

Articles

# Employment and Skill Development Initiatives in the Labor Markets: The Cases of Indonesia and Thailand

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This study delves into the intricate dynamics of labor markets in Indonesia and Thailand, revealing the symbiotic relationship between policy attributes, vocational education, and collaborative governance, all anchored in a robust theoretical framework encompassing policy attributes. The central question driving this research is: How can the government effectively mitigate labor market challenges in Indonesia and Thailand? To answer this question, the study aims to illuminate the interplay of solubility, complexity, scale, divisibility, monetarization, scope, and interdependence attributes within labor market policies. Employing a case study as its primary research strategy, the study analyzes data from diverse sources, including labor force statistics, policy documents, and academic literature. The Indonesian government, driven by the commitment to address the multifaceted challenges of unemployment and skill gaps, has formulated strategic initiatives to increase productivity and competitiveness. Thailand's School in Factory Programs is an exemplary model, showcasing a comprehensive approach to workforce competence by seamlessly integrating education with industry needs. The analysis extends to the broader context of population policies, drawing valuable lessons from the Republic of South Korea. The success of South Korea's population policy highlights the relevance of principles such as New Public Management (NPM), New Public Governance (NPG), and New Public Service (NPS). These principles are subsequently intertwined with the Indonesian and Thai cases, providing a comprehensive understanding of governance dynamics within the context of population and employment strategies.

## INTRODUCTION

The Southeast Asian region has undergone unprecedented growth and development, primarily attributed to the implementation of market-driven and export-oriented policies. This evolution has resulted in notable diversification across industries and increased demand for intricate and sophisticated skill sets (Barr & Attrey, 2017; Maclean et al., 2013). At the local level, vocational education programs have emerged as crucial instruments, facilitating the adaptation of national economies to the evolving dynamics of the labor market. This adaptation involves leveraging technological advancements and navigating the complexities of globalization. Across several Southeast Asian countries, significant interest has been expressed in developing work-based training programs. These initiatives aim to establish effective pathways for the youth to seamlessly enter the labor market while enhancing the existing workforce's skill levels. Work-based learning encompasses a spectrum of arrangements, ranging from formal apprenticeships and informal on-the-job learning to structured work placements integrated into formal vocational qualifications and various internships. On a local scale, establishing partnerships between employers and vocational education systems has emerged as a potent strategy (Francesca et al., 2009). These collaborations augment the quality of technical edu-

cation, ensuring that graduates are suitably equipped for a seamless transition into the workforce (Choy, 2019; Dhakal et al., 2018). Active engagement with the private sector enhances the capacity of vocational education, formalizes employment arrangements, and dispels prevailing misconceptions regarding its efficacy.

The spotlight has been directed toward skills development and occupational competencies as a region-wide priority. Consequently, the nature and caliber of skills have assumed paramount importance throughout Southeast Asia. While some countries have adeptly managed this transition, witnessing notable growth rates and improved employment levels, others grapple with reconciling globalization's opportunities with domestic concerns stemming from demographic shifts (Spoonley, 2008). The ensuing report emanates from extensive research and in-depth studies, which collectively probe these phenomena's intricate complexities. Its primary objective is to identify the chief impediments restraining employment growth within the region, achieved through a meticulous analysis of prevailing strategies. Before further exploration, it is imperative to underline that the core of this study lies in unraveling how governance approaches navigate policy intricacies related to employment and skill strategies in Indonesia and Thailand. This navigation is intricately woven into the pre-

vailing fabric of labor market conditions, warranting an inclusive examination.

The demographic theory entails the examination of population dimensions, including age, education, and sex. This concept holds central significance in labor statistics, particularly in discussions regarding variations in the size of the working-age population and its implications for labor market conditions. The population factor is integral to state formation, constituting the development of a centralized government structure. Haas's seminal work has spurred the exploration of state formation across various social sciences disciplines (Haas, 1982). Notably, state formation is associated with indicators such as population cycling, which confers competitive advantages (Flannery, 1999) and influences the complex interplay between population growth and unemployment.

The trajectory of population growth is constrained by the demographic dividend, a concept corroborated by the United Nations Population Fund (UNFPA). This dividend encompasses the economic growth potential derived from shifts in population age structures. Notably, economic impetus ensues when the working-age population's share (between 15 and 64) surpasses that of non-working-age individuals (aged 14 and younger and 65 and older). This alignment enhances economic productivity by expanding the workforce relative to dependents. The UNFPA highlights that countries with an augmented population of young individuals and declining fertility are poised to harness the demographic dividend.

The 'Asian Tigers,' such as Hong Kong, Indonesia, Malaysia, Singapore, South Korea, Taiwan, and Thailand, exemplify the benefits of fertility changes as drivers of economic advancement. Notably, the Republic of Korea's swift transition from high to low fertility was accompanied by an annual per capita Gross Domestic Product (GDP) growth of 6.7 percentage points between 1950 and 2008. Thailand's GDP witnessed a remarkable growth of 970 percent (Wongboonsing et al., 2005). Wongboonsin, Guest, and Pracuabmoh's overview underscores the relevance of demographic change and dividends in Thailand. A decline in the population under 15 is juxtaposed with an aging labor force, offering avenues for Thailand to augment its economic growth through dividend-focused strategies. These strategies include enhancing labor force quality, implementing pertinent macroeconomic policies, reforming the financial system, encouraging sustained participation of older individuals in the workforce, and nurturing a robust regional labor market.

Presently, demographic shifts are unfolding in approximately 60 countries. South Korea, once among the world's poorest nations in 1950, is an illustrative case. Over time, the South Korean government has devised reproductive health programs, education, and infrastructural development initiatives. UNFPA, in collaboration with Mason, presents a comprehensive analysis of the demographic dividend. As countries transition from high fertility and mortality rates to lower ones, mortality rates decrease alongside improved child survival rates due to enhanced health and sanitation (Mason, 2003). Concurrently, fertility

rates decline as families have fewer children, liberating resources for long-term investment. This transition results in a labor force comprising individuals born during this demographic shift, further bolstering economic development. To maximize the demographic dividend, countries with declining fertility must undertake diverse measures, including promoting decent employment, investing in education, ensuring access to proper nutrition and reproductive health care, and promoting sexual health education.

Building upon these insights, the study conducted by Hyun, Lee, and Kum in 2012 (Hyun et al., 2012) delves into the evolving dynamics of working mothers in Korea, particularly those with children under six. Their research reveals that as maternal labor market participation has significantly increased, working mothers have narrowed the gap in child-care time with full-time home keepers. They often compensate for insufficient care time during the week by increasing care time on weekends and enhancing the quality of time spent with their children. This adjustment aligns with the broader demographic shifts in South Korea, showcasing how societal changes, such as increased workforce participation among mothers, intersect with the demographic dividend. As families adapt to these changes, it becomes crucial for policymakers to consider the multifaceted nature of demographic transitions.

