

Human Resources and Community Consumption Factors: An Overview of Indonesia's Growth

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ABSTRACT

The economy of Indonesia is shaped by key factors such as human resources and community consumption patterns, both of which are vital for sustainable growth. This research employs a qualitative approach through a comprehensive literature review of secondary data from authoritative sources, including official statistics and scholarly publications from 2023 to 2025. The analysis reveals that investing in education and healthcare enhances human capital, which significantly impacts productivity, innovation, and global competitiveness. Household consumption, constituting 60-65% of GDP, is the primary driver of economic growth, with sustainable and environmentally conscious consumption gaining importance. The results suggest that Indonesia should prioritize investments in human capital development, promote responsible consumption, and strengthen SME support systems to achieve inclusive economic growth. Ultimately, sustained focus on these areas can bolster Indonesia's economic resilience, improve social welfare, and promote sustainable development, ensuring a robust and inclusive economy for the future

INTRODUCTION

The development of a nation's economy is a complex and continuous process that requires a stable macroeconomic environment as a fundamental prerequisite for achieving high-quality economic growth. According to Prasetyo (2008), stability in macroeconomic policies contributes significantly to sustainable growth by fostering an environment conducive to investment, productivity, and innovation. The development process is further supported by ongoing capital human investments and the utilization of science and technology (IPTEK), which are pivotal in transforming societal conditions from a vicious cycle—characterized by persistent poverty, low productivity, and stagnation—into a virtuous cycle of growth, prosperity, and development.

Efforts to promote economic growth must also emphasize social aspects, such as poverty reduction, inequality mitigation, employment improvement, and overall welfare enhancement. Wujarso (2022) highlights the importance of economic development in a country to achieve these social goals. However, challenges persist, including increasing labor force participation, population growth, disparities in human resources quality, and low productivity levels. These factors directly influence the capacity of a country to sustain growth and improve the standard of living. The quality of human resources (SDM) plays a critical role, as Idris (2016) suggests that economic opportunities become more accessible when there is a willingness to develop superior human capital and when consumption patterns of society are broad and inclusive.

In the context of economic growth, consumption behavior and its related variables have garnered significant attention. Haniko et al. (2022) present empirical findings indicating that household consumption has a positive and significant influence on economic growth. Conversely, variables such as exports and government expenditure were found to have no significant individual effect. Nonetheless, collectively, household consumption, exports, and government spending exert a significant influence on economic growth. This underscores the multifaceted nature of economic development, which depends on the interplay of consumption, trade, and fiscal policies.

Sustainable consumption emerges as a critical aspect within this framework, as highlighted by Sari (2017). Consumers' awareness of environmentally conscious consumption—termed sustainable consumption—applies when individuals aim to meet their needs without causing environmental harm. This consciousness stems from formal education in various disciplines, leading consumers to recognize the need for responsible consumption aligned with environmental sustainability. As consumers become more aware of the impact of their choices—particularly on health and the planet—they begin to demand goods and services that support sustainable development. Such consumer behavior can support the economy while preserving environmental resources, ultimately contributing to the long-term resilience and sustainability of economic growth.

Furthermore, the role of human resources in transforming national economies into digital eras is increasingly important. Siagian and Sik (2024) emphasize the necessity of enhancing human resources' competitiveness in the digital age. In an era marked by rapid technological advancements, the development of skilled, adaptable, and innovative human capital becomes essential to support digital transformation initiatives across sectors. Investment in human resources—through education, training, and re-skilling—not only improves individual productivity but also helps nations stay competitive in the global economy. The integration of digital technologies into various aspects of the economy necessitates workforce readiness, which can be achieved through effective human resource management and strategic planning.

In terms of human resource management (HRM), Cok Jaka (2020) describes it as a comprehensive process that involves planning, organizing, directing, and controlling the acquisition, development, compensation, integration, maintenance, and termination of employees. The goal of HRM is to align human resources with organizational objectives effectively. Proper management of human resources ensures that the workforce is competent, motivated, and capable of driving economic growth and transformation. When effectively executed, HRM enhances productivity, innovation, and resilience within organizations—parameters that cumulatively contribute to national economic performance.

