently a critical area of weakness for SMEs in Indonesia, as they not only face a serious shortage of engineers and technicians but also do not have time and resources (especially instructors) to teach production techniques and skills to young workers.

A workable solution to ameliorate the situation is documentation of production techniques and skills possessed by skilled workers in order to prepare manuals containing standard work practices and procedures. Such manuals should then be made available to

SMEs via the Internet-enabled network. Again, this project requires government assistance to ensure efficiency and effectiveness, because documentation of standard manuals would benefit SMEs as large by increasing the number of SMEs that gain and maintain competitiveness in the globalizing business environment. Government assistance is particularly important for SMEs operating in rural regions or cities, as the network can help SMEs to gain quick access to useful information that would otherwise be difficult to obtain.

As an example of standard manuals proposed above, Appendix REF-VI introduces an excerpt from an manual designed for intensive training of workers in the manufacture of plastics molds, which was created as part of the project entitled "the Development of the Infrastructure Supporting Workers Engaged in Mono-zukuri (Making of High Quality Products by Distinguished Workmanship)" initiated by the Japan Small and Medium Enterprise Corporation.

7) Execution of education and training services

BPPI (Trade Training Center) has already implemented a high speed, broad bandwidth communications network system that can provide on-line-training service offered by foreign sources. As it is not realistic to introduce a similar system for the purpose of establishing the SME network, the study team proposes an effective use of BBPI's system to allow SMEs to experience benefits of networking.

Thus, a realistic approach to the development of the SME network is to start with compilation and publication of training manuals and work standards prepared by various sections of IKM (see REF-VI), which can be useful and beneficial to both local governments and SMEs.

(3) Conceptual design of the proposed Web site for SME service and its content

The conceptual Web site design, which has contents introduced in 1) through 7), is illustrated below.

	List of support services
	SME/microenterprise support programs
	Consultation desk
	Links to Web sites relating to latest technology information
	B-to-B information exchange window
	Web training (members only)
	Search engine for Web sites of individual companies
	Database on professionals in the field of SME support
	Other links

(4) Conceptual design of the SME network

The conceptual view of the SME network development and building process is presented at the end of this chapter

- Relationship between the SME network and the SME database (REF-VI-2)

  Role of the HRD Committee, installation of computer terminals at local government offices, the establishment of the SME database, and special services for member companies
- Conceptual view of the database system architecture (REF-VI-3)

  Database software and system architecture
- Conceptual design of the SME network (REF-VI-4)

  Establishment of two-way communication between SMEs and the HRD Committee
- Functions of the consultation desk service as part of the SME network (REF-VI-5)

  Establishment of an information desk to answer questions and provide advice for SMEs, together with the Web training function

  Building of the on-line training system connecting key facilities throughout the country

  Establishment of the on-line training system in collaboration with overseas counterparts and foreign aid organizations
- SME network development schedule (REF-VI-6)

  An overall schedule from development to inauguration of service

Manual for Intensive Skills Upgrading (Sample)

Objective, general outline, and intention

1) Objective

This manual is designed to help skilled workers to gain comprehensive knowledge on the filed where they work, while giving them an opportunity to deepen self-respect for their own skills as well as a sense of professionalism and to take new challenges in standardization and quantification of their knowledge and skills and in learning related technologies and skills.

2) General outline

- The manual covers the entire process of die/mold design and making, ranging from design of plastics molded products to design, manufacture and inspection of plastics molds.
- Generally, the manufacture of dies and molds is an important element of the entire process and should be emphasized in this type of manual. However, this manual describes the design process in detail in an attempt to help workers to understand the design process fully before starting the manufacturing operation. It is important to remember that the design process governs final workmanship.
- Note that the organization of the manual is arranged according to the standard work procedures adopted by a number of companies, and we must admit that it does not necessarily accord to the work process of every company.

3) Intention

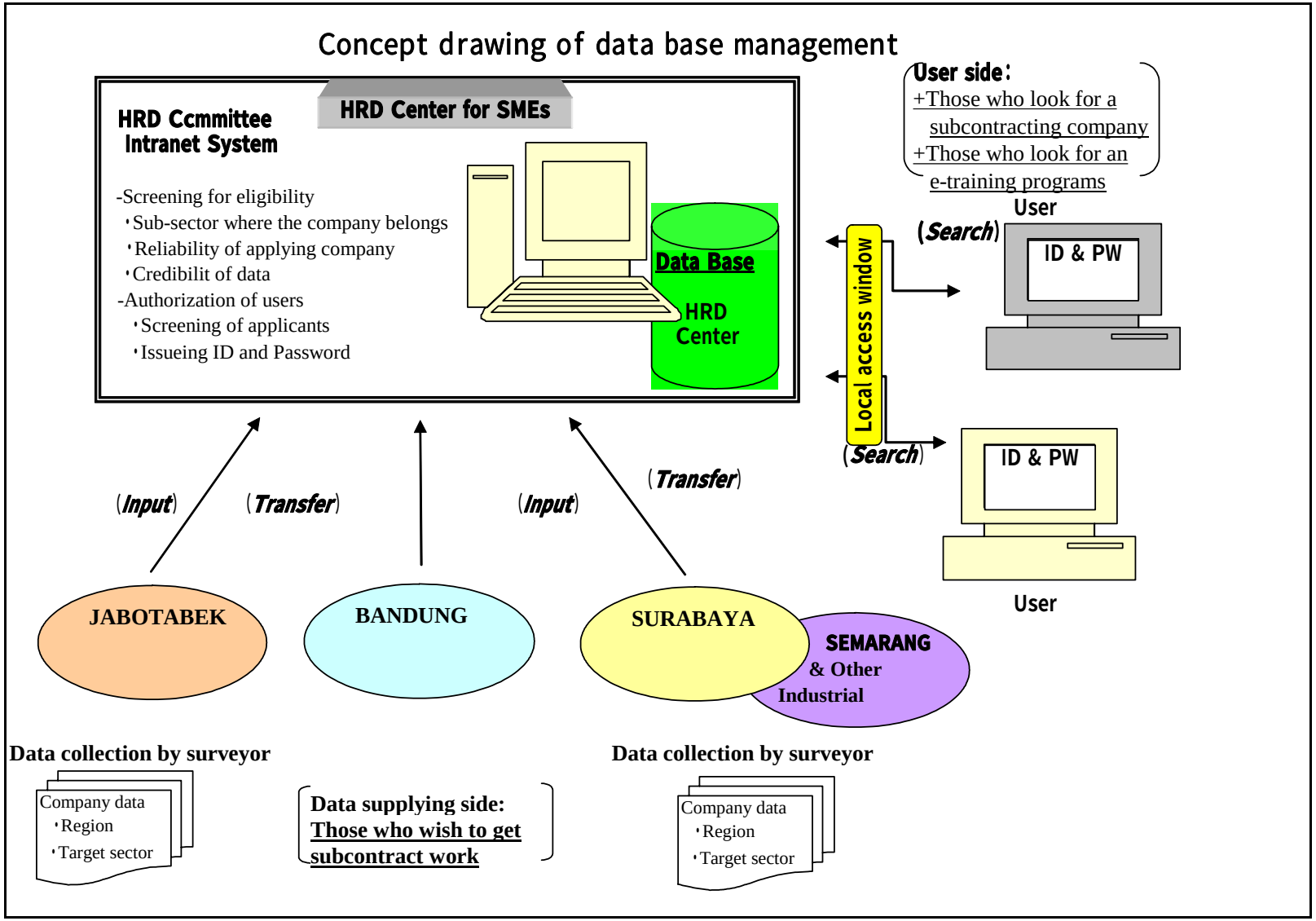
The manual has been developed with intention to introduce latest technologies and techniques, while bearing in mind and making reference to the techniques and skills that have to be handed down to younger workers. We therefore recommend that this manual is read and used as a general guideline, rather than a standard work manual.