As the ongoing rapid fertility decline in South Korea spurs serious social concerns, there arises an urgency to enhance a better understanding of the family formation motivation. The research of Kwan and Choi in 2023 suggests that the fundamental policy goal should be to convict individuals of the promising future for the next generation (Kwan & Choi, 2023). The Republic of Korea provides an illustrative example of an aggressive population (Mason & Kinugasa, 2008) that spans both the public and private sectors. In comparison, government-affiliated health centers offered limited family planning services; a more effective strategy involved field facilitators disseminating family planning information and methods, reaching women more efficiently than clinic-based services. The Korean government also prioritized education to harness the demographic dividend. Over the period from the 1950s to the 1960s, South Korea's education strategy transitioned from compulsory primary education to a 'productive-oriented' approach, equipping individuals with the requisite knowledge and skills for economic development. This strategic investment in education contributed to a better-educated population to enhance economic growth by cultivating a skilled labor force.

Turbat, a proponent of demographic dividend analysis in population policy, proffers recommendations tailored to diverse contexts (Turbat, 2022). He suggests that countries must initially control mortality and fertility rates to stabilize the 'working age' population. Second, efforts should focus on increasing employment opportunities to enhance labor market absorptive capacity and mitigate unemployment. Third, elevating the average income is vital. Fiscal and monetary policies must facilitate productive investments, fostering sustained economic growth.

Turning to the case of Indonesia, Statistics Indonesia's projections forecast a demographic dividend spanning 2020 to 2035 (Indonesia, Statistic, 2017). The working-age population (15-64 years) is anticipated to constitute a historically high 64 percent of Indonesia's total populace of 297 million during this period. This demographic dividend portends an augmented workforce potential, yet it also raises the prospect of substantial unemployment and potential budgetary burdens. Effective governance synergy becomes the principal to capitalize on this opportunity for economic growth. The Ministry of Manpower of the Republic of Indonesia similarly foresees a substantial pace of transformation and acceleration in the labor market over a decade (Ministry of Manpower and Transmigration of Republic Indonesia, 2017). Shifting employment trends will result in over one million unemployed individuals from 2020 to 2030 due to heightened demands for Information and Communication Technology (ICT) and specialized occupational skills. Indonesia must prepare its labor market for the demands catalyzed by demographic shifts and technological advancement. Enhancing competency through diverse training avenues and curriculum reform education institutions becomes a competitive labor landscape.

The quality of employment aligns with existing labor regulations and remains a substantial concern. Challenges persist in youth employment, marked by skill mismatches and shortages. Progress in labor productivity has been gradual, necessitating a multifaceted approach to expedite growth in higher value-added sectors. Ensuring that the incoming labor force is adequately prepared to foster economic development is paramount for Indonesia. Labor market institutions must create an enabling environment conducive to economic growth and job creation. The expansion of educational investments has broadened the pool of educated labor. To enhance labor productivity, Indonesia must cultivate sophisticated and specialized skills. Challenges persist, particularly in the realm of educational outcomes. Prioritizing the development of an educated workforce is indispensable. In turn, building a cadre of highly educated and skilled workers yields enhanced contributions to economic growth, especially during periods of structural transformation. This dynamic is attributed to the positive spillover effects of highly educated workers compared to their less-educated counterparts. The challenge of Indonesia and Thailand lies in revamping the primary and secondary education system to equip the labor force with high-quality cognitive and technical skills germane to supporting economic development (Agrawal, 1997; Dhanani et al., 2009; di Gropello et al., 2011; Indrawati & Kuncoro, 2021).

In light of this context, our article advances a compelling proposition, fostering comprehensive governance synergy to address the complex policy challenges entwined with contemporary employment and skill strategies. We structure our article presentation into several coherent segments. Initially, we lay the foundation by elucidating the background and phenomenon, encompassing (a) the burgeoning need for diverse skill sets in Southeast Asia, (b) the pivotal role of vocational education programs in re-

sponding to labor market intricacies, (c) the potential of partnerships to enhance skill development and vocational education systems, (d) the transformative potential of demographic dividend through a case study of the South Korean Government, and (e) the spotlight on Indonesia and Thailand as exemplars of harnessing economic growth via demographic dividend amid an intensified presence of young demographics.

Subsequently, we examine the overarching governmental concepts and policy dilemmas that unfurl as pervasive societal concerns within our discourse. Progressing, we elucidate our chosen research methodology, the case study approach tailored to the contours of this study's objectives. Next, we navigate the intricate web of interconnected data, weaving together insights derived from diverse institutions, research endeavors, and studies. Our journey culminates as we synthesize our findings and analyses, comprehensively resolving the intricate research problem posed.

## THEORETICAL FRAMEWORK FOR THE STUDY

In the pursuit of understanding and addressing the complicated interplay between employment, skill strategies, and governance in the context of labor market dynamics within Southeast Asia, this literature review serves as the foundation, drawing upon a robust theoretical framework. Anchored in the conceptual underpinnings of governance and policy attributes, the review synthesizes key scholarly contributions, providing insights into the complexities of employment and skill development strategies.

### Governance as a Theoretical Lens

The concept of governance, as expounded by Van Keersbergen and Van Waarden, has emerged as a linchpin in comprehending the administration of public organizations and policy formulation (Van Kersbergen & Van Waarden, 2009). Rooted in the metaphor of steering, governance encapsulates the collective decision-making processes in contemporary societies, reflecting the imperative for societal accountability through public and private actions. Osborne noted that this paradigm shift in public administration has led to the evolution of governance practices, prompting the emergence of paradigms such as NPM, NPG, and NPS (Osborne, 2010).

NPM, characterized by pragmatic managerial approaches, reflects an entrepreneurial orientation that assimilates market-based strategies, privatization, and public-private partnerships into the public service domain. This paradigm's ethos fosters efficiency and efficacy, primarily informed by business-sector practices. NPG, in contrast, represents a corrective response to NPM's singular focus on efficiency, emphasizing accountability, responsiveness, and collaborative problem-solving in service delivery (Denhardt & Denhardt, 2003; Klijn, 2002). NPG heralds a transition beyond public bureaucracy, forging connections with diverse entities to address complex public challenges. NPS, taking center stage in public administration, centers on democratic governance through community participation and humanitarian organizations, under-

scoring the role of collaboration in enhancing public service provision (Robinson, 2015). This theoretical framework illuminates governance's multi-dimensional role in shaping policy approaches to employment and skill strategies within Southeast Asia.

### Policy Attributes: An Analytical Framework

The framework proposed by Peters lends depth to analyzing policy problems, providing a nuanced approach to policy design and implementation. Peters' framework identifies seven attributes: solubility, complexity, scale, divisibility, monetarization, scope of activity, and interdependence. Each interplaying with the intricacies of policy formulation and execution (Peters, 2005). This framework's relevance becomes evident in Lester's and Lascoumes and Le Gales' exploration of policy instruments to spotlight societal concerns and prompt adaptive policy approaches (Lascoumes & Le Gales, 2007; Lester, 2002).

