



Institutional Capacity and Public Vocational Training Service Quality in Responding to Digital Labor Market Challenges

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Abstract

The rapid digitalization of labor markets presents significant challenges for public vocational training institutions, requiring improvements not only in technical training but also in institutional capacity and service quality. This study examines the relationship between institutional capacity and the quality of public vocational training services in responding to the demands of the digital labor market. The research focuses on the UPT Balai Latihan Kerja (BLK) under the Department of Manpower and Transmigration of South Sulawesi Province, Indonesia, as a representative subnational public organization responsible for workforce development. A quantitative research design was employed using survey data collected from 210 respondents, including training participants, instructors, and administrative staff. Institutional capacity was measured through dimensions such as human resource competence, organizational structure and systems, leadership support, resource availability, and adaptive capacity to digital change. Service quality was assessed based on reliability, responsiveness, accessibility, transparency, and labor market relevance. Data were analyzed using descriptive statistics and multiple regression analysis. The findings reveal that institutional capacity has a significant and positive effect on service quality. Leadership support, human resource competence, and adaptive capacity emerged as the strongest predictors. These results indicate that governance capability plays a more decisive role than resource availability alone in shaping service performance. The study contributes to public administration literature by providing empirical evidence on how institutional factors influence service quality in public vocational training institutions within a digital transformation context. Practically, the findings emphasize the importance of capacity-oriented reforms to maintain institutional responsiveness, credibility, and labor market alignment.

Keywords: Institutional Capacity, Public Service Quality, Vocational Training, Public Administration, Digital Labor Market.

INTRODUCTION

The acceleration of digital transformation, automation, and platform-based economic activities has fundamentally reshaped labor market structures across the globe. Technological change is not only

altering job requirements but also redefining skill demands, employment patterns, and workforce adaptability (Autor, 2022; Schwab, 2017). In this evolving context, governments face increasing pressure to ensure that public employment and training systems remain responsive, inclusive, and aligned with the realities of a digital labor market (OECD, 2019; UNDESA, 2022).

Public vocational training institutions play a pivotal role in mediating labor market transitions by equipping individuals with relevant competencies, facilitating reskilling, and enhancing employability. These institutions serve as strategic instruments of labor policy while simultaneously functioning as frontline public service providers (ILO, 2021). However, their effectiveness is shaped not solely by curriculum design or training infrastructure but by broader organizational factors, particularly institutional capacity and service quality (Andrews et al., 2017; Peters, 2018).

Institutional capacity has emerged as a central concept in public administration and governance literature. It refers to the ability of public organizations to formulate objectives, mobilize resources, coordinate actors, and deliver services effectively under conditions of complexity and change (Fukuyama, 2016). Contemporary scholarship emphasizes that institutional capacity encompasses multidimensional attributes, including leadership capability, human resource competence, organizational systems, adaptive learning mechanisms, and governance arrangements (Grindle, 2017; Pierre & Peters, 2020). In environments characterized by rapid digital disruption, adaptive capacity—the ability to adjust strategies, processes, and competencies—becomes particularly critical (Margetts & Dunleavy, 2018).

Parallel to this, the quality of public services has become a key indicator of governmental performance, legitimacy, and citizen trust. Service quality frameworks highlight dimensions such as reliability, responsiveness, accessibility, transparency, and user-centeredness as essential determinants of public value creation (Osborne, 2018; Bovaird & Löffler, 2016). In vocational training services, quality is reflected not only in operational efficiency but also in the relevance of training outcomes to labor market demands (ILO, 2021). As labor markets become increasingly digitalized, service quality must also incorporate digital readiness, including the integration of digital tools, online platforms, and data-driven management practices (Cordella & Tempini, 2016; Gil-Garcia et al., 2018).

Despite extensive reforms in public sector management and digital governance, empirical evidence suggests that many public training institutions struggle to keep pace with technological change. Challenges often include outdated curricula, insufficient digital infrastructure, limited instructor competencies, bureaucratic rigidity, and fragmented coordination with industry stakeholders (OECD, 2021; UNDESA, 2022). These constraints indicate that technological modernization alone is insufficient; rather, improvements in institutional capacity are essential to sustain service quality and organizational performance (Kettl, 2020).