The overarching narrative from these referenced studies underscores an interconnected relationship between human resources, consumption patterns, and economic growth. A thriving economy depends heavily on a skilled and competitive human capital base that can leverage technological advancements and adapt to rapid changes in the global environment. Simultaneously, consumer behavior, especially toward sustainable consumption, influences both environmental outcomes and economic sustainability. The collective emphasis on these factors demonstrates that human resource development and responsible consumption are vital drivers in the pursuit of sustainable economic growth. The theoretical and empirical insights provided by these scholars reveal that human resources are central to a country's capacity to innovate, adapt, and compete internationally. An educated, skilled, and healthy workforce directly impacts productivity and drives technological adoption, which are essential for staying relevant in the digital era. Moreover, fostering consumer consciousness toward sustainability not only benefits the environment but also creates new market opportunities and supports resilient economic systems. Governments, businesses, and educational institutions must work synergistically to improve human capital, promote responsible consumption, and implement policies that encourage technological advancement and environmental preservation.

The development of a country's economy is inherently tied to the effective management of its human resources and the consumption patterns of its society. An integrated approach that promotes human capital enhancement through strategic HRM, coupled with the growth of sustainable and responsible consumption habits, can significantly influence economic growth trajectories. These elements, when aligned with macroeconomic stability, technological

progress, and social equity. The purpose of this article is to provide an overview of Indonesia's economic growth by examining the factors of human resources and community consumption.

LITERATURE REVIEW

Human Resources

Human Resources (HR) refers to the collection of individuals who make up the workforce of an organization or a country, and it encompasses the skills, knowledge, abilities, and attributes that these individuals possess. It is a vital component of any organization or national economy because it directly influences the productivity, innovation, and overall success of an entity. In a broader sense, human resources involve not only the people themselves but also the policies, practices, and systems related to attracting, developing, retaining, and managing employees.



Figure 1. The Factors of Human Resources

At the organizational level, HR encompasses activities such as recruitment and selection, training and development, performance management, compensation and benefits, employee relations, and compliance with labor laws. It ensures that the organization has the right people in the right positions, equipped with the necessary skills and motivation to achieve strategic objectives. Effective HR management leads to higher employee satisfaction, increased productivity, and reduced turnover, thereby contributing to organizational success.

On a national scale, human resources refer to the quality and quantity of the labor force available within a country. This includes factors such as education levels, skills, health status, and overall human capital development. A country with a well-educated, healthy, and skilled population will be more capable of driving economic growth, fostering innovation, and adapting to technological changes. Human resources are considered a critical driver of economic progress; they influence labor productivity, technological advancement, and competitiveness in the global market.

Human resources are the backbone of organizations and nations alike. They are the assets that execute strategies, produce goods and services, and innovate for future development. Proper management and investment in human resources—through education, training, healthcare, and fair employment practices—are essential for sustainable growth and development.

Community Consumption

Community consumption refers to the total amount of goods and services used by households and individuals within a community or society to meet their needs and wants. It reflects the spending behavior of consumers and is a key component of a country's gross domestic product (GDP). Community consumption includes everyday essentials such as food, clothing, housing, transportation, healthcare, education, and leisure activities.

The concept emphasizes how people's consumption patterns impact economic growth and environmental sustainability. Responsible and sustainable community consumption involves not only fulfilling basic needs but also making environmentally conscious choices that minimize waste and reduce harm to the planet. This can include choosing eco-friendly products, reducing excessive consumption, and supporting local or sustainable producers.

Community consumption is influenced by factors such as income level, cultural preferences, social norms, education, and awareness of environmental issues. Higher levels of consumption often indicate a higher standard of living, but excessive or unsustainable consumption can lead to environmental degradation and resource depletion.

Understanding community consumption helps policymakers and businesses develop strategies to promote economic growth while encouraging sustainability. It highlights the importance of fostering consumption habits that balance economic needs with environmental preservation and social well-being.

METHODOLOGY

This study employs a qualitative research approach using the literature review (*kajian pustaka*) method to analyze the role of human resources and community consumption factors in Indonesia's economic growth. The primary data sources are secondary data obtained from reputable and authoritative references. Data collection involves comprehensive documentation from official publications, reports, and scholarly articles.

The main data sources include data from the Indonesian Central Statistics Agency (BPS), which provides official statistics on socio-economic indicators, demographic data, employment rates, income levels, consumption patterns, and other relevant macroeconomic variables for the period 2023 to 2025. These datasets serve as vital empirical evidence to support the analysis and interpretation of Indonesia's economic development trends.

In addition to BPS data, the study involves an extensive review of existing literature, including academic articles, research papers, and books—both printed and electronic—that explore the variables of human resources and consumption in relation to economic growth. Sources are selected based on their credibility, relevance, and recent publication dates to ensure the analysis remains current and comprehensive.