Peters' attributes facilitate a granular examination of policy challenges (Table 1). The attributes associated with solubility, complexity, and scale illuminate the nature of the problem, its intricacy, and its scope, influencing the preference for policy processes. Meanwhile, attributes tied to policy instruments, such as divisibility, monetarization, the scope of activity, and interdependence, probe the implications of policy choices, yielding insights into the potential complexity of policy-making governance in diverse contexts (Hornbeek & Peters, 2017).

### Synthesis and Implications

The synthesis of governance theory and the policy attributes framework underscores the interdisciplinary nature of the study, combining insights from political science, public administration, and policy analysis. By embracing governance paradigms and examining policy attributes, the study aligns with the dynamics of Southeast Asian labor markets, where diverse skills, demographic shifts, and governance strategies intersect. This theoretical framework offers a holistic lens to examine the multifaceted challenges of employment and skill strategies, guiding the empirical exploration.

Incorporating governance concepts and policy attributes as the theoretical framework sets the stage for the subsequent empirical investigation. The ensuing sections will delve into the empirical methods, data analysis, and findings to bridge theory and practice in illuminating the nuanced landscape of employment and skill strategies within Indonesia and Thailand's labor market.

The efficacy of policies addressing employment-related issues hinges upon the inherent solubility of such problems. Strategic initiatives should be meticulously devised to provide sustainable solutions that address immediate challenges and contribute to enduring stability in the employment landscape. It is imperative to acknowledge the intricate multidimensionality of employment concerns. Any strategic endeavor should intricately navigate political and programmatic complexities while discerning technical and

causal dimensions, ensuring the implementation's effectiveness.

A discerning comprehension of the scale of unemployment or skill deficiencies is paramount. Policies must adeptly distinguish between localized predicaments and those of a more pervasive nature, thereby facilitating the formulation of targeted interventions tailored to the specific attributes of the identified challenges. The divisibility of employment strategies is of central importance. Policies should be formulated with a capacity for segregation to manageable components, augmenting efficacy and garnering support from diverse constituencies.

A comprehensive recognition of the financial dimensions associated with skill development and job creation is imperative. Employment strategies should be meticulously crafted to identify requisite funding needs and explore avenues for monetary support, thereby ensuring the feasibility of the proposed initiatives. Equally critical is the acknowledgment of the extensive scope characterizing employment challenges. Policies should fully understand the multifaceted factors contributing to unemployment or skill deficits.

The interdependencies inherent in employment challenges necessitate strategies that foster collaboration among various agencies, ministries, and stakeholders. Effective implementation is contingent upon a synchronized effort that acknowledges and addresses the intricate network of relationships between contributing elements. This nuanced perspective underscores the imperative for multifaceted and comprehensive strategies, wherein each attribute delineated by Peters' framework is duly considered and integrated into formulating employment and skill development policies.

## METHODS

We have chosen to adopt a case study research strategy for our study. The case study approach is one of several methods used in social science research, alongside experiments, surveys, historical analyses, and archival research. The choice of research strategy depends on various factors, including the nature of the research question, the level of control over behavioral events, and the focus on contemporary or historical phenomena. A summary of relevant situations for different research strategies is provided in Table 2.

The case study strategy is particularly well-suited for research questions that seek to understand 'how' or 'why' certain phenomena occur, mainly when researchers have limited control over events within real-life contexts. Case studies can be categorized into explanatory and descriptive types, and they are commonly employed in various fields such as psychology, sociology, politics, and the social sciences. Case studies enhance our understanding of individual cases, groups, organizations, and broader social and political phenomena. Additionally, case studies can be approached with diverse motives, from presenting individual cases to deriving generalizations based on evidence from multiple case studies (Yin, 2011).

**Table 1. Peters’ Policy Attributes and Implications**

Attributes of Policy Problems	Defining Questions	Connections to Employment and Skill Strategy Formulation
Core Attributes		
Solubility	Can the problem be solved? Does the problem reoccur over time?	In employment strategy, addressing skill gaps and unemployment is an ongoing challenge, emphasizing the need for solubility in solutions, for instance, investing in education and vocational training. Recognizing that employment challenges may persist, strategies should involve continuous adaptation to evolving workforce needs.
Complexity Scale (of the problem)	How complex is the problem? Political complexity Programmatic complexity Is the problem a large one that is not subject to disaggregation?	Employment and skill strategies acknowledge the multifaceted nature of workforce challenges, requiring comprehensive approaches to address political and programmatic complexities. Acknowledges the need for political consensus and collaboration in formulating and implementing effective employment policies. Recognizes the intricate nature of workforce programs, calling for nuanced solutions to match various causal and technical complexities. Employment strategies consider the scale of workforce challenges, aiming for solutions that can be scaled up to address the magnitude of employment and skill gaps.
Attributes directly tied to instruments		
Divisibility	Are the policy solutions divisible? Can they be disaggregated to the advantage of particular constituencies?	Employment strategies should assess whether interventions can be divided into manageable components, allowing targeted approaches for specific workforce segments. Recognizes the importance of tailoring employment policies to benefit specific groups such as youth, vulnerable populations, and sectors.
Monetarization	Is the problem solvable in terms of money?	Employment and skill strategies involve budget considerations, emphasizing the need for financial resources to implement practical training and employment programs.
Scope of activity contributing to the problem	Is there a large number of persons, organizations, or activities involved in creating the problem?	Acknowledges the broad scope of factors contributing to employment challenges, including education systems, private sectors, and diverse activities influencing workforce dynamics.
Interdependence	Can the problem be addressed well by a single agency or ministry?	Employment strategies recognize the interdependence of various stakeholders, requiring collaboration between government agencies, private sectors, and educational institutions.

Source: Adapted from Peters (Peters, 2005).