From a theoretical standpoint, public administration research increasingly recognizes that institutional capacity functions as a mediating mechanism linking policy reforms to tangible service outcomes (Andrews et al., 2017; Pierre & Peters, 2020). Strong leadership, professional human resources, and adaptive organizational systems enable public institutions to translate policy mandates into effective services. Conversely, weak capacity can undermine reform efforts, resulting in inconsistent service delivery and limited impact (Brinkerhoff & Brinkerhoff, 2016).

In the domain of vocational training, the intersection between institutional capacity and service quality becomes particularly salient. Training institutions operate at the nexus of education policy, labor market governance, and social inclusion strategies. Their performance influences workforce competitiveness, youth employment, and economic resilience (ILO, 2021; OECD, 2021). Yet, scholarly attention to the institutional determinants of service quality in public vocational training remains comparatively limited, especially in developing and decentralized governance contexts.

Indonesia provides a compelling case for examining these dynamics. Public vocational training centers (Balai Latihan Kerja/BLK) constitute the backbone of government-led workforce development initiatives. Within Indonesia's decentralized administrative framework, subnational governments bear significant responsibility for service delivery, including vocational education and training (Peters, 2018). However, variations in institutional capacity across regions often result in uneven service quality and training outcomes (Prasojo & Holidin, 2018).



The Province of South Sulawesi represents an important setting for investigating these issues. As a regional growth center, South Sulawesi faces increasing demand for digitally competent human resources capable of supporting industrial development, entrepreneurship, and service-sector expansion. The UPT Balai Latihan Kerja under the provincial Department of Manpower plays a critical role in delivering vocational training and reskilling services. Understanding how institutional capacity influences the quality of these services is therefore essential for both administrative reform and labor market policy effectiveness.

While previous studies have examined digital transformation in public organizations and labor market institutions (Gil-Garcia et al., 2018; UNDESA, 2022), fewer have empirically analyzed how internal governance capacities shape service quality in public vocational training settings. Moreover, digitalization is frequently treated as a technological issue rather than an organizational and institutional challenge (Cordella & Tempini, 2016). This gap highlights the need for research that integrates institutional capacity theory with public service quality perspectives in the context of digital labor market transitions.

This study addresses these gaps by examining the relationship between institutional capacity and the quality of public vocational training services at the UPT Balai Latihan Kerja of South Sulawesi Province. Grounded in public administration and governance theories, the research emphasizes leadership, human resources, organizational systems, and adaptive capacity as critical determinants of service performance. By situating the analysis within the broader challenges of the digital labor market, the study contributes to ongoing debates on governance capability, digital transformation, and public service effectiveness.

Specifically, this research seeks to answer the following question:

How does institutional capacity influence the quality of public vocational training services in responding to the challenges of the digital labor market?

Addressing this question provides both theoretical and practical insights. Theoretically, it advances understanding of how institutional factors shape service quality in labor market governance institutions. Practically, it informs policymakers and public managers seeking to strengthen vocational training systems to ensure workforce readiness, organizational adaptability, and sustainable public value creation in the digital era.

METHODS

Research Design

This study employed a quantitative research design to examine the influence of institutional capacity on the quality of public vocational training services in the context of the digital labor market. A quantitative approach was selected because it enables systematic measurement of organizational constructs and facilitates hypothesis testing through statistical techniques (Creswell & Creswell, 2018; Bryman, 2016). This design is widely applied in public administration research investigating relationships between governance variables, organizational performance, and service delivery outcomes (van Dooren et al., 2019).

Research Site

The research was conducted at the UPT Balai Latihan Kerja (BLK) under the Department of Manpower and Transmigration of South Sulawesi Province, Indonesia. The institution was selected purposively due to its strategic role in delivering government-led vocational training, reskilling programs, and workforce development initiatives. Provincial BLKs represent critical subnational public organizations operating within Indonesia's decentralized governance system, where variations in institutional capacity often shape service performance (Peters, 2018; Prasojo & Holidin, 2018).



