

**The Development Strategy of Human Resources to Enhance Indonesia's
National Economic Growth**

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ARTICLE INFO	ABSTRACT
<p>Published: May,30th, 2025</p> <p>Keywords: : <i>Development, Strategies, Human resources, Economic Growth</i></p>	<p><i>Indonesia faces significant challenges in achieving sustainable and inclusive economic growth amid rapid globalization and technological advancements. Effective human resource development (HRD) is crucial to overcoming these challenges and ensuring long-term prosperity. This study employs a qualitative literature review method, systematically analyzing relevant books, scholarly journals, government reports, and official documents related to HR strategies and economic growth in Indonesia. The analysis highlights key strategies such as prioritizing education and skills development through increased budget allocations, scholarships, vocational training, and industry collaboration. Strengthening health and well-being is emphasized as a foundation for enhancing workforce productivity, while addressing unemployment requires aligning labor market demands with continuous investment in human capital and technology. The digital transformation era calls for enhancing digital skills and adopting innovative HR management practices to cultivate a competent and adaptable workforce. Furthermore, strategic HR management, including industry involvement in curriculum development, is vital for supporting national development objectives. The findings suggest that coordinated efforts across education, health, and industry sectors are essential for sustainable economic growth. Future policies should focus on balancing foreign expertise with the development of local HR capabilities to foster long-term resilience. In conclusion, a comprehensive, integrated approach to HR development, supported by effective policy and management, is critical for Indonesia's economic progress. This study offers practical recommendations for policymakers to enhance HR capacity and achieve inclusive growth in the digital age.</i></p>

INTRODUCTION

The background of this research entitled "*The Development Strategy of Human Resources to Enhance Indonesia's National Economic Growth*" is based on various phenomena and

challenges faced by Indonesia in achieving sustainable and inclusive national economic growth. In the context of globalization and rapid digital development, human resource management (HRM) is a crucial aspect that determines the success of a country's economic development. Therefore, an effective and adaptive HR development strategy is necessary to accelerate Indonesia's growth in an inclusive, equitable, and sustainable manner.

Indonesia's economic growth over the past decades shows a positive trend. However, behind the increasing growth numbers, significant challenges remain, particularly regarding high social and economic disparities. Abdullah and Gunawan (2024) emphasize that economic growth must be inclusive to prevent widening social gaps. Growth that relies solely on increasing production capacity without considering equity and sustainability could lead to social injustice and hamper long-term development. Therefore, sustainable growth must be supported by developing high-quality, competitive human resources capable of adapting to the changing demands of the era.

Moreover, in the digital and technological era, as highlighted by Siagian and Sik (2024), digitalization has become a major driving force transforming various aspects of life, including the economy, education, and government. Digitalization enhances efficiency, productivity, and innovation in many sectors. To compete globally, Indonesia needs to improve the quality and competitiveness of its workforce through human resource development. The current entries of Generation Z and Millennials into the workforce, characterized by a different mindset and technological affinity, require HR strategies that align with their characteristics and needs (Sulistiyorini et al., 2024). This adaptation is essential for Indonesia to remain competitive on a global scale and support the national digital transformation.

In the context of HR development in Indonesia, human resource management (HRM) plays a vital role. According to Jaka (2020), HRM involves planning, organizing, directing, and supervising activities related to recruitment, development, compensation, integration, maintenance, and termination of employment relationships. Effective HR management ensures that human resources are managed efficiently and aligned with organizational goals and national development needs. Good and competitive HR management will boost productivity, foster innovation, and enhance Indonesia's competitiveness in the global arena.

However, the presence of foreign workers (TKA) in Indonesia remains a complex and interesting phenomenon. Parianom et al. (2023) note that the high wages of highly skilled foreign workers, especially in fields such as information technology, mining, and transportation infrastructure, can create wage inequality between foreign and local workers. This situation has the potential to widen income disparities and put additional pressure on the development of local HR. In sectors like Information and Communication Technology (ICT), Indonesia's need for skilled foreign workers is critical due to the importance of technology in supporting the country's digital economy. Indonesia requires foreign expertise to fill gaps in local human resources, especially in strategic fields like technology and infrastructure.