As field know-how in the die/mold making process is trade secret/confidential information of each company and may not be written specifically, it is recommended that this manual be used as a basic framework, based on which a head or an instructor of your die-mold making shop add detailed procedures and know-how, so that it can be used as a skills upgrading manual for workers who are willing to learn advanced skills in the field.

5. Major types of die/mold designs

5.1 Product design

First of all, product designs are classified as follows: (1) Functional desing; (2) system design; (3) quality design; (4) strength design; (5) precision design; (6) productivity design; (7) reliability design…..


Concept drawing of data base management
HRD Center for SMEs
HRD Ccmmittee
Intranet System
-Screening for eligibility
・Sub-sector where the company belongs
・Reliability of applying company
・Credibilit of data
-Authorization of users
・Screening of applicants
・Issueing ID and Password
Data Base
HRD
Center
User side:
+Those who look for a
subcontracting company
+Those who look for an
e-training programs
User
(Search)
ID & PW
Local access window
(Search)
ID & PW
User
(Input)
(Transfer)
(Input)
(Transfer)
JABOTABEK
BANDUNG
SURABAYA
SEMARANG
& Other
Industrial
Data collection by surveyor
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・Target sector
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subcontract work
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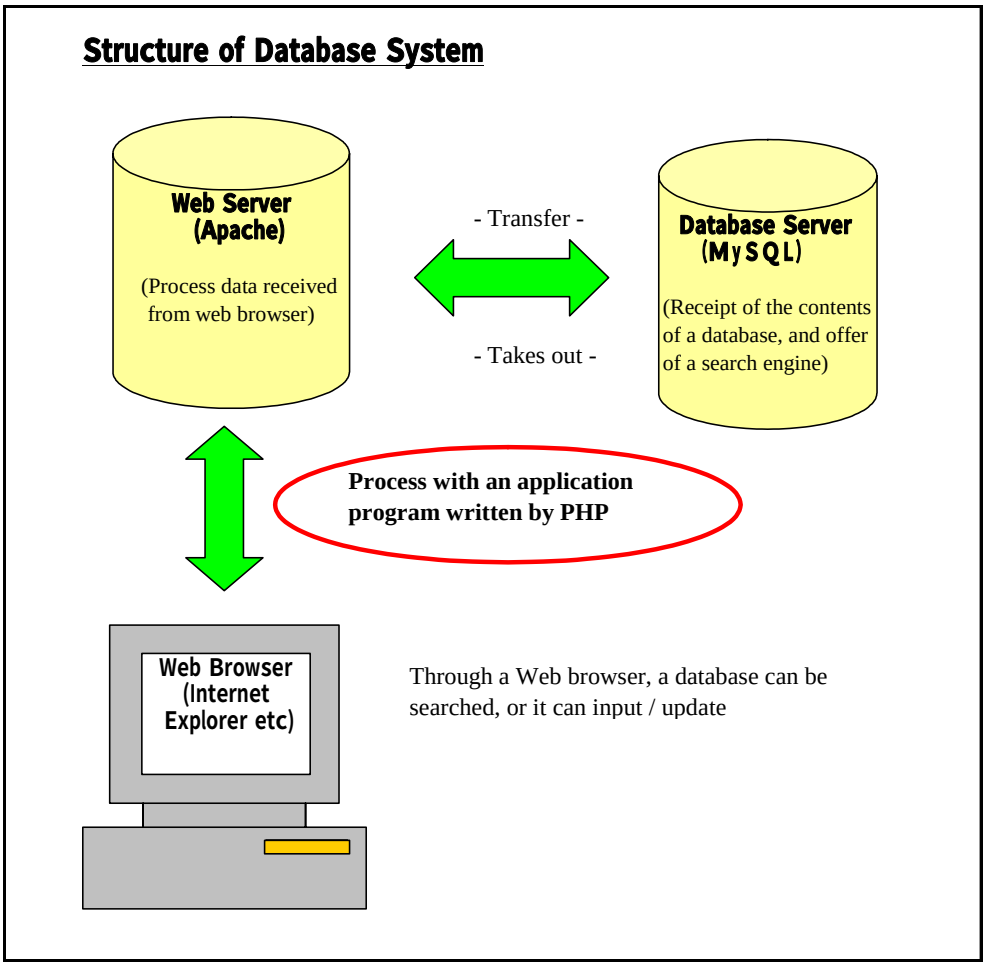
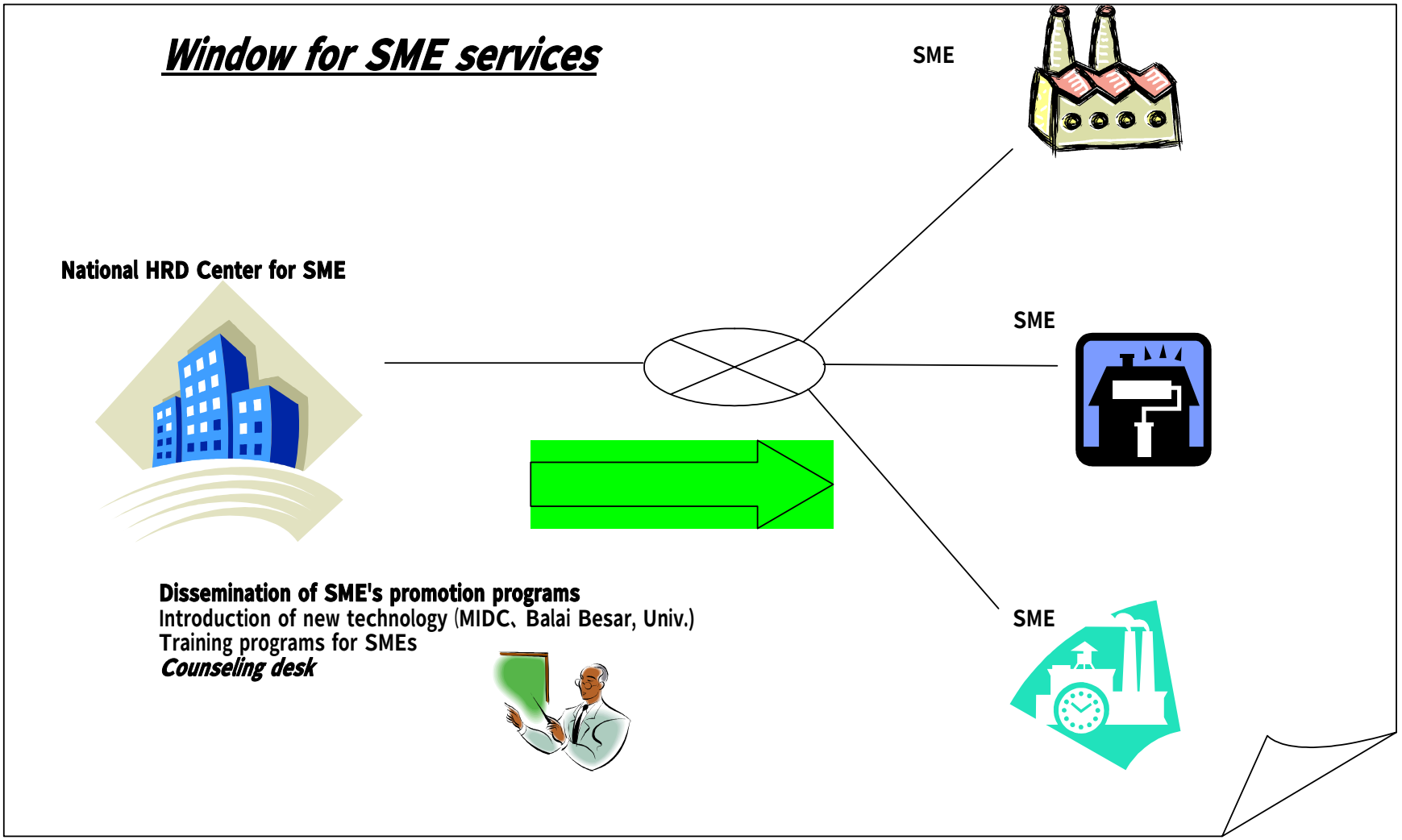