Population and Sample

The study population consisted of stakeholders directly involved in BLK service delivery, including:

1. Training participants (service users)
2. Instructors/trainers (technical service providers)
3. Administrative staff (organizational support personnel)

A proportional stratified sampling technique was applied to ensure representation across stakeholder groups (Bryman, 2016). The final sample comprised:

- a. 150 training participants
- b. 35 instructors/trainers
- c. 25 administrative staff
- d. Total sample size: 210 respondents

The sample size satisfies statistical adequacy requirements for multiple regression analysis, exceeding minimum thresholds recommended in multivariate research (Hair et al., 2019). Including both service users and internal organizational actors aligns with public service quality research emphasizing multi-perspective assessment (Osborne, 2018).

Data Collection

Primary data were collected using a structured questionnaire designed to measure institutional capacity and service quality perceptions. The instrument employed a five-point Likert scale ranging from 1 (*strongly disagree*) to 5 (*strongly agree*), allowing quantification of attitudes, experiences, and organizational assessments (DeVellis & Thorpe, 2021).

The questionnaire consisted of two main constructs:

1. Institutional Capacity, operationalized through dimensions adapted from governance and capacity-building literature (Andrews et al., 2017; Fukuyama, 2016):
 - Human resource competence
 - Organizational structure and systems
 - Leadership support
 - Resource availability
 - Adaptive capacity to digital change
2. Public Service Quality, measured using indicators derived from public management and service quality frameworks (Bovaird & Löffler, 2016; Osborne, 2018):
 - Reliability
 - Responsiveness
 - Accessibility
 - Transparency
 - Relevance to labor market needs

Secondary data were obtained from institutional documents, training reports, and policy guidelines to contextualize organizational mandates and digital adaptation strategies (UNDESA, 2022; OECD, 2021). Data collection was conducted over a two-month period (July–August 2025).

Validity and Reliability

Instrument validity was assessed through content validity, ensuring alignment between questionnaire items and theoretical constructs (DeVellis & Thorpe, 2021). Expert review was conducted involving public administration and vocational training specialists.

Reliability testing employed Cronbach's Alpha, with thresholds guided by accepted standards in social science research (Hair et al., 2019):

- Institutional Capacity Scale: $\alpha = 0.91$
- Service Quality Scale: $\alpha = 0.89$

These values indicate high internal consistency reliability.



Data Analysis

Data analysis was conducted using descriptive and inferential statistical techniques.

1. Descriptive statistics were applied to summarize respondent characteristics and variable distributions.
2. Multiple regression analysis was used to examine the effect of institutional capacity on service quality.

Multiple regression is appropriate for testing predictive relationships among organizational variables and assessing the relative contribution of each capacity dimension (Field, 2018; Gujarati & Porter, 2009). Statistical significance was evaluated at $p < 0.05$.

Ethical Considerations

Ethical principles were upheld throughout the research process. Respondents were informed about the study's objectives, participation was voluntary, and confidentiality of responses was guaranteed. These procedures follow established ethical standards in public administration and social research (Israel & Hay, 2006).

RESULTS AND DISCUSSION

Results

This section presents the empirical findings regarding institutional capacity and the quality of public vocational training services at the UPT Balai Latihan Kerja (BLK) under the Department of Manpower and Transmigration of South Sulawesi Province. The results are organized into three parts: (1) respondent characteristics, (2) descriptive analysis of key variables, and (3) inferential analysis examining the influence of institutional capacity on service quality. This structure follows conventions in quantitative public administration research emphasizing clarity, measurement rigor, and statistical interpretation (Creswell & Creswell, 2018; Bryman, 2016).

Respondent Characteristics

A total of 210 respondents participated in this study, representing three stakeholder groups: training participants, instructors, and administrative staff. The composition of respondents reflects the dual perspective of public service users and service providers, consistent with contemporary public service logic (Osborne, 2018).