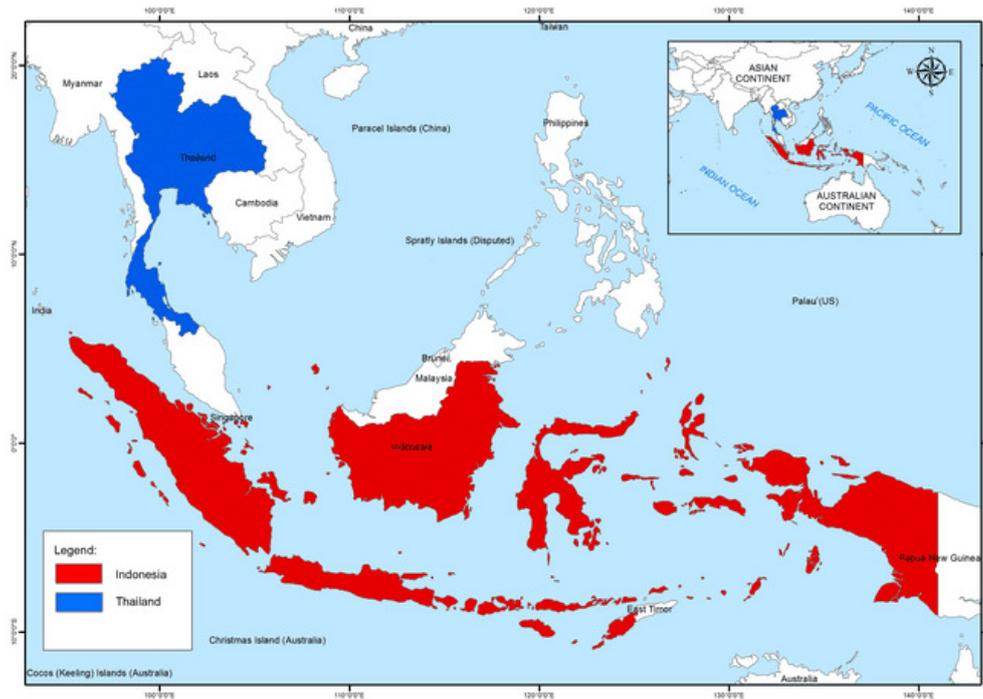
**Table 2. Relevant Situations for Different Research Strategies**

Research Strategies	Forms of Research Questions	Control of Behavioral Events	Focus on Contemporary Events
Experiment	How, Why	Yes	Yes
Survey	Who, What, Where, How many, How much	No	Yes
Archival Analysis	Who, What, Where, How many, How much	No	Yes/No
History	How, Why	No	No
Case Study	How, Why	No	Yes

Source: Adapted from Yin (Yin, 2011)

The case study approach will enable us to delve into the complex employment and skill challenges Indonesia and Thailand face. By investigating situations and contextual factors, we aim to uncover insights into how governance approaches address these challenges and contribute to ef-

fective employment and skill strategies in the labor markets of both countries. The ‘how’ questions at the heart of our research align well with the strengths of the case study method, allowing us to explore these multifaceted issues



**Figure 1. Geographical Map of Indonesia and Thailand**

Source: Image was proceeded by authors using GIS, 2023.

within the factors influencing successful policy implementations.

The selection of Indonesia and Thailand as case studies stems from their unique economic contexts, challenges in the labor market, and distinct approaches to addressing employment and skill development. Both countries present compelling cases for analysis due to their diverse geographical conditions that can be seen from [Figure 1](#), socio-economic landscapes, making them suitable representatives for exploring the effectiveness of employment and skill development strategies in varying contexts.

A rigorous examination of data and documents is imperative to ensure the study's validity. The data sources encompass a variety of primary and secondary materials, including government reports, labor market surveys, policy documents, academic research, and relevant publications. The unit of analysis primarily involves national-level employment and skill development programs, policies, and their outcomes. Variables under scrutiny include key indicators related to employment, skill development, and educational outcomes. Employment rates, skill gaps, workforce demographics, educational attainment, and participation in vocational training programs constitute pivotal variables. The analytical methods involve a comprehensive qualitative analysis of policy documents, program evaluations, and statistical data. Comparative assessments are applied to discern patterns, challenges, and success in each country's employment and skill development landscape.

## INDONESIA CASE: BRIDGING SKILL GAPS FOR EFFECTIVE EMPLOYMENT GOVERNANCE

The Republic of South Korea is a paradigmatic case, offering instructive insights for the Indonesian government in population policy. South Korea's adept approach, underscored by its emphasis on family planning, women's empowerment, and economic development, has yielded considerable demographic and socio-economic advancements. Crucial takeaways for Indonesia include adopting comprehensive family planning initiatives, strategic investments in women's education and workforce participation, and aligning population policies with broader economic development objectives.

In Indonesia's ambitious pursuit of bridging skill gaps for effective employment governance, the principles encapsulated in NPM assume pivotal importance. By strategically implementing NPM principles, the Indonesian government can enhance program efficiency and establish robust mechanisms for measuring performance, particularly in skill development programs that address employment challenges.

The multifaceted nature of Indonesia's employment government involves diverse stakeholders, encompassing government entities, educational institutions, and industry players. Recognizing the imperatives of collaborative and networked governance, the infusion of NPG principles becomes imperative. Within the Indonesian framework, the active involvement of various stakeholders in the formulation and execution of skill development programs becomes paramount, fostering inclusivity and coordination and significantly contributing to the success of employment governance.

Aligned with NPS tenets, Indonesia's endeavor emphasizes citizen-centric approaches and responsiveness, underscoring its direct relevance to the Indonesian case. The efforts to bridge skill gaps for effective employment governance while predominantly addressing the workforce's needs concurrently cater to the broader population. Through harmonizing skill development programs with NPS values, the Indonesian government can tailor services to meet the workforce's diverse needs, thereby promoting inclusivity and social equity in the pursuit of effective employment governance. This strategic alignment ensures that skill development initiatives address the immediate demands of the labor market and substantively contribute to overall societal welfare.

In the context of our research focus on employment and skill strategies in Indonesia within the framework of governance approaches, we probe into the complex dynamics of the Indonesian labor market, shedding light on pertinent issues of skill shortages and mismatches. This investigation aligns seamlessly with our overarching research objectives: to identify the challenges hindering employment growth and skill development and to discern how governance approaches can effectively address these policy issues. Framing our analysis within the theoretical governance framework, we navigate the multifaceted landscape of Indonesia's labor market challenges. As expounded upon by scholars like Van Keersbergen and Van Waarden, the concept of governance encapsulates notions of steering collective choices in complex societal matters (Van Keersbergen & Van Waarden, 2009). In our exploration, we scrutinize the intersections of policy design, public administration paradigms, and the imperative of addressing skill disparities to promote effective employment governance.

Examining the World Bank Group's policy research working paper 2018 derived from Falvey, Greenaway, and Silva's research unveils insights into international competition, returns to skill, and labor market adjustment (Falvey et al., 2018). In the context of our study on employment and skill strategies, the notion that heightened import competition leads to increased returns to skill within industries underscores the critical need to cultivate a skilled workforce for enhanced competitiveness. For Indonesia and Thailand, crafting employment strategies prioritizing skill development programs is imperative. Governments are advised to invest in education and training initiatives that elevate the workforce's skill levels, ensuring their adept contribution to industries grappling with global competition.