Feature 1) Since affinity with usual Web Browser is high, it can use through the Internet
Feature 2) Can use freely because it is categorized in Open source Software
Feature 3) Development cost is small because of short working man-month for development
Feature 4) Database can expand easily
Feature 5) These is the latest Web-based application development technology


Window for SME services
SME
National HRD Center for SME
SME
SME
Dissemination of SME's promotion programs
Introduction of new technology (MIDC、Balai Besar, Univ.)
Training programs for SMEs
Counseling desk

FUNCTION OF COUNCELING DESK

Online Learning

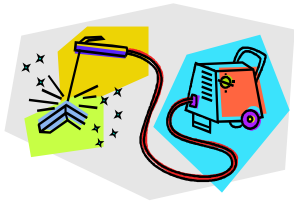
Public Institute
*MIDC
*Balai Besar
*PPEI
*others

Private entities:
KADIN, YDBA, LPSM,etc

Exchange information, Out-source Training, Mutual Cooperation

SME

SME

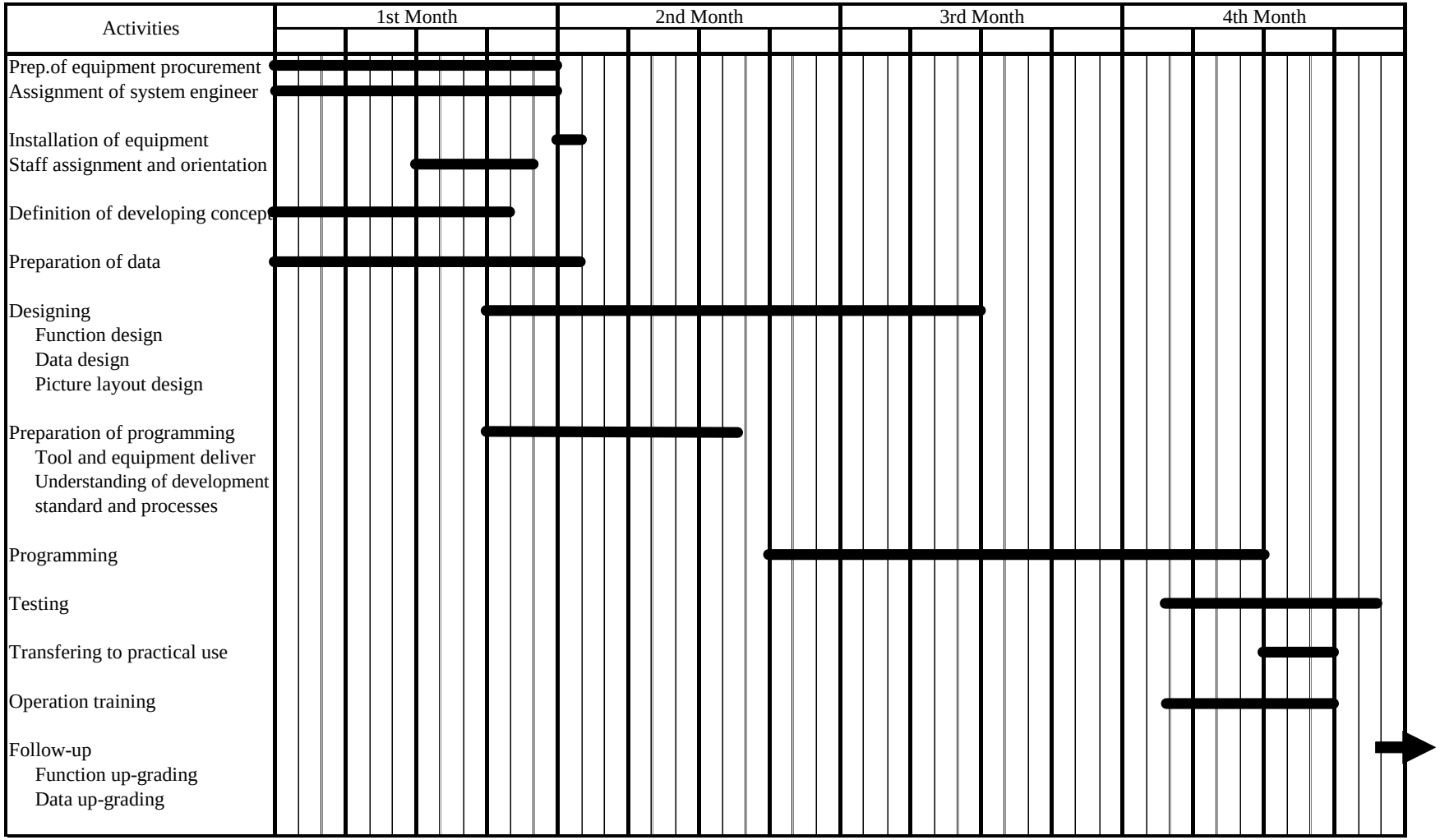


SME

Conseling desk

Collect opinions
Government's measures
Counseling & consulting
E – Training

round of visit counseling


Activities
1st Month
2nd Month
3rd Month
4th Month
Prep.of equipment procurement
Assignment of system engineer
Installation of equipment
Staff assignment and orientation
Definition of developing concept
Preparation of data
Designing
Function design
Data design
Picture layout design
Preparation of programming
Tool and equipment deliver
Understanding of development standard and processes
Programming
Testing
Transfering to practical use
Operation training
Follow-up
Function up-grading
Data up-grading

Annex-I Syllabus of Curriculums of Management Technology

Annex-I Syllabus of Curriculums of Management Technology (1/16)