Table 1. Distribution of Respondents

Stakeholder Group	Frequency	Percentage
Training Participants	150	71.4%
Instructors/Trainers	35	16.7%
Administrative Staff	25	11.9%
Total	210	100%

Source: Research Results, 2025.

The dominance of training participants ensures that the findings primarily capture service user perceptions, while the inclusion of instructors and administrative staff provides internal organizational insights (Bovaird & Löffler, 2016). In terms of gender distribution, respondents consisted of 54% male and 46% female participants. The majority of respondents were between 18 and 35 years old, aligning with the demographic profile of vocational training beneficiaries in Indonesia. Educational backgrounds were predominantly secondary education and vocational certification holders, indicating that BLK services target individuals seeking employability enhancement and reskilling opportunities.

From a public administration perspective, respondent diversity is essential because perceptions of institutional effectiveness and service quality are shaped by different roles, responsibilities, and experiences (van Dooren et al., 2019).



Descriptive Analysis of Institutional Capacity

Institutional capacity was measured through five dimensions: human resource competence, organizational structure and systems, leadership support, resource availability, and adaptive capacity to digital change. The descriptive statistics are presented in Table 2.

Table 2. Descriptive Statistics of Institutional Capacity

Dimension of Institutional Capacity	Mean	Standard Deviation	Category
Human Resource Competence	3.87	0.56	High
Organizational Structure	3.74	0.60	High
Leadership Support	3.92	0.52	High
Resource Availability	3.45	0.65	Moderate
Adaptive Capacity (Digital)	3.38	0.68	Moderate
Overall Institutional Capacity	3.67	0.50	High

Source: Research Results, 2025.

The findings indicate that respondents perceive the BLK's overall institutional capacity as high (Mean = 3.67). Leadership support received the highest mean score (3.92), followed closely by human resource competence (3.87). These results suggest that managerial commitment and staff capability are viewed as institutional strengths. This aligns with governance and capacity literature emphasizing the critical role of leadership and professional competence in sustaining public sector performance (Fukuyama, 2016; Andrews et al., 2017).

Conversely, resource availability and adaptive capacity to digital change were rated at moderate levels. Respondents indicated constraints related to training equipment modernization, digital infrastructure, and continuous curriculum updating. This pattern reflects challenges commonly observed in public sector organizations operating under fiscal and administrative limitations (Grindle, 2017; Kettl, 2020).

Notably, the moderate score for adaptive capacity highlights institutional difficulties in integrating digital tools, online learning systems, and labor market analytics. Digital-era governance scholarship stresses that digital transformation requires not only technological investments but also organizational learning and structural flexibility (Margetts & Dunleavy, 2018; Cordella & Tempini, 2016).

Descriptive Analysis of Service Quality

Service quality was assessed using reliability, responsiveness, accessibility, transparency, and relevance to labor market needs.

Table 3. Descriptive Statistics of Service Quality

Service Quality Dimension	Mean	Standard Deviation	Category
Reliability	3.81	0.58	High
Responsiveness	3.76	0.61	High
Accessibility	3.69	0.63	High
Transparency	3.54	0.66	Moderate
Relevance to Labor Market	3.42	0.70	Moderate
Overall Service Quality	3.64	0.55	High

Source: Research Results, 2025.



The overall service quality of BLK training services was perceived as high (Mean = 3.64). Reliability and responsiveness achieved the strongest ratings, indicating that services are delivered consistently and staff respond effectively to participant needs. These results correspond with service quality theories highlighting operational performance and frontline interaction as key determinants of citizen satisfaction (Osborne, 2018; Bovaird & Löffler, 2016).

However, transparency and labor market relevance were rated only moderate. Respondents reported limited access to information regarding training outcomes, certification pathways, and job placement statistics. Transparency is strongly associated with public trust, accountability, and perceived legitimacy of public institutions (Pierre & Peters, 2020).

Similarly, moderate ratings for labor market relevance indicate concerns about curriculum alignment with digital skills demands. As Autor (2022) argues, rapid technological change shortens skill lifecycles, requiring continuous curriculum updates and stronger industry collaboration.