Furthermore, realizing that international competition induces skill and occupation upgrading aligns seamlessly with our study's central theme of devising strategies to bridge skill gaps. Governments in Indonesia and Thailand are poised to explore policies fostering continuous learning and skill upgrading. This may involve collaborative ventures with industries to discern emergent skill demands and tailoring educational and training programs to align with these requirements. Initiatives such as apprenticeships, professional development courses, and industry-integrated education merit exploration to facilitate comprehensive skill and occupation upgrading.

The information summarized from the McKinsey Report of 2021 highlights the potential for Indonesia to ascend to the world's seventh-largest economy by 2030, should it swiftly revert to pre-pandemic growth rates (McKinsey Global Institute, 2021). The key emphasis in this study on skill strategies and employment in Indonesia, particularly in relation to productivity and competitiveness, resonates with the broader economic landscape. This insight offers valuable context for comprehending the significance of skill strategies and employment in attaining these ambitious economic goals.

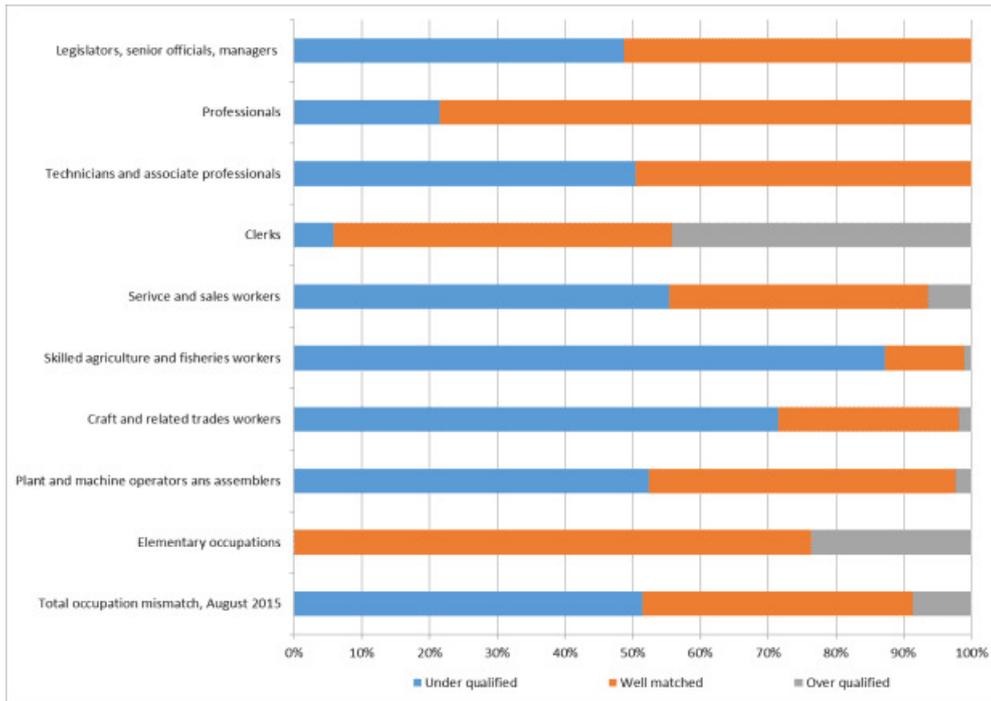
The data on Indonesia's occupational mismatch, as portrayed in [Figure 2](#), provides a visual representation of the complex challenges in aligning skills with employment opportunities. This empirical evidence corroborates our investigation into the scale of the problem, the implications of skills with employment opportunities, and the implications of skill shortages for sustainable economic growth. The graph indicates that high levels of skill and qualification mismatch are associated with lower labor productivity, a concern that resonates deeply with our research focus. Delving further into the intricacies of occupational mismatch in Indonesia is imperative to grasp the nuanced dimensions of the issue. As highlighted in [Figure 2](#), the existing occupational mismatch is a multifaceted challenge influenced by various factors. Gender disparities play a pivotal role, with differential employment patterns and opportunities for men and women contributing to the complexity of the mismatch. Additionally, variations between urban and rural settings present distinctive dynamics, impacting the nature and prevalence of occupational mismatch in different geographic contexts.

Moreover, the type of industry emerges as a critical determinant, with variations observed between agriculture and non-agriculture sectors. The distinct skill demands, work structures, and job requirements in these sectors introduce another layer of complexity to the occupational mismatch scenario. It is essential to recognize and analyze these factors comprehensively to formulate targeted interventions addressing the challenges posed by gender differences, urban-rural disparities, and industry-specific dynamics in the occupational landscape.

[Figure 3](#) points to the intricate dynamics of labor utilization in Indonesia. The chart delineates how educational levels are intertwined with employment status, highlighting that higher levels of education correlate with full-time employment and reduced underemployment. This empirical insight emphasizes the pivotal role of education in career progression and reinforces the importance of addressing skill mismatches to unlock the potential of the Indonesian labor force.

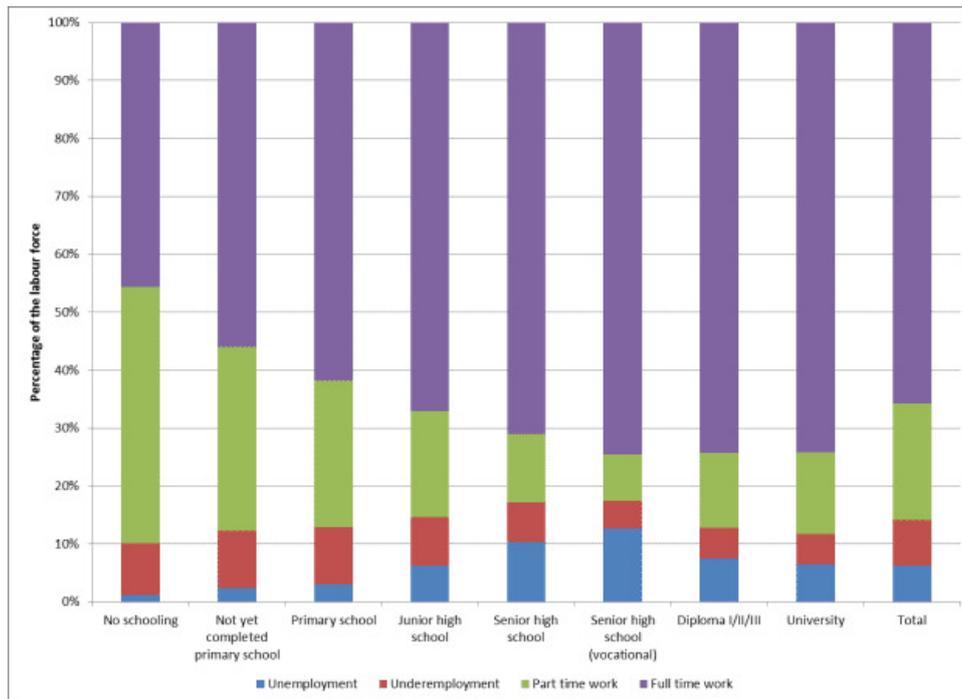
## Government's Strategic Initiatives for Labor Market Development

In tandem with the theoretical framework guiding our exploration of employment and skill strategies in Indonesia, [Table 3](#) is a comprehensive repository encapsulating the strategic initiatives delineated by the government's employment program. Analogous to a conductor's baton or-



**Figure 2. Indonesia Occupational Mismatch**

Source: Labor Force Situation (Statistic Indonesia, 2015).