Administration

No.	Item	Target	Aim	Key Points	Remarks
A-1	Entrepreneurship	・ Would-be entrepreneurs ・ Planners	To have people who are interested in starting, or who are planning to start, their own businesses understand the business environment and basic knowledge concerning starting a company.	・ Points for successfully starting a business ・ Drafting plans for starting a business ・ Presenting business establishment planning ・ Procedures for establishing a corporation, and preparation for starting a company	
A-2	Company Management	・ Manager	To have trainees from developing small and medium-sized enterprises understand the basic doctrine of management activities.	Analyze and consider management functions in terms of the following 3 points. 1. Essential elements 2. Processes 3. Functions	
A-3	Sector Information	・ Manager ・ Staff	To have trainees acquire a broad understanding of business, including circumstances of the industry in which the company is involved.	・ The methods by which information is compiled ・ Analysis and synthesis of information ・ Feedback to management, etc.	
A-4	Promotion Policy Information	・ Manager ・ Staff	Trainees will gain an understanding of policies for small- and medium-sized enterprises, such as support systems for such enterprises, and through that understanding will learn methods for utilizing those policies to further their own development and growth.	・ Basic doctrine and goals of policies for small- and medium-sized enterprises ・ Systems for policies for small- and medium-sized enterprises, and their contents ・ Dealing with and utilizing policies for small- and medium-sized enterprises	
A-5	Bench Marking	・ Manager ・ Engineer/Supervisor	To have trainees learn bench marking methods for improvement, by surveying and analyzing the best work practices used by companies both inside and outside of the industry, and incorporating them into their own current work processes.	・ What is bench marking? ・ Bench marking procedures 1. Deciding areas in which bench marking will be carried out 2. Selecting companies to be compared 3. Comparison research in order to achieve improvement 4. Formulation and execution of improvement planning	This is a systematic management technique aimed at achieving a sharp improvement in the work processes of one's own company, by comparing the best practices of companies both inside and outside of the industry with the company's own methods, and analyzing the gaps between them.

Syllabus of Curriculums of Management Technology (2/16)

Administration

No.	Item	Target	Aim	Key Points	Remarks
A-6	Strategy Planning	・ Manager	To have trainees learn what kinds of strategies to formulate and put into practice, in order to achieve the vision towards which the company is striving.	・ What is a business strategy? ・ Procedures for formulating a business strategy Setting values and missions, clarifying business domain, analyzing the current situation of the business environment and predicting changes, conducting SWOT analysis, formulating strategic concepts, setting strategy issues, etc. ・ Drafting medium- and long-term, and short-term business planning	
A-7	Organization	・ Manager ・ Staff	With respect to business management, it is important to approach the organization to be managed from two directions, the work and the individual. To have trainees consider the optimum organization in which these are compatible.	・ Clarification of jobs ・ Organization and regulations ・ The significance of authority and power ・ Qualifications system	
A-8	Customer Satisfaction Management (CSM)	・ Manager	To have trainees learn about a new concept of customer satisfaction, which calls for strategic and systematic involvement of the company as a whole in tackling CS.	・ The essential elements of customer satisfaction ・ Maintaining a grasp of customer needs ・ Grasping the degree of customer satisfaction and putting it into practical application ・ A mature model of the degree of customer satisfaction ・ Categories of information pertaining to the degree of customer satisfaction ・ Building a system for handling complaints and a system for controlling the degree of customer satisfaction	
A-9	Business Planning	・ Manager ・ Staff	Trainees will learn about business planning that specifies the direction to be taken in order to assure the continued existence and growth of the company as the environment changes, and how planning is formulated to realize that direction.	・ The role of business planning ・ Types of business planning ・ Contents of business planning ・ Ways of formulating business planning	

Syllabus of Curriculums of Management Technology (3/16)

Administration

No.	Item	Target	Aim	Key Points	Remarks
A-10	Procurement Management	・ Manager ・ Staff	Of the three production elements (labor strength, capital equipment, and materials) that comprise the principal input to production systems, trainees will learn about one of them, materials, and will learn about procurement management for procuring materials and parts from external sources.	・ Compositional elements of procurement management ・ Categories of materials ・ Purchasing cycles and management of those cycles ・ Selecting raw materials and parts makers ・ Standards for deciding to where orders will be placed ・ VA and VE ・ Management of costs, deadlines, quantities and quality with respect to purchasing	Procurement management refers to the management of materials and services procured from external sources. Under the strict definition, this can be divided into "purchasing", which consists of buying commercially available products, and "ordering", which means having them custom-made by subcontractor plants, but here both are referred to as "purchasing".
A-11	Procurement Contract	・ Manager ・ Staff	When various procedures based on purchasing policies have been completed and a supplier has been selected, a purchasing contract is signed. Trainees will learn basic knowledge concerning that process.	・ Key points involved in procurement contracts ・ "Basic contracts" and "Individual contracts" with respect to purchasing contracts ・ Methods for drafting basic business contracts	
A-12	Compliance Management	・ Manager ・ Staff	Trainees will learn to recognize the importance of compliance management in maintaining confidence and trust in the company and assuring the continuing existence of the company, and will obtain knowledge in actively engaging in compliance management.	・ What compliance management strives for ・ The effects of compliance management ・ Related laws and regulations, and anticipated risks	Compliance management refers to management in which the company observes laws and social theories and models in its activities and behavior.
A-13	Environment Management System (EMS)	・ Manager ・ Supervisor	To have trainees understand the essential elements of the environmental ISO14001 series (environmental management system, or EMS).	・ What is the ISO14001 series? ・ Environmental management systems called for by ISO14001 ・ The advantages of introducing ISO14001 ・ Ways of building an environmental management system ・ Preparation for acquiring ISO14001 certification ・ The audits processes of certifying organizations ・ Acquiring a grasp of side aspects of the environment and evaluating environmental influences	

Syllabus of Curriculums of Management Technology (4/16)

Administration

No.	Item	Target	Aim	Key Points	Remarks
A-14	Information System	・ Manager ・ Staff	To have trainees learn about information and information systems, which are increasingly important in production activities where the business environment changes abruptly and is becoming more and more complex.	・ The involvement between production activities and information / information systems ・ The role of information and information systems ・ An overview of production information systems ・ Individual information systems in the manufacturing industry ・ Integrated production information systems	
A-15	Project Management (PM)	・ Manager ・ Staff	In order to promote corporate restructuring, project-type activities have been surging. To have trainees learn about project management, which guides the company to success.	・ What is a "project"? ・ International standards ISO10006 for PM ・ Introduction of PM methods, PMBOK and EVMS ・ PM processes ・ The fundamental organization of projects	Project Management refers to integrated control and accomplishment in order to implement projects smoothly and reach goals.
A-16	Total Quality Management (TQM)	・ Manager	To have trainees learn about TQM, the goal of which is to boost the quality of all of the products, services, and management in order to heighten values that will satisfy all stakeholders, including customers.	・ TQM concepts: the flow from QC and TQC to TQM ・ The three main pillars in promoting work in terms of TQM 1. Policy control and policy development 2. Process management 3. Continuous improvement	
A-17	Balance Score Management	・ Manager ・ Staff	To have trainees learn how to put their vision and business strategies into practice, and to master balance score management, which is a management system that guides the company to success.	・ What is balance score management? ・ The four focal points of balance score management ・ The flow of balance score cards 1. Setting strategy topics 2. Setting the goals to be reached 3. The configuration of balance score cards	Balance score management is a technique in which multiple evaluation indices that are in balance with each other are used to evaluate business figures.