In the mining and natural resource sectors, particularly nickel, Indonesia is a major producer. The government's export restrictions aim to increase value-added industries and domestic industrial development (Hutabarat, 2024). This effort demands competent workforce skilled in managing complex industrial activities and supporting downstream industry development, as well as strengthening local HR to compete globally. Additionally, the rapidly developing transportation infrastructure sector also requires highly skilled workers to ensure efficiency and effective management.

Nevertheless, the presence of foreign workers poses challenges. Parianom et al. (2023) highlight that overdependence on foreign labor could threaten the sustainability of local HR development. Therefore, policies need to strike a balance between utilizing foreign expertise and advancing local capabilities to ensure long-term national development. Based on the above explanation, the purpose of this research is to outline the strategies for Human Resources Development to Enhance Indonesia's National Economic Growth.

METHOD

The qualitative literature review method is an approach that emphasizes an in-depth understanding of theories, concepts, and secondary data obtained from various literary sources. This method is suitable for studying aspects related to human resource development and strategies to enhance Indonesia's national economic growth.

The first step is Data Collection from Literature. The researcher gathers relevant sources such as books, scholarly journals, government reports, articles, and official documents related to human resource development, economic growth, and strategic policies in Indonesia. These sources are collected from libraries, online databases, and trusted references. The goal is to obtain comprehensive and up-to-date information and theories to serve as the foundation for further analysis.

The next stage is Selection and Evaluation of Sources. The collected sources are critically assessed for relevance, reliability, and credibility. The researcher examines the content, scientific recognition, and alignment with the focus of the study on HR development strategies and driving factors of Indonesia's economic growth. Only sources deemed valid and authoritative are chosen to support a deep understanding of the importance of HR development in Indonesia's current and future economic context.

The third phase involves Data Analysis and Synthesis. The chosen sources are thoroughly analyzed to identify core concepts, patterns, and relationships related to HR development strategies, including aspects like competence, innovation, technology, and labor market needs. The data are then synthesized to develop an overall picture of relevant theoretical frameworks and existing strategies, as well as those that need development to achieve sustainable economic growth.

Next, the researcher formulates the Theoretical Framework and Conceptual Basis based on the analysis. This framework serves as a foundation to understand the relationship between HR development and economic growth. It integrates concepts such as competence, digitalization, innovation, and the roles of foreign and local workers to construct a comprehensive overview of effective strategies for developing HR in Indonesia.

Finally, Background and Justification of the Study are prepared as a crucial part to highlight the urgency of this research. The background discusses current conditions, potential, and challenges in HR development, including the need for foreign experts in certain sectors, along with opportunities and risks. The justification emphasizes that this study is essential to formulate appropriate strategies that will develop HR to support inclusive, sustainable, and competitive economic growth in the era of globalization and digital transformation.

Through this approach, the research aims to produce practical and relevant strategic recommendations for HR development that can effectively support Indonesia's national economic growth.

RESULT AND DISCUSSION

This study aims to explore and delineate effective development strategies for human resources (HR) to bolster Indonesia's national economic growth, drawing insights from a variety of scholarly sources, government reports, and policy documents. The findings underscore that a multifaceted approach, emphasizing education, health, labor market alignment, and digital transformation, is essential for sustainable economic advancement.

1. Prioritizing Education and Skills Development

A critical strategy identified is the prioritization of education and skills enhancement. Indonesia demonstrates a strong commitment to building human capital, as evidenced by the allocation of approximately 20% of its national budget to education (Ministry of Finance, 2022), reflecting the recognition that human resources are pivotal for economic development. The government's efforts to provide scholarships through the LPDP (Indonesia Endowment Fund for Education) facilitate access to higher education, both domestically and internationally, thereby cultivating a highly skilled workforce capable of meeting complex industry needs (LPDP, 2022).

Furthermore, vocational training plays an integral role. The emphasis on tailoring curricula to real-world industry demands ensures that graduates possess relevant skills, accelerating their employability and productivity (Jaka, 2020). Industry collaboration, including contributions to curriculum development and innovation competitions, helps address industry-specific challenges and prepares HR to adapt quickly to changing technological landscapes (SIAGIAN & SIK, 2024). Additionally, implementing integrated information systems linking labor market needs to industrial forecasts allows for better alignment between skills supply and demand, thus reducing unemployment and enhancing economic productivity (Ministry of Education and Culture, 2023).