**Figure 3. Indonesia Labor Utilization**

Source: Statistics Indonesia, 2015

chestrating a symphony, these initiatives intricately harmonize governance imperatives with the dynamic contours of the labor landscape. Each strategic facet, strategically interwoven, resonates with our research’s foundational principles, emphasizing the collective orchestration required to navigate the intricate challenges inherent in labor market

dynamics. This narrative’s metaphorical elucidation of governance as a lighthouse underscores its pivotal role in illuminating the trajectory toward a robust and vibrant labor market. This symbolic representation signifies the guidance and direction provided by governmental initiatives, partic-

**Table 3. Strategic Initiatives for Increasing Productivity and Competitiveness**

Strategic Initiatives	Connection to Employment and Skill Strategies
Vocational Education and Training (VET) based on industrial cooperation	<ol style="list-style-type: none"> <li>1. Aligning study programs with industry needs</li> <li>2. Strengthening work skills and entrepreneurship training</li> <li>3. Improving vocational education governance</li> </ol>
Strengthening the quality of higher education	<ol style="list-style-type: none"> <li>1. Developing higher education as a center of excellence</li> <li>2. Fostering collaboration between universities, industries, and the government</li> </ol>
Enhancing the capacity for science and technology	<ol style="list-style-type: none"> <li>1. Utilizing science and technology for sustainable development</li> <li>2. Creating an innovation ecosystem</li> </ol>
Cultural development and improving sports achievements	<ol style="list-style-type: none"> <li>1. Structuring sports regulations and institutions</li> <li>2. Developing sports culture through recreational sports, traditional sports, and educational sports</li> </ol>
Strengthening development assistance	<ol style="list-style-type: none"> <li>1. Developing competency standards and national qualifications for development assistance</li> <li>2. Education and training programs based on competency standards</li> </ol>
National talent management	<ol style="list-style-type: none"> <li>1. Mapping the supply and demand for talents</li> <li>2. Managing the inventory and talent pool database</li> <li>3. Increasing expertise, capacity, and career development of talents</li> <li>4. Creating a conducive environment for talent development</li> <li>5. Establishing a talent management institution</li> </ol>

Source: Presidential Regulation Number 18/2020 Concerning the National Medium-Term Development Plan 2020-2024 Pointing to Increase Productivity and Competitiveness.

ularly in [Table 3](#), to propel the nation toward increased productivity and competitiveness in the post-pandemic era.

Illustrated by [Table 3](#), the government’s employment program articulates a visionary approach, responding to the nuances of the labor market’s strategic precision. The table dissects vital initiatives through this lens, each tethered to employment and skill development strategies, presenting a holistic labor market development blueprint. The interconnectedness of vocational education, higher education quality enhancement, scientific and technological capacity building, cultural development, development assistance, and national talent management underscores the multifaceted nature of the government’s endeavor. Grounded in Presidential Regulation Number 18/2020 concerning the National Medium-Term Development Plan 2020-2024, this table encapsulates a dynamic framework for stakeholders to comprehend and engage with the intricate symphony of policies propelling Indonesia’s labor market toward increased productivity and competitiveness (Ministry of National Development Planning, 2020).

### THAILAND CASE: NURTURING WORKFOCE COMPETENCE THROUGH INDUSTRY-EDUCATION INTEGRATION

The success of South Korea’s population policy offers valuable lessons for the Thai government. Additionally, South Korea’s emphasis on education as a critical component of its population policy aligns with Thailand’s ongoing efforts to enhance its education system. The Thai government can draw inspiration from South Korea’s transition to a ‘productive-oriented’ education approach, focusing on equipping individuals with the necessary skills for economic development. Given Thailand’s demographic

challenges, investing in education to create a skilled labor force can contribute significantly to long-term economic growth and demographic stability.

In cultivating workforce competence in Thailand, the strategic application of NPM principles assumes paramount significance in optimizing program efficiency and facilitating robust performance measurement. Through the deliberate adoption of NPM principles, the Thai government can systematically streamline the integration of industry and education, ensuring that initiatives geared toward workforce development are outcome-oriented and resource-efficient. Integrating industry and education within Thailand’s approach involves many stakeholders, including governmental bodies, educational institutions, and industrial entities. Acknowledging the pivotal role of fostering collaborative and networked governance, the infusion of NPM principles becomes indispensable. Within the Thai context, active stakeholder involvement in the formulation and execution of workforce competence programs becomes pivotal, fostering inclusivity and coordination, thereby significantly contributing to the success of the integration initiative.

Aligned with NPS tenets, Thailand’s initiative underscores citizen-centric approaches and responsiveness, demonstrating its direct relevance to the Thai case. The integration of industry and education, while primarily addressing the workforce’s needs, concurrently caters to the broader population. Through harmonizing integration programs with NPS values, the Thai government can effectively tailor services to accommodate the workforce’s diverse needs, thereby promoting inclusivity and social equity in the development of workforce competence. This strategic alignment ensures that the integration initiative addresses the immediate demands of the workforce and contributes substantively to the overall social welfare.

In Thailand, the pivotal role of a proficient labor force in propelling economic advancement is incontrovertible. A well-prepared workforce catalyzes enhanced productivity and heightens the nation's competitive edge. However, empirical insights from comprehensive studies and nuanced observations across public and private domains corroborate a pressing concern: the existing education framework needs to yield graduates aligned with industry requisites (Parpart, 2015). Within this discourse, Parpart elucidates the significance of the Vocational Education Act 2008. This legislative framework, converging with the broader goals of the National Economic and Social Development Plan and National Education agenda, is orchestrated to yield skilled individuals poised to satiate labor market demands while endowing students with pivotal pragmatic proficiencies indispensable for their forthcoming occupational trajectories.

Focusing on a pivotal locus of his investigation, Parpart navigates his scrutiny toward The Rajamangala University of Technology Lanna (RMUTL), a notable Thai educational institution aiming to burgeon onto a recognized bastion of vocational education extending up to the postgraduate echelon. Positioned at the juncture of theory and praxis, RMUTL regards industry settings as quintessential crucibles for shaping students' practical dexterity, juxtaposed with classroom erudition. Although RMUTL initially advocated truncated internships, it unearthed its inadequacy in furnishing students with requisite experimental learning. This incongruity is further accentuated by the observation that the university's pedagogical apparatus, instructional paradigms, and equipment lagged behind industrial advancements, fostering a yawning chasm between academic training and on-ground industrial demands. In response to this palpable asymmetry, a consortium comprising the National Science Technology and Innovation Policy Office (STI), RMUTL, and Michelin Thailand Company Limited orchestrated an innovative initiative christened 'School in Factory' (SiF). This pioneering venture seeks to architect a more resonant synergy between academia and industry, addressing the incongruities that hindered the seamless integration of theoretical edification and pragmatic application.