Inferential Analysis: Regression Results

Multiple regression analysis was conducted to examine the influence of institutional capacity dimensions on service quality.

Table 4. Multiple Regression Analysis

Predictor Variable	β Coefficient	t-value	Sig.
Human Resource Competence	0.28	4.12	0.000
Organizational Structure	0.21	3.45	0.001
Leadership Support	0.30	4.68	0.000
Resource Availability	0.17	2.89	0.004
Adaptive Capacity (Digital)	0.24	3.97	0.000
Model Summary		Value	
R ²	0.62		
F-statistic	48.76		
Sig.	0.000		

Source: Research Results, 2026.

The regression model is statistically significant ($F = 48.76, p < 0.001$) with an R^2 of 0.62, indicating that 62% of service quality variance is explained by institutional capacity variables. This represents strong explanatory power in public sector organizational research (Hair et al., 2019).

Leadership support emerged as the strongest predictor ($\beta = 0.30$), followed by human resource competence ($\beta = 0.28$) and adaptive capacity ($\beta = 0.24$). These findings reinforce governance scholarship emphasizing leadership effectiveness and organizational adaptability as central drivers of public service performance (Kettl, 2020; Pierre & Peters, 2020).

Resource availability, although significant, showed the weakest effect ($\beta = 0.17$). This suggests that resource adequacy alone is insufficient to ensure high-quality service delivery, echoing institutionalist arguments that governance arrangements and managerial practices mediate resource effectiveness (Fukuyama, 2016).

Interpretation of Key Findings

The results demonstrate that institutional capacity significantly shapes the quality of vocational training services. Leadership support enhances service reliability and responsiveness by fostering coordination, motivation, and strategic direction (Andrews et al., 2017). Human resource competence strengthens participant satisfaction through instructional quality and administrative professionalism (Grindle, 2017).



Adaptive capacity to digital change is particularly important in the context of digital labor market transformation. Institutions capable of updating curricula, integrating digital tools, and leveraging labor market data tend to deliver more relevant and accessible services (UNDESA, 2022; OECD, 2021).

The moderate ratings for transparency and relevance highlight areas requiring institutional improvement. Enhancing digital information systems, performance dashboards, and stakeholder communication strategies could improve accountability and public trust (Gil-Garcia et al., 2018).

Perceived Digital Readiness

Respondents' perceptions of BLK digital readiness reveal a transitional institutional condition. While digital training modules and blended learning initiatives have been introduced, infrastructure modernization and instructor digital competencies remain uneven. This reflects broader challenges in public sector digital transformation where organizational change often lags behind technological adoption (Cordella & Tempini, 2016).

Discussion

This section interprets the empirical findings by linking them with theoretical perspectives in public administration, governance, institutional capacity, and digital transformation. The discussion is organized into thematic subsections to provide analytical depth and conceptual clarity.

Institutional Capacity as a Determinant of Service Quality

The results demonstrate that institutional capacity exerts a significant and positive influence on the quality of public vocational training services. This finding reinforces a core proposition in public administration theory: organizational performance is fundamentally shaped by governance capability rather than by policy design or resource allocation alone (Peters, 2018; van Dooren et al., 2019).

Institutional capacity, as conceptualized by Fukuyama (2016), refers to the ability of public organizations to design and implement collective actions effectively. In this study, the strong explanatory power of the regression model ($R^2 = 0.62$) indicates that variations in service quality are substantially accounted for by internal organizational attributes. This supports the argument of Andrews, Pritchett, and Woolcock (2017) that state capability and service effectiveness depend on leadership, organizational systems, and adaptive learning mechanisms.

The findings also align with Grindle's (2017) governance perspective, which emphasizes that institutional strength is not merely structural but behavioral and relational. Public vocational training institutions that demonstrate coherent leadership, professional staff, and adaptive organizational routines are more likely to deliver reliable and responsive services.

The Central Role of Leadership Support

Leadership support emerged as the strongest predictor of service quality. This highlights leadership as a strategic institutional asset in navigating complexity, uncertainty, and technological change (Kettl, 2020; Pierre & Peters, 2020).