Syllabus of Curriculums of Management Technology (5/16)

Market/Sales

No.	Item	Target	Aim	Key Points	Remarks
M-1	Market Information	・ Manager ・ Staff	Trainees will learn about the market information necessary in order to develop and expand markets with which business has to be carried out and products that have to be provided, and, in some cases, necessary in order to withdraw from the above.	・ Contents of market information ・ Categories and characteristics of target markets ・ Methods for compiling and analyzing market information ・ Utilizing market information	
M-2	Sales Policy	・ Manager ・ Staff	These can be generally classified into categories such as product strategies, sales channels, and sales promotion. To have trainees understand these from the macro field of view.	・ Product strategies ・ Sales channels ・ Sales promotion ・ Characteristics of products for the people and for industrial use	
M-3	Sales Planning	・ Manager ・ Staff	Considering ways of getting products and services to the market ahead of other companies, and techniques for making them successful.	・ From research to development ・ Development procedures ・ Supplying products to the market ・ Allocating responsibilities within the company	
M-4	Marketing Management	・ Manager ・ Staff	To have trainees learn marketing management skills that will allow them to identify what customers want and how to provide it, and then to create a means for selling and implement it.	・The role of marketing ・Analysis of market opportunities ・Selection of target markets ・Market segmentation ・Marketing mixes ・Positioning	Marketing management is a system of management by which marketing planning, organization, and activity policies are determined and put into play so that marketing activities can be carried out in a rational, efficient manner.
M-5	Business Contract	・ Manager ・ Staff	Trainees will learn fundamental knowledge relating to practical procedures such as business laws and contracts between companies.	・ Fundamental knowledge about contracts ・ Types and contents of contracts ・ Business account settlements ・ Debt management and recovery ・ Knowledge of laws pertaining to business with foreign countries	

Syllabus of Curriculums of Management Technology (6/16)

Market/Sales

No.	Item	Target	Aim	Key Points	Remarks
M-6	Customer Information	・Manager ・Staff	It is no exaggeration to say that complaints provide the incentive for a company to grow. To have trainees think of dealing with customers based on this as a central tenet.	・Information based on complaints ・Processing procedures ・Links with sales activities ・Customer management	
M-7	Pricing	・Manager ・Staff	The pricing strategy is an important key to the management results of the company. Trainee learning should center on pricing planning.	・Agenda and factors to be studied ・Ways of deciding prices ・Pricing strategies	
M-8	Marketing Strategies	・Manager ・Staff	To have trainees learn about methods for formulating strategies for carrying out marketing on a planned basis, in order to deal with environmental changes and win over harsh competition.	・The purpose and an overview of marketing strategies ・Marketing segmentation ・Marketing mixes ・Target marketing ・Product distinction ・Positioning ・Area marketing	A marketing strategy is a comprehensive and long-term marketing policy aimed at expanding the company's own market and achieving corporate growth amidst constantly changing environmental conditions and harsh competition.
M-9	Marketing Research	・Manager ・Staff	To have trainees learn about marketing research, in which data is compiled and analyzed concerning the various problems relating to the marketing of products and services, and is then provided in order to make management decisions.	・The differences between marketing research and market research ・The categories of marketing research ・Contents of marketing research ・Types of questioning methods for data compilation ・Marketing research procedures 1. Clarification of problems, and goals 2. Survey planning design 3. Preliminary surveys and main surveys 4. Analyzing data and drafting information reports	Marketing research refers to the process of designing systematic surveys to address specific situations faced by the company, compile and analyze data, and report on the results. —Philippe Cotler

Syllabus of Curriculums of Management Technology (7/16)

Market/Sales

No.	Item	Target	Aim	Key Points	Remarks
M-10	International Trade	・Manager ・Staff	Trainees will learn practical knowledge necessary in order to order parts manufactured by overseas companies, and to procure raw materials from overseas, also in order to sell products to overseas.	・Surveys of and methods for selecting overseas markets and commodities ・Methods for establishing solid, secure contracts ・Methods for conducting credit checks and for collecting payments	
M-11	Logistics Management	・Manager ・Staff	Trainees will learn about logistics management, which is becoming increasingly important as customer deadlines become shorter and deliveries comprise smaller financial sums and are sent with increasing frequency.	・What is logistics management? ・The importance of logistics management, and key control points ・Internal logistics and external logistics ・Management of logistics costs	Logistics management refers to integrated management of the overall flow of items such as semi-finished products and final products, starting from the parts and materials.
M-12	Customer Relation Management (CRM)	・Manager ・Staff	To have trainees learn about CRM, which creates good relationships with customers by having them use the supplied products and services and being sufficiently satisfied with them.	・What is "Customer Creation", the CRM objective? ・Frameworks for customer strategies and actualizing those strategies ・Coordination of customer information 1. Understanding customers 2. Providing value 3. Pursuing efficiency	CRM aims at maintaining and improving long-term relationships with customers, by using sales personnel, call centers, the Internet and other means to compile and control customer information.

Syllabus of Curriculums of Management Technology (8/16)

Human Resource Development

No.	Item	Target	Aim	Key Points	Remarks
H-1	OJT	・Engineer/Supervisor ・Foreman	To have trainees learn specific approaches and methods to on-the-job training (OJT), which is a core technique in cultivating subordinates, through actual experience.	・Objectives of and approaches to subordinate cultivation ・Three skills used in OJT ・Ways of promoting OJT effectively ・Drafting subordinate cultivation plans ・Work (work process) analysis ・Four stages of teaching methods	
H-2	Working Conditions	・Manager ・Engineer/Supervisor ・Foreman	The workplace conditions govern the enthusiasm of the workers with regard to their work, and contribute to the establishment of that enthusiasm. Trainees will look back over related conditions.	・Knowledge and understanding of the work ・Protective equipment ・Training in recognizing hazards (KYT) ・Building good health, etc.	
H-3	Security	・Manager ・Engineer/Supervisor	To have trainees figure out how to handle emergency situations that hit the company suddenly, by analyzing case studies.	・Case study analysis ・Specific methods of application ・Corporate crisis management, etc.	
H-4	Business Regulations	・Manager ・Staff	To have trainees learn what regulations should ideally be like in terms of work management, and how to make use of them.	・Work regulations and the responsibility for them ・Execution of the work ・Items relating to duty, authority and power, and responsibility	
H-5	Pay Structure	・Manager ・Staff	Wage payment and treatment are important conditions in sustaining the enthusiasm of the workers. Having trainees understand the configuration of these elements.	・Modernization of the wage payment system ・Wage payment system ・Welfare facilities ・Labor inspections	
H-6	Recruitment	・Manager ・Staff	It is no exaggeration to say that the fate of the company depends on people. To have trainees understand recruitment as a part of human resources management.	・Labor standards laws ・Social insurance and labor insurance ・Laws governing the dispatch of employees, etc.	