### **Confluence of Education and Industry for Competence Enrichment**

The Thai narrative of workforce preparation emblemizes the broader discourse on aligning education with industry imperatives. Parpart's investigation, magnifying the significance of vocational education policies, resonates harmoniously with our research's theoretical underpinnings. As the focus of our research's objective, the essence of synchronizing skills nurtured within educational crucibles with the contours of industry requirements is pivotal. Parpart's exploration echoes our research's call for equipping graduates with theoretical acumen and practical prowess that galvanizes economic growth. Furthermore, RMUTL's saga is a microcosm of the larger narrative woven by our research's focus. The disparity between educational landscapes and industrial demands that RMUTL grappled with mirrors the overarching challenge we seek to address: the chasm be-

tween knowledge dissemination and industry relevance. The plight of students striving to bridge the disjuncture between academia and real-world application is emblematic of the workforce conundrum our research seeks to navigate.

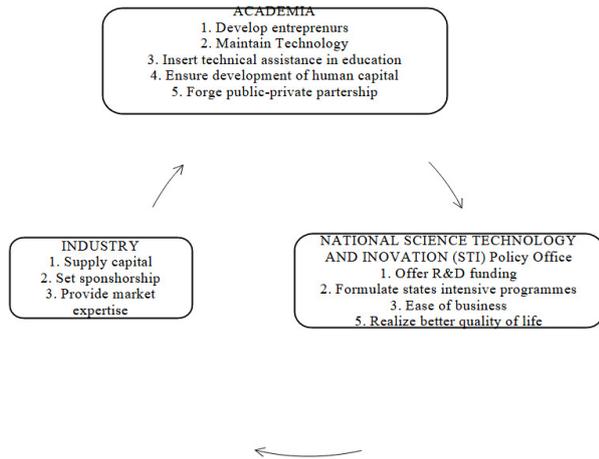
The 'School in Factory' (SiF) initiative epitomizes a proactive endeavor, epitomizing our research's essence of collaborative governance. This strategic alignment between academia, industry, and policy enablers reverberates with our research's theoretical framework that champions cross-sectoral synergies. By interweaving the domains of education and industry, SiF aspires to bridge the gap between skillset acquisition and employment readiness.

### **Navigating Challenges and Extracting Key Insights: Toward Reshaping Thailand's Labor Market**

The landscape of Thailand's labor market is beset by twin challenges that cast a shadow over its economic trajectory. The first predicament emanates from the pressing demand for highly skilled engineers and technical personnel, particularly within the industrial domain. An implicit consequence of this quandary is the stagnation in curricula offered by vocational education and training institutes, necessitating an urgent call for revitalization. The second challenge germinates from a disinterest in vocational education among academically promising youth. This reluctance predominantly stems from the perceived financial disparity, with technician roles reaping a remuneration incongruous with the exhaustive labor inputs. The labyrinthine challenges that plague Thailand's labor market are emblematic of the 'middle-income trap' afflicting several Southeast Asian nations. A potential avenue to break free from this quagmire is by augmentation of knowledge, competencies, and technological prowess, thereby augmenting the nation's per capita income. This ambitious pursuit hinges on a seamless nexus between governments—industry, and educational establishments to redefine the educational landscape.

Within Thailand's pursuit of nurturing workforce competence through industry-education integration, several challenges come to the fore, echoing the nation's broader traps. The persistent specter of the 'middle-income trap' looms large, necessitating strategic initiatives to propel the workforce towards higher skill levels and productivity. Simultaneously, grappling with the intricacies of the 'inequality trap' underscores the importance of ensuring that workforce development is inclusive, reaching all segments of society and narrowing socio-economic gaps. Moreover, the challenge of the 'imbalanced trap' highlights the need for Thailand to harmonize its efforts in workforce competence, ensuring that developments are distributed evenly across sectors and regions. Thus, the endeavor to integrate industry and education must address immediate skill gaps and navigate the broader socio-economic challenges embedded in these traps, fostering a more balanced and equitable trajectory for Thailand's workforce development.

Barr and Attray illuminate this transformative journey with their proposition of the 'School of Factory' Program, elucidated through the framework of three Lateral Net-



**Figure 4. Networks in the School of Factory Program**

Source: Barr and Attray (2017).

works (see Figure 4). The visual manifestation of these networks portrays the envisaged amalgamation of stakeholders to address the very fabric of Thailand's labor market challenges (Barr & Attray, 2017).

The resonance between Thailand's labor market quandaries and research's overarching themes reverberates profoundly. The lacuna between industry demands and vocational education curriculum underscored in the first challenge mirrors the crux of our research. Our focal point on aligning workforce competencies with industry requisites corroborates the need to rejuvenate curricula to satisfy the industry's hunger for skilled professionals. The second challenge, the disinterest in vocational education, strikes a chord with our research's aspiration for seamless education-industry integration. The financial disparity compelling academically proficient youths to eschew vocational education mirrors the systemic congruity we intend to address. Through reconfiguring perceptions and incentives, our research dovetails with the pursuit of dismantling the notion that vocational paths offer inferior prospects.

The envisioned remedy delineated by Barr and Attray's 'School of Factory' Program enshrines the principles of collaborative governance inherent in our research's theoretical framework. This tripartite harmony of government, business, and educational entities resonates harmoniously with our proposition for cross-sectoral collaboration. This harmonization exemplifies the quintessence of reshaping educational paradigms to transcend labor market constraints.

Thailand's initiative, Thailand 4.0, lays out a comprehensive economic model to propel the nation beyond challenges posed by previous development paradigms. The goal is to transition from agriculture-centric (Thailand 1.0), light industry-oriented (Thailand 2.0), and advanced industry-focused (Thailand 3.0) models (Australian Government, 2019). The identified challenges encompass 'a middle-income trap,' 'an inequality trap,' and 'an imbalanced trap.' Thailand 4.0 strongly emphasizes innovation-driven economic growth, aiming to upgrade technology, enhance cre-

ativity, foster innovation, and boost research and development capacity. A pivotal aspect of this initiative is the focus on specific industries categorized onto 'S-curves,' with a distinction between the 'First S-curve' and the 'New S-curve' sectors. These sectors include robotics, aviation and logistics, a medical hub, biofuels and biochemical, and digital industries. These sectors align with the government's broader policy to upgrade Thailand to a highly developed country by 2036.

