



Indonesia's Human Capital Landscape: Strategic Workforce Development

Muhammad Ali, Ph.D.
Director of Productivity Enhancement,
Ministry of Manpower of The Republic of Indonesia

ASEAN Human Capital Development Investment Symposium 2025

Kuala Lumpur, Malaysia | 27–28 May 2025



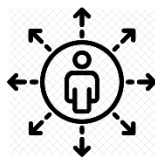
Agenda

01 Opportunity, Challenges, and Aspiration

02 Indonesia's Human Capital Development
Policies and Strategies

03 Flagship Programs


1. Opportunity, Challenges, and Aspiration





Opportunity

- **Demographic Bonus**
(Indonesia's productive-age population reaches 70.72% (189.14 million);
- **Emerging sectors include**
Green economy, digital economy, and creative industries.



Challenges

- **Low Skill Workforce**
(Only 12.83%- Higher Education)
- **Skill Mismatch**
(Indonesia horizontal skill mismatch 60.52 % and vertical one : 53.33%);
- **Informal Dominance**
(83.34 million/60.12 %)
- **Low Productivity compared to ASEAN peers.**
(Below the average of ASEAN countries : USD \$ 26K compare to 41K per worker)
- **Unemployment Rate**
(4.76%, Youth NEET:16.16%)
- **Fragmented Training**
(Uncoordinated skills development efforts)

- **New Work Model**
(Remote work, gig platforms challenging traditions)
- **Double-Edged Sword**
(Digitalization offers leapfrogging but risks inequality)
- **Automation Impact**
(Routine jobs becoming obsolete)



Aspiration

- **The Golden Indonesia 2045**
(High Income Countries: \$ 4,900 / \$ 14,000)

- **Economy Growth Goal**
(8% by 2029)


2. Indonesia's Human Capital Development Policies and Strategies

Revitalization of Vocational Education and Training (Perpres 68/2022)

Labour Market Information System (LMIS) (Permenaker 5/2024)

National Movement for Productivity & Competitiveness (Perpres 1/2023)

Protection for workers affected by Termination of Employment (PP 6/2025)

Inclusive workforce participation (No one left behind) (UU 8/2016)

National Skills Strategy 2025–2029

- Reform Vocational Training:
- 1. Training Expansion (1 province, 1 training center);
 - 2. Demand Driven Training (Curriculum tailored to meet current and future industry demands;
 - 3. Instructor Capacity Development;
 - 4. Public Private Partnership (PPP) models to invest in skills development / tax incentive.

Labour Market Information System (LMIS)

- 1. Supply and Demand
- 2. Workforce Planning
- 3. Labor Market Analysis
- 4. labor Market Intelligence

National Productivity Movement 2.0

- 1. Culture Transformation (Embedding efficiency and innovation in workplaces);
- 2. Training Programs : Upskilling workers to enhance competitiveness;
- 3. Productivity Recognition: Awarding companies excelling in productivity gains;
- 4. Consultation on productivity for SMEs;
- 5. Adoption of Technology and Digitalization (Automation and AI).

Unemployment Benefits

- 1. Cash Benefit (60% of wages for 6 months);
- 2. Access to Labor Market Information (Job Vacancy and Counseling);
- 3. Access to Upskilling or Re-Skilling (Training and Certification).





Inclusive workforce participation

Persons with Disabilities: Mandates a minimum quota of 2% disabled workers in government agencies and 1% in private companies.



3. Flagship Program

SCHOOL TO WORK TRANSITION (PROJECT BASED LEARNING)

	 Smart Operation	 Smart Creative IT Skills	 Agroforestry	 Green Jobs
Description	The operational of automation training to improve Productivity	The creative skill Training on IT Technology	Social forest utilization training for agro-industrial ecosystems	Green technology operator and technician training
Content	<ul style="list-style-type: none">▪ Smart-Farming▪ Smart-Manufacturing▪ Smart-Supply Chain▪ Smart-Building▪ Smart-Office▪ Smart-Tourism▪ Smart-Healthcare, dll.	<ul style="list-style-type: none">• Content Creator (Graphic design, video editing, illustration, copywriting• Web Development• Utilization of AI• Social media optimization	<ul style="list-style-type: none">• Spice Plant Cultivation• Soil and Water Conservation• Post Harvest• Agroforestry Business Model etc.	<ul style="list-style-type: none">• Renewable Energy Power Plant• Solar panels• Waste management

PROGRAM STRUCTURE

	01 Online	02 Offline in BLK	03 Industry + BLK	04 BLK
Content	Psychological Assessment and Theory	Basic Practice	Project Based learning	Certification
Duration	1 Week	2 Weeks	3 Months	
Source of fund	Ministry of Manpower		Industry Partners through Incentive Schemes	

Ministry of Manpower of the Republic of Indonesia

THANK YOU

For More Info :

 dit.produktivitas@gmail.com

 www.kemnaker.go.id