Leadership influences service quality through several mechanisms:

1. Strategic Direction – Leaders shape organizational priorities and align training programs with evolving labor market demands (Bryson et al., 2018).
2. Organizational Climate – Leadership fosters motivation, trust, and innovation among instructors and staff (Christensen & Lægheid, 2020).
3. Coordination and Integration – Effective leadership reduces bureaucratic fragmentation and enhances cross-functional collaboration (Pollitt, 2016).

In digital transformation contexts, leadership is particularly critical. Digital-era governance theory stresses that technological modernization requires managerial vision and institutional commitment (Margetts & Dunleavy, 2018). Without leadership support, digital initiatives risk becoming isolated projects rather than systemic organizational changes (Dunleavy & Margetts, 2019).

The BLK case illustrates that leadership not only influences operational effectiveness but also mediates the impact of resource constraints. Even under moderate infrastructure limitations, leadership capability sustains perceived reliability and responsiveness.



Human Resource Competence and Service Performance

Human resource competence was identified as a key determinant of service quality. This finding resonates with capacity-building literature emphasizing professionalization, skills development, and organizational learning (Andrews et al., 2017; Brinkerhoff & Brinkerhoff, 2016).

In vocational training institutions, human resources serve dual functions:

- a. Technical Role – Delivering high-quality instruction and skill transfer (ILO, 2021).
- b. Service Role – Acting as frontline public servants shaping user satisfaction and trust (Osborne, 2018).

Competent instructors enhance service reliability and relevance by ensuring curriculum accuracy and pedagogical effectiveness. Administrative competence contributes to responsiveness and accessibility through efficient registration, certification, and participant support processes (Bovaird & Löffler, 2016).

Moreover, digital transformation intensifies the importance of human resource capability. The adoption of digital platforms, blended learning, and labor market analytics requires new competencies beyond traditional instructional skills (OECD, 2021). The moderate ratings for adaptive capacity suggest that continuous professional development remains a strategic necessity.

Adaptive Capacity in the Digital Era

Adaptive capacity to digital change significantly affects service quality, underscoring the institutional implications of digital transformation. Contemporary governance research argues that digitalization is fundamentally an organizational challenge rather than merely a technological one (Cordella & Tempini, 2016; Gil-Garcia et al., 2018).

Adaptive capacity encompasses:

1. Organizational Learning
2. Curriculum Updating Mechanisms
3. Flexibility in Administrative Procedures
4. Digital Infrastructure Integration

The BLK's moderate adaptive capacity rating reflects transitional institutional dynamics. While digital training modules exist, challenges remain in infrastructure modernization and data-driven decision-making. This pattern mirrors findings from UNDESA (2022), which notes that many public institutions experience uneven digital maturity due to legacy systems and bureaucratic rigidity.

Digital-era governance theory (Margetts & Dunleavy, 2018) emphasizes that organizations must redesign workflows, accountability systems, and performance measurement frameworks to fully leverage digital technologies. The significant regression coefficient indicates that improvements in digital adaptability can substantially enhance transparency, accessibility, and labor market relevance.

Resource Availability: Necessary but Not Sufficient

Although resource availability significantly influences service quality, its effect size was comparatively smaller. This finding challenges resource-centric explanations of public sector performance (Fukuyama, 2016).

Institutionalist scholarship suggests that:

1. Resources produce outcomes only when effectively governed (Hall & Taylor, 1996).
2. Leadership and organizational systems mediate resource utilization (Grindle, 2017).
3. Weak governance structures may neutralize resource advantages (Brinkerhoff & Brinkerhoff, 2016).

In the BLK context, leadership support and human resource competence appear to partially compensate for infrastructure constraints. This aligns with Pollitt's (2016) argument that managerial capability often outweighs budgetary expansion in determining service outcomes.

However, resource adequacy remains critical for long-term sustainability, particularly for digital infrastructure, equipment modernization, and technological upgrades (OECD, 2019).



Service Quality Dimensions: Strengths and Gaps

The descriptive findings indicate strong performance in reliability, responsiveness, and accessibility but moderate ratings for transparency and labor market relevance.