Syllabus of Curriculums of Management Technology (9/16)

Human Resource Development

No.	Item	Target	Aim	Key Points	Remarks
H-7	Leadership and Motivation	・Engineer / Supervisor ・Foreman	Planning to boost leadership in order to heighten production efficiency and quality, and to realize a workplace full of energy and vitality	・The role of the leader in the workplace ・Methods for demonstrating leadership ・Leadership self-diagnosis ・Hertzberg's theory of motivation, etc.	
H-8	Morale Survey	・Manager	Listening to the dissatisfactions and hopes of employees, and responding to them, are linked to improving employee morale.	・The purpose and an overview of morale surveys ・Contents of question sheets for employee opinion surveys ・Methods of providing feedback to relevant persons ・Key points in interview surveys	A morale survey is a way of using question sheets and interviews to survey and analyze what employees are thinking, and is a technique that provides basic documentation for management control policies.
H-9	Human Resource Management	・Manage ・Staff	Trainees will learn human resource management, which is a technique for boosting the incentive of employees and drawing out their vigor and vitality.	・The purpose of human resource management ・Human planning ・Recruiting and choosing employees ・Performance evaluation ・Compensation management ・Education and training, and skill development ・Relationship among employees	Human resource management refers to personnel management that acknowledges the skills of employees as an important business resource of the company, and maintains a comprehensive grasp of the overall employee situation, including the results of business activities conducted by the various employees and skill improvement based on human resource development.
H-10	Competency Management	・Manager ・Staff	To have trainees learn techniques for developing human resources, using evaluation standards created with competency as the base element.	・An overview of competency ・Identifying people who produce good work results ・Analyzing competency ・Setting competency models ・Putting competency into practice	Competency management is a control technique that works by analyzing the activities of employees with respect to high work results, for each section and level, extracting characteristics such as knowledge, skills and attitudes, and indicating them as evaluation criteria to enable human resources to be put to effective use.

Syllabus of Curriculums of Management Technology (10/16)

Human Resource Development

No.	Item	Target	Aim	Key Points	Remarks
H-11	Quality Control Circle (QCC)	・ Manager ・ Engineer / Supervisor	To have trainees learn the effects of small-group activities, such as boosting the productivity of small groups, solving problems, skills development through mutual education and enlightenment, and shaping teamwork, and then ways to put those into active practice.	・ The purpose and an overview of small-group activities ・ Ways of running QC circle activities ・ Division of role between leaders and members ・ Ways of deciding themes ・ Various techniques involving small-group activities ・ Support activities for small groups	Small-group activities are activities in which employees form small groups and work on their own initiative, with managers and with guidance from managers, to stimulate the workplace and solve problems.
H-12	Management by Objectives (MBO)	・ Manager ・ Staff	To have trainees learn techniques for management by objectives that will be effective creating systems for boosting overall management strength and enthusiastically using it in the work.	・The aim of introducing MBO ・Selecting target persons ・The role of managers who will be making the objectives management function, and the management itself ・Ways of promoting MBO that will produce effects, and points to be considered ・Ways of setting objectives ・Control of work using MBO ・Ways of evaluating the results	MBO is a results-oriented evaluation system in which objectives are set for individuals or a group for a certain period of time (for example, one year), and the results achieved during that period are evaluated.
H-13	Empowerment	・ Manager ・ Engineer / Supervisor	Trainees will learn to boost the capabilities and morale of each individual member of the organization by transferring broad-ranging authority to them, and will also learn the art of prompt decision-making.	・ The results of empowerment ・ Creating an organizational structure for empowerment 1) Clarification of business and common aims 2) Providing shared information 3) Providing a shared sense of values ・ Key points in implementing empowerment	Empowerment refers to the process of transferring broad-ranging authority to members of the organization and encouraging core activities based on the discretionary powers of the individual. The effects, in addition to speeding up the decision-making process, include increased strength for the individual members of the organization and higher morale levels because the decisions of the individuals are respected.

Syllabus of Curriculums of Management Technology (11/16)

Finance

No.	Item	Target	Aim	Key Points	Remarks
F-1	Book-keeping	・Manager ・Staff	Learning the basics of bookkeeping and accounting	・Bookkeeping register methods ・Journalizing of expenses ・Items relating to depreciation costs ・Account settlement	
F-2	Cash Flow Management	・Manager ・Staff	To have trainees learn about cash flow management, in which the goal is not to evaluate the worth of the company by maximizing past sales and profits, but rather by maximizing the cash flow.	・An overview of cash flow management ・Why cash flow management is necessary ・Setting up cash flow statements ・Maximizing cash flow ・Indices for measuring cash flow	Cash-flow management is a management technique that aims at 4strengthening a company's earning capability by focusing on cash flow and dealing with the movements of cash.
F-3	Balance Sheet	・Manager ・Staff	The balance sheet shows the capital procurement situation of the company and the state of asset management, and indicates the financial situation of the company.	・What is a balance sheet? ・Asset items ・Debt items ・Reading and analyzing balance sheets	
F-4	Profit and Loss Statement	・Manager ・Staff	Companies have to produce profits. The profit and loss statement is what shows the process through which these profits are added up, and is a way for the company to know its business performance results.	・The format of the profit and loss statement ・An explanation of the items ・Items relating to manufacturing costs ・Reading and analyzing profit and loss statements	
F-5	Break-even Point Analysis	・Manager ・Staff	This is an important element in analyzing financial statements. To have trainees learn basic rules and apply them in actual examples.	・Significance ・Determining the break-even point from profit diagrams and charts ・Calculation using formulas ・Practical usage methods	
F-6	Working Capital Planning	・Manager ・Staff	To have trainees understand the importance of working capital planning, and practice it based on exercises.	・Planning procedures ・Estimating the necessary working capital ・Calculating cash balances ・Cash receipts and disbursements planning	
F-7	Investment Plan	・Manager ・Staff	Equipment investment estimates are an indispensable part of mid- and long-term business planning. Trainees will learn a series of procedures covering everything from investment planning to capital recovery.	・Capital planning procedures ・Estimating investment values ・Adopting an investment plan and term capital planning, etc.	

Syllabus of Curriculums of Management Technology (12/16)

No.	Item	Target	Aim	Key Points	Remarks
F-8	Fund-raising	・Manager ・Staff	Procuring the necessary capital is an indispensable element in equipment investments and working capital. Trainees will learn how to formulate capital procurement planning for this purpose.	・Capital planning procedures ・Estimating the necessary working capital ・Cash receipts and disbursements planning	

Syllabus of Curriculums of Management Technology (13/16)