In the context of workforce competence, Thailand 4.0's emphasis on vocational education becomes crucial. The development targets for the new S-curve industries, as outlined in Table 4, highlight the need for skilled labor in areas such as robotics, aviation, logistics, medical services, biofuels, biochemical, and digital technologies. The initiative recognizes the importance of educating unskilled and low-skilled labor with knowledge, expertise, and high skills to meet the demands of these emerging industries.

The strategic initiatives for increasing productivity and competitiveness, especially in vocational education and training, play a significant role in aligning the workforce with the evolving needs of these high-value industries. Thailand's commitment to improving its education system and enhancing technological skills among highly educated workers directly aligns with the goals of Thailand 4.0, ensuring that the workforce is well-prepared to contribute to the targeted S-curve sectors. This connection underscores the interplay between national economic strategies, workforce development, and cultivating a skilled and adaptable workforce for Thailand's future industries (Jones & Pimdee, 2017).

## ANALYSIS OF INDONESIA AND THAILAND'S EMPLOYMENT STRATEGIES

Table 5 provides a comprehensive comparative analysis of Indonesia and Thailand's employment strategies, examining them through Peters' policy attributes. As both nations grapple with distinct challenges in their labor markets, ranging from skills mismatch to the complexities of the 'middle-income trap,' this comparison aims to elucidate each country's nuanced approaches. The seven policy attributes, Solubility, Complexity, Scale, Divisibility, Monetization, Scope, and Interdependence, offer a structured framework to assess the effectiveness and adaptability of their respective employment governance and skill development initiatives. Through this analysis, we unravel how Indonesia and Thailand navigate multifaceted labor market issues and tailor their policies to address the unique intricacies of their economic landscapes.

## CONCLUSION

Examining labor market challenges in Indonesia and Thailand through the lens of Peters' policy attributes offers valuable insights into the effectiveness of their respective strategies. Indonesia's Employment Programs reflect a concerted effort to enhance workforce competence and promote employment. However, the multifaceted challenges persist, particularly in addressing the growing workforce

**Table 4. Thailand 4.0 Future Industry Development Targets**

Industry	Focus Areas
Robotics	<ol style="list-style-type: none"> <li>1. Robots for automotive, plastics, medical, and electronics industries</li> <li>2. Robots for underwater support</li> </ol>
Aviation and Logistics	<ol style="list-style-type: none"> <li>1. Transportation services</li> <li>2. Modern logistics service centers</li> <li>3. Aviation maintenance, repair and overhaul (MRO)</li> <li>4. Manufacture of aviation parts</li> <li>5. High-value business with time-sensitive products</li> <li>6. Aviation training centers</li> </ol>
Medical Hub	<ol style="list-style-type: none"> <li>1. Telemedicine</li> <li>2. Consulting, diagnosis, and testament</li> <li>3. Remote health monitoring device manufacturing</li> <li>4. Biologistic and Biosimilar</li> </ol>
Biofuels and Biochemical	<ol style="list-style-type: none"> <li>1. Second generation biofuels</li> <li>2. Development of the biochemical industry midstream sector</li> <li>3. Bioplastics</li> <li>4. Bio-economy</li> </ol>
Digital	<ol style="list-style-type: none"> <li>1. Embedded software, enterprise software, and digital content</li> <li>2. E-commerce (sell-buy-pay-deliver)</li> <li>3. Consumer data mining and data centers</li> <li>4. Cloud computing</li> <li>5. Cybersecurity</li> <li>6. Internet of Things: enabled smart city</li> <li>7. Creative media and animation</li> </ol>

Source: Jones and Pimdee (2017).

**Table 5. Comprehensive Analysis of Indonesia and Thailand's Employment Strategies through the Lens of Peters' Policy Attributes**

Policy Attribute	Indonesia's Case: Bridging Skill Gaps	Thailand's Case: Workforce Competence
<b>Solubility</b>	Focus on vocational training and apprenticeships addresses the skills mismatch in Indonesia.	Thailand's 'School in Factory' initiative proactively enhances workforce skills, aligning with solubility.
<b>Complexity</b>	Multifaceted challenges like vocational training, apprenticeships, and skill shortages showcase the complexity of Indonesia's labor market.	Thailand's challenges of overcoming the 'middle-income trap,' 'inequality trap,' and 'imbalanced trap' exhibit political programmatic, technical, and causal complexities.
<b>Scale</b>	Indonesia's employment programs impact youth employment and productivity, addressing large-scale labor market issues.	Challenges in nurturing workforce competence in Thailand have a considerable scale, involving multiple stakeholders and sectors.
<b>Divisibility</b>	Diverse employment programs in Indonesia allow for divisibility, tailoring solutions to specific constituencies and sectors.	Integration of industry and education in Thailand, involving various stakeholders, underscores the divisibility of the initiative.
<b>Monetization</b>	Emphasis on investments in training infrastructure and financial incentives in Indonesia demonstrates a commitment to understanding monetary aspects.	The financial dimension is crucial in Thailand's workforce competence programs, requiring proper funding for success.
<b>Scope</b>	Indonesia's multifaceted approach to employment governance recognizes the broad scope of labor market challenges, including skills, vocational training, and apprenticeships.	Challenges faced by Thailand, such as the 'middle-income trap' and 'inequality trap,' highlight the broad scope of issues in nurturing workforce competence.
<b>Interdependence</b>	Labor market governance challenges in Indonesia emphasize the need for better links between industry and education, showcasing interdependence.	The collaborative approach in Thailand's industry-education integration illustrates interdependence between governmental bodies, educational institutions, and industries.

amidst structural transformations. Despite commendable initiatives, the issue of skill mismatches and the need for closer industry alignment remain significant hurdles.

In contrast, Thailand's School in Factory Programs exemplifies a comprehensive approach to workforce competence by integrating education with industry needs. The attributes of divisibility and interdependence are apparent in

Thailand’s collaborative efforts, aligning with the principles of NPG. The initiative seems responsive to the intricate demands of the labor market, emphasizing not only technical skills but also fostering collaboration between academia and industry.

While both nations have made strides in confronting their labor market challenges, complexities persist. Indonesia grapples with fostering extensive employment growth and addressing industry disparities. Thailand, meanwhile, faces the challenges associated with the ‘middle-income trap’ and the need to attract youth to vocational education amid salary differentials.

In conclusion, the analysis underscores the necessity for ongoing evaluation and adaptation of policies to align with the dynamic nature of labor markets. Indonesia and Thailand exhibit commendable efforts, yet the complexities of employment governance necessitate continuous refinement. As both nations navigate these challenges, there is a need for targeted interventions, increased industry collaboration, and a nuanced understanding of the evolving demands of the labor market to ensure sustained success

in addressing employment and skills challenges. This study contributes a nuanced understanding of the progress made and the road ahead for Indonesia and Thailand in pursuing effective labor market governance.

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