2. Strengthening Health and Well-being

A healthy workforce is foundational for economic growth. As Wujarso (2022) notes, economic development objectives include reducing poverty, inequality, and unemployment, which are closely linked to health and well-being. Strategic allocation of budgetary resources for the healthcare sector ensures that the workforce remains productive and resilient. When health is prioritized, it leads to higher labor participation rates, increased productivity, and long-term economic benefits. The emphasis on well-being aligns with the broader concept of human development, highlighting that health is integral to workforce effectiveness and national prosperity.

3. Addressing Unemployment and Labor Market Needs

A major challenge faced by Indonesia is overcoming unemployment and mismatched labor skills. Numerous studies emphasize the importance of aligning supply with demand. Prasetyo (2008) asserts that stable macroeconomic conditions foster quality economic growth, which, in turn, depends on continuous investment in human capital – particularly through education and the use of science and technology (IPTEK). Achieving this, he argues, transforms the societal cycle from vicious to virtuous.

Similarly, Wujarso (2022) highlights that economic development aims to reduce unemployment through improving human resources. Indonesia's expanding population, coupled with varying levels of human capital quality, necessitates

proactive HR strategies. Idris (2016) emphasizes that economic growth opportunities expand when the quality of human resources is high and demand is broad. In this context, continuous training and skill development are crucial (Haniko et al., 2022).

Moreover, research indicates that household consumption variables significantly influence economic growth, implying that increasing income levels through tailored HR strategies can stimulate consumption and economic activity collectively (Haniko et al., 2022). Sari (2017) introduces the importance of sustainable consumption, suggesting that educated consumers who understand environmental impacts can foster more sustainable economic development. This echoes the importance of human resource development not only in skills and technical abilities but also in fostering responsible and environmentally-conscious citizens.

4. Digital Transformation and Human Capital Enhancement

Efforts to improve competitiveness in the digital era are vital. As SIAGIAN and SIK (2024) state, enhancing human resource capacity in digital skills is crucial for supporting Indonesia's ongoing digital transformation. This involves investing in skills such as coding, data analysis, and digital literacy, preparing a workforce capable of innovating and driving technological progress (SIAGIAN & SIK, 2024). Such efforts will also require innovative HR management practices, as outlined by Jaka (2020), emphasizing effective planning, organization, and supervision to cultivate a competent, adaptable workforce.

5. Human Resource Management and Strategic Policy Mobilization

Underpinning these strategies is the fundamental role of human resource management (HRM). Jaka (2020) defines HRM as a process that involves planning, organizing, directing, and controlling HR activities—such as recruitment, development, compensation, and retention—to achieve organizational goals. Applying HRM effectively ensures the availability of competent personnel to support national economic objectives. Moreover, the strategic involvement of industry players in curriculum development and innovation competitions enhances the relevant competencies of HR (SIAGIAN & SIK, 2024). The comprehensive approach proposed by these sources demonstrates that coordinated efforts across sectors—education, health, and industry—are crucial. The government must continuously adapt HR policies to technological advancements, demographic shifts, and global economic trends. This aligns with Prasetyo's (2008) view that sustainable development depends

CONCLUSION

This study emphasizes the importance of a comprehensive strategy to develop human resources (HR) for Indonesia's sustainable economic growth. Key approaches include prioritizing education and skills development, with approximately 20% of the national budget allocated to education. Initiatives like LPDP scholarships and vocational training, aligned with industry needs, aim to create a highly skilled and adaptable workforce. Strengthening health and well-being is equally vital, as healthy workers contribute to higher productivity and long-term growth. Addressing unemployment through aligning labor supply with market demands involves continuous investment in human capital and technology, fostering economic stability and opportunity expansion. Additionally, digital transformation necessitates enhancing digital skills and innovative HR management practices to support

Indonesia's technological progress. Underpinning these efforts is strategic HR management, which ensures the availability of competent personnel aligned with national goals, with strong industry collaboration for curriculum relevance. Overall, coordinated efforts across sectors – education, health, and industry – are essential for fostering sustainable, inclusive economic development.

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