Production Control

No.	Item	Target	Aim	Key Points	Remarks
PC-1	5S	・ Manager ・ Engineer / Supervisor ・ Foreman	The basics of manufacturing plant management start with organization, keeping the workplace neat, and keeping things clean. Trainees will learn the significance of these and tricks for putting them into practice.	The "5S" refer to elements such as organization (Seiri), keeping things in order (Seiton), cleanliness (Seiso), discipline (Shitsuke) and neatness (Seiketsu). Trainees will examine case studies.	
PC-2	Material Handling	・ Manager ・ Engineer / Supervisor ・ Foreman	To have trainees understand the importance of material handling as a production control technology in the plant.	・ Activity indices ・ Material handling process analysis ・ How equipment for material handling is selected ・ Positioning with respect to cost prices, etc.	
PC-3	Measures against Muda、Muri、Mura	・ Manager ・ Engineer / Supervisor ・ Foreman	With respect to improving production technology, to have trainees learn from experience techniques that can be pointed out from observing the work in the workplace.	Trainees will learn what Muda (waste), Muri (unreasonableness or excessive burden), and Mura (unevenness) mean, and will tie these to work improvement.	
PC-4	ABC Analysis	・ Manager ・ Engineer / Supervisor ・ Foreman	This is a technique that is used in material inventory control systems, and the system can be made more efficient by giving priority to control.	Techniques will be introduced for dividing all items in inventory into the three classes of A, B, and C, based on elements such as financial sums, quantities, and other indices, and the methods of control appropriate to each of those classes will be covered.	
PC-5	Preventive Maintenance	・ Manager ・ Engineer / Supervisor ・ Foreman	Companies want to make sure the equipment they have operates as effectively as possible. Trainees will learn preventive maintenance systems in order to do this.	・Production activities and equipment ・Life cycles of equipment ・Equipment preservation ・Basics of mechanical elements	
PC-6	KAIZEN	・ Manager ・ Engineer / Supervisor ・ Foreman	To have trainees break improvement procedures down into 7 steps and learn items to be examined at each step, along with techniques for incorporating them into conclusions.	・ The purpose of improvement (KAIZEN) ・ Analysis procedures ・ Undergoing training in conceptual techniques ・ Obtaining specific outcomes	

Syllabus of Curriculums of Management Technology (14/16)

Production Control

No.	Item	Target	Aim	Key Points	Remarks
PC-7	ISO 9000 Series	・Manager ・Engineer/Supervisor	To have trainees understand the ISO9000 series, a quality management system that is required of suppliers from the customer's standpoint.	・What is the ISO9000 series? ・The advantages of acquiring ISO9001 certification ・Certification system and certifying organizations ・Ways to promote activities to acquire certification ・An explanation of ISO9001 standards ・An explanation of the items required by the quality management system	
PC-8	Quality Control and QC Tools	・Manager ・Engineer/Supervisor ・Foreman	To have trainees consider the basics of quality and approaches to quality design, and learn to apply the 7 tools necessary for these.	Trainees will learn from experience, through exercises that use the following as QC tools: 1. Control diagrams 2. Histograms 3. Stratification 4. Pareto diagrams 5. Check sheets 6. Cause and effect diagrams 7. Scatter diagrams	
PC-9	Production Planning	・Manager ・Engineer/Supervisor	Improving productivity is indispensable in carrying out production control. Trainees will carry out development for that purpose.	To have trainees understand the significance of production planning, through elements such as those noted below: 1. Production systems 2. Process control 3. Production management	
P-10	Inventory Management	・Manager ・Engineer/Supervisor	To have trainees learn about inventory control in which the appropriate level of inventory is maintained, and an accurate grasp is maintained of the contents of the inventory.	・Basics of inventory control ・The rate of inventory turnover as the barometer of profits ・Key points in taking stock in, inventorying it, and taking it out ・The purpose of taking inventory, and how it is done ・Appropriate inventory levels and how orders are received and issued ・Know-how relating to reducing inventory ・Ways of shortening production periods	

Syllabus of Curriculums of Management Technology (15/16)

Production Control

No.	Item	Target	Aim	Key Points	Remarks
PC-11	Industrial Engineering	・ Manager ・ Engineer / Supervisor ・ Foreman	"I.E." refers to activities aimed at establishing and improving systems that integrate people, materials, and equipment. Trainees will learn various types of techniques to use.	To have trainees consider quality assurance at the following three stages of: 1. Design 2. Manufacturing 3. Use	
PC-12	Quality Assurance	・ Manager ・ Engineer / Supervisor	To have trainees understand the concept of Quality Assurance, which is to "guarantee the quality and performance of a product to meet predetermined specifications," as well as the check and action system necessary for QA.	Consider QA in the following 3 processes: 1. Design 2. Production 3. Use/operation	
PC-13	Plant Layout	・ Manager ・ Engineer / Supervisor	Trainees will learn techniques for systematic layout planning (SLP).	SLP procedures 1. PQ analysis 2. Interrelated activities 3. Drafting diagrams 4. Investigating alternative solutions	
PC-14	Total Preventive Maintenance (TPM)	・ Manager ・ Engineer / Supervisor ・ Foreman	This involves having everyone take part in productive maintenance in the plant, and work towards boosting overall efficiency.	・ Concepts of equipment efficiency ・ The meaning of "life cycle" ・ Equipment maintenance functions ・ Promoting PM through small-group activities	
PC-15	Material Requirement Planning (MRP)	・ Manager ・ Engineer / Supervisor	This is a system in which the materials required for production are calculated and arranged in the necessary volumes, and is a planned type of control. To have trainees understand this concept.	・ Drafting of bills of materials ・ Calculating the required volumes of materials ・ Investigating time periods for arrangement of materials ・ Various problems involved in introducing MRP, etc.	
PC-16	Value Analysis/ Engineering (VA/VE)	・ Manager ・ Engineer / Supervisor	VA is a technique for reducing material costs. The approach that aims at significant cost reductions starting from the design development stage is called VE. Trainees will learn these techniques.	・ Basic approach to VA ・ Problem-solving systems ・ Ways of promoting the technique	

Syllabus of Curriculums of Management Technology (16/16)

Production Control

No.	Item	Target	Aim	Key Points	Remarks
PC-17	Flexible Automation	・ Manager ・ Engineer / Supervisor	FA is the technology that determines the direction of production automation of the manufacturing plant. To have trainees understand the elemental technologies that makes up FA.	・ Essential technology ・ Software ・ Monitoring technology ・ Robot technology ・ Material handling systems, etc.	
PC-18	Application of IT	・ Manager ・ Engineer / Supervisor	IT is currently under development, and is not an established science. To have trainees consider future prospects, learning through case studies, based on this premise.	・ IT in relation to the manufacturing plant ・ IT in relation to the service industry ・ IT in relation to fields involving the general public, etc.	
PC-19	Environment	・ Manager ・ Engineer / Supervisor	The various problems concerning environmental conservation that companies are dealing with will be examined. To have trainees learn basic knowledge about plant management.	The following will be explained, along with other items: 1. Water quality 2. Atmosphere 3. Industrial waste 4. Laws and regulations	
PC-20	Cost Management	・ Manager ・ Staff	To have trainees learn methods for cost planning and control at each production stage, in order to reduce costs and improve profit figures.	・What is cost management? ・Methods for calculating cost prices ・Standard cost price control ・CVP analysis and management ・Cost price improvement	

Annex-II TOT Basic Course Syllabus (Draft Plan)

Annex-II TOT Basic Course Syllabus (Draft Plan)

Subject		Contents	Remarks
1 Subject relating to corporate management			
1.1	SMEs' promotion policy	Interpretation for SMEs promotion policy and condition of SMEs	
1.2	Basic company management	Basic requirement for company management such as corporate strategy planning, business planning and their evaluation methods	
1.3	Basic financial management	Variety of account books, accounting of financial statement, cycle for account closing and method, financial analysis method and evaluation and etc.	
1.4	Basic personnel administration	Interpretation and preparation of labor regulations, employment regulations Basic rule for personnel policy, wage structure ruling, method to activate organization	
1.5	SWOT analysis	Method to apply SWOT analysis as basic corporate strategy planning	
1.6	Case study	Give practical questions relating to company operation and discuss realistic solutions	
2. Subject relating to upgrading productivity			
2.1	Fabrication technique	Interpretation for manufacturing process on local specific products, machinery/equipment	
2.2	Operation improvement 1 (KAIZEN)	Workshop improvement method based on 5S	
2.3	Case study	Give topic to hold discussion to conclude preferable method to up-grade productivity at small group production site by giving sample conditions such as operation method, control method and etc.	
3. Subject relating to quality assurance			
3.1	Basic quality control	Definition of "Quality", quality target, inspection method, difference between random sampling inspection and 100% inspection, quantitative analysis for claim data, etc.	