1. Reliability and Responsiveness

High ratings reflect operational stability and effective frontline interactions. These dimensions correspond with public service logic emphasizing citizen-centered delivery and co-production (Osborne, 2018; Bovaird & Löffler, 2016).

2. Transparency

Moderate transparency suggests limitations in information disclosure and performance communication. Governance literature associates transparency with trust, accountability, and legitimacy (Pierre & Peters, 2020). Digital platforms offer opportunities for enhancing transparency through dashboards, open data, and participant feedback systems (Gil-Garcia et al., 2018).

3. Labor Market Relevance

Moderate relevance ratings highlight curriculum alignment challenges. Rapid technological change, as noted by Autor (2022), shortens skill lifecycles, requiring continuous updating and industry engagement. This supports OECD (2021) recommendations advocating stronger partnerships between training institutions and employers.

CONCLUSION

Conclusion

This study highlights the strategic significance of institutional capacity in shaping the effectiveness of public vocational training services within an increasingly digitalized labor market. The findings affirm that the performance of public training institutions cannot be adequately understood through programmatic or resource-based lenses alone. Instead, governance capability—manifested through leadership, human resource competence, organizational systems, and adaptive capacity—emerges as a critical foundation for sustaining service quality and institutional relevance.

From a theoretical standpoint, this research reinforces the argument that institutional capacity functions as a core explanatory factor in public service performance. The study contributes to public administration scholarship by situating vocational training institutions within broader governance and digital transformation debates, emphasizing that organizational capability mediates how public policies are translated into meaningful outcomes for citizens. By integrating institutional capacity and service quality perspectives, the study advances a more holistic understanding of workforce development institutions as adaptive governance actors rather than merely technical service providers.

Practically, the study underscores the necessity of capacity-oriented reforms in public vocational training systems. In the context of rapid technological change and evolving skill demands, institutional resilience depends on the ability of organizations to continuously learn, adapt, and realign their service delivery models. Strengthening institutional capacity is therefore not a peripheral administrative concern but a central policy priority for ensuring workforce competitiveness, social inclusion, and sustainable public value creation in the digital era.

Recommendation

Based on the study's conclusions, several practical directions can be proposed to strengthen public vocational training institutions in responding to the challenges of the digital labor market.

In the short term, attention should be directed toward improving internal organizational capacity. Strengthening leadership capability is essential, as effective leaders play a central role in guiding institutional adaptation, aligning organizational priorities, and fostering a culture that supports innovation and continuous improvement. Alongside leadership development, public training institutions should prioritize continuous professional development for instructors and administrative staff. Enhancing digital literacy, pedagogical competence, and adaptive skills will help ensure that training delivery remains relevant, responsive, and aligned with evolving technological demands.



Service transparency should also be improved through more accessible and structured information systems. Clear communication regarding training procedures, certification processes, and participant outcomes can enhance public trust, accountability, and user satisfaction. Additionally, simplifying administrative processes—particularly through digital platforms—can increase accessibility and reduce bureaucratic barriers for training participants.

In the longer term, institutional reforms should focus on strengthening adaptability and strategic alignment. Curriculum modernization must become a continuous process, ensuring that training programs reflect changes in digital skills requirements and labor market dynamics. This requires systematic mechanisms for curriculum evaluation, updating, and stakeholder input. Strengthening collaboration between public training institutions and industry actors is equally important. Partnerships with employers can improve program relevance, facilitate practical learning opportunities, and enhance employment linkages for graduates.

Finally, sustained investment in digital infrastructure and data-driven management systems is necessary. Modern training equipment, digital learning technologies, and integrated information systems will support institutional resilience and enable more evidence-based decision-making. Complementing these investments with performance-oriented evaluation frameworks can help ensure that capacity-building efforts translate into measurable improvements in service quality and workforce outcomes.

Overall, these recommendations emphasize that enhancing institutional capacity, fostering organizational learning, and strengthening digital readiness are key strategies for ensuring that public vocational training institutions remain effective, credible, and relevant in the era of digital transformation.

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