Subject		Contents	Remarks
3.2	QC 7 tools	Learn usage of QC-7 tools by simulating work with dummy themes	
4. Subject relating to cost control			
4.1	Basic cost management	Cost breakdown on production, break-even-point calculation and its usage	
5. Subject relating to delivery assurance and control			
5.1	Delivery control	Process control method to assure delivery, preparation of total production schedule	Some sector is not necessary
6. Subject relating to up-grading consultation and counseling capability			
6.1	Consultation capability	Counseling and coaching method: skills and attitude as professional consultant	
6.2	Presentation capability	Presentation method to express result of consultation effectively, Report making skills with usage of drawings and pictures effectively	
6.3	Case study	Joint discussion among all the participants about their output through the training program	
7. Practical study: Factory diagnosis			
7.1	Factory diagnosis - 1	Implement factory diagnosis to micro level enterprise	

Annex-III TOT Advance Course Syllabus (Draft Plan)

Annex-III TOT Advance Course Syllabus (Draft Plan)

Subject		Contents	Remarks
1. Essential corporate management			
1.1	SME promotion policy	Interpretation for SMEs promotion policy including general circumstances of minor businesses Way to conquer independent company by replying any requirement from assemblers	
1.2	Company Management	Corporate philosophy, managerial goal (commitment by top-management) and passing through to employees Action guideline as a top-management	
1.3	Financial management 2	Analysis of management Cost breakdown and break-even point Various cost breakdown method and its features, Managerial index derived from financial statement analysis such as productivity, soundness, profitability, affectivity and etc.	
1.4	Personnel administration 2	[1] Interpretation to employment and labor law [2] Any promotion measures such as: revitalization of organization for company development, MBO (management by objective)	
1.5	Marketing	Method for market analysis, sales promotion, pricing mechanism, new products development Topics: 4P, marketing-mix, products' life cycle, etc	
2. Production control			
2.1	Introduction of production control	Basic knowledge of factory such as: Outline of production control, objective at production site, factory operation, factory organization, production pattern, production method	
2.2	Machine operation	Basic understanding on machine tools and its' operation	
2.3	Industrial raw materials	Basic knowledge on iron and steel such as character, chemical composition, strength surface treatment method and	

Subject		Contents	Remarks
		etc	
2.4	Production Planning	[1] Objective of production planning, kinds, details, contents on manufacturing instruction, instruction at work site, production indicators, etc. [2] Planning and outcome, machine load, personnel burden, personnel load and extra worker, extra labor force, Johnson's method	
2.5	Production Control	[1] Topics to be managed in production control and method to understand progress of production [2] Applying computers at production control	
2.6	Operation Analysis	Running analysis, Gilbreth's motion study, operation study, computing output standard, individual difference of ability to work	
2.7	Operation Improvement 2	Elimination of needless・unevenness・impossibility Method to improve operation Setting-up of qualitative goal for improvement	
2.8	Inventory Control	ABC analysis, inventory analysis, procurement control, ordering point decision, meaning for in-process inventory, meaning and function of MRP, practice of MRP(calculation)	
2.9	Transportation Warehouse Management	Material handling process analysis, material handling index, improvement of material handling, streamlining of material handling、automation Storage management at production factory, Kinds of storage equipment, automatic inventory facility, PQ analysis, material handling	
2.10	Economic Engineering	Capital investment and collection of investment, Changes of present value, investigation of optimum investment	
2.11	Equipment management	Category of maintenance, attitude to TPM (Total production maintenance),	

Subject		Contents	Remarks
		guideline to improve plant layout, method to produce quality products by operation	
2.12	Automated Factory	Automatic operation and running by utilizing computer, Method to collect operation record and operation condition automatic collection、Alarming function when abnormity happens, Method for system development	
2.13	Factory Information System	Step to install IT related equipment Preparation to implement advanced factory automation system Communization of production information through networking among administration, procurement and other sections	
3. Quality control			
3.1	Quality Control	Approach to quality improvement, Technology upgrading and improvement through claim handling Prevention measure Interpretation of control chart, etc	
3.2	QMS (Quality management system)	Interpretation of ISO9000 series 8 basic rules, continuous improvement and customer satisfaction	
3.4	Quality assurance	Establishment of total quality assurance system	
4. Cost management			
4.1	Application to cost management	Necessity for cost control at business activity Pricing mechanism Cost control system, cost reduction VA/VE	
5. Drill and practice			
5.1	Case Study 1	Understanding of diagnosis flow(process) Clarification of difficulties through sample cases and discussions	
5.2	Case Study 2	Clarification of difficulties through sample cases and discussions	
5.3	Case Study 3	Clarification of difficulties through sample cases and discussions	

Subject		Contents	Remarks
5.4	Diagnosis 2	Diagnosis practice at factory site. Practice of report making and presentation [1] Analysis of issues given by top management [2] Factory site visit, interview to top management, factory site inspection [3] Summary of factory visit, reevaluation of the result, SWOT analysis [4] 2nd factory visit, detailed analysis [5] Summarize 2nd factory visit, finding of constraints, clarify issued, propose solutions [6] Report making, report to the top management	

Annex-IV Delivery of Teaching Materials

Annex-IV Delivery of Teaching Materials

A. Content of teaching materials (one (1) set teaching materials on TOT for Production Control Management Program in May to June 2005 includes following books)

1. Production Control, Text No.1
2. Production Control, BAHAN KULIAH KHUSUS
3. Production Control, Text No.3
4. Corporate Management Program, materi Pelengkap
5. Corporate Management Program, Buku Teks
6. IE for Productivity Facilitators I, Improvement of Control Systems
7. Practical KAIZEN for Productivity Facilitators
8. TQM with Generating KAIZEN for Productivity Facilitators
9. Daftar Penilaian Shindan Secara Menyeluruh (5 Bindang) (Industri Manufaktur)

B. Recipients:

1.	Pusdiklat	3 sets (delivered to Mr.Usep: 1set, 2 sets to Ms.Elgetrisna)
2.	IKM	4 sets (2 sets to Mr.Nurdin Noor, of HRD clinic, 2 sets to Ms.Bati Lestari)
3.	JICA Indonesia	1 set (Mr. T. Homma)
4.	JICA expert	1 set (Mr. N. Ito)