Data analysis in this research is conducted through several systematic steps. The first involves the identification of relevant literature and statistical data related to the research topic. This stage is followed by data collection, where gathered information is organized and categorized. Next, the data undergoes analysis, which includes examining patterns, relationships, and trends within the existing literature and statistical datasets. Finally, synthesis is performed by integrating insights from the various sources to develop a cohesive understanding of the influence of human resources and community consumption on Indonesia's economic growth.

All data collection and analysis activities are confined within the specified timeframe of 2023 to 2025. This period allows the study to incorporate the most recent developments and policy changes impacting Indonesia's economy. The comprehensive literature review method, combined with reliable secondary data analysis, provides a robust foundation for understanding the intricate dynamics between human resources, community consumption, and economic growth in Indonesia. Provide clear and concise versions of your methods of conducting research, population and samples, and data analysis tools.

RESULTS AND DISCUSSION

Indonesia's current economic growth is heavily influenced by factors related to human resources and community consumption patterns. Both play a highly strategic role in ensuring sustainable and quality national growth. Investments in education and health are key to improving human resource quality (HR), which ultimately contributes positively to productivity, innovation, and national competitiveness. According to Prasetyo (2008), sustainable human resource development and the effective use of technology and human capital investments can drive quality economic growth. He emphasizes that macroeconomic stability is a crucial prerequisite for achieving sustainable and high-quality economic development, as it can facilitate a social transformation from a vicious cycle to a virtuous cycle, leading to more positive and sustainable conditions (Suprpto, H. A., et al, 2024).

In this context, the Human Capital Index (HCI) becomes an important indicator assessing the success of investments in education and health. The higher this index, the greater its impact on per capita income growth and national productivity. Haniko et al. (2022) state that household consumption variables have a positive and significant effect on economic growth, whereas exports and government expenditure do not show direct significant influence. This finding indicates that household consumption plays a vital role in driving economic activity, as consumption components constitute the largest proportion of Indonesia's Gross Domestic Product (GDP). Active consumer spending boosts domestic demand, stimulates production and distribution, and creates opportunities for small and medium enterprises (SMEs), which, according to Wujarso (2022), are crucial in tackling poverty, unemployment, and social inequality.

The enhancement of human resource quality supported by education is a primary factor in accelerating technological adoption and innovation. As Prasetyo (2008) states, the use of technology and knowledge is key to accelerating economic growth. Quality education enhances workforce competence and prepares them to face the digital era. Siagian and Sik (2024) argue that improving a competitive human resource pool is a main prerequisite for national digital transformation. With excellent and globally competitive human resources, Indonesia can increase the competitiveness of its industries and expand its global markets (Suprpto, H. A. et al 2025).

Apart from education, health also plays a significant role in building a healthy and productive population. Efforts to reduce stunting and improve healthcare services will ensure that Indonesia's workforce is not only sufficient in number but also of high quality and capable of competing. According to Idris (2016), improving human resource quality and expanding community consumption can open broader and more sustainable economic growth opportunities. Healthy children who are free from stunting have the potential for optimal physical and intellectual development, which supports long-term productivity. A healthy and productive society will increase the country's global competitiveness and support sustainable economic growth (Supandi, et al. 2023). Beyond human resource factors, community consumption patterns, especially household consumption, serve as the main driver of Indonesia's economy. Household consumption accounts for approximately 60-65% of total GDP, so fluctuations or increases in consumption can have significant impacts on the national economic condition. Sustainable and environmentally conscious consumption has become a growing concern among society and policymakers. According to Sari (2017), consumers who are aware of sustainability and ecological balance can steer markets toward environmentally friendly goods and services. This sustainable consumption arises from awareness cultivated through education and increased knowledge across various disciplines, including economics and environmental science.

Community empowerment also plays a crucial role in strengthening local economies. Wujarso (2022) emphasizes that economic development aims to reduce poverty and inequality by increasing the welfare of the people. Community empowerment programs through the development of small and medium enterprises (SMEs) can create jobs, elevate incomes, and bolster local economies. The presence of SMEs supported by access to technology and resources can accelerate economic growth in villages and small towns, while also reducing dependence on unsustainable resource-based economies.

CONCLUSION AND RECOMMENDATION

Improving education and healthcare are essential for enhancing human capital quality, which directly supports productivity, innovation, and the nation's global competitiveness. The Human Capital Index serves as a vital measure of progress in these areas, with higher values correlating with increased per capita income and overall economic strength. Active household consumption remains the primary driver of growth, accounting for a significant proportion of GDP, and fostering sustainable, environmentally conscious consumption can further support long-term development goals. Supporting community empowerment and the growth of small and medium enterprises (SMEs) are crucial strategies to reduce poverty, inequality, and unemployment while strengthening local economies.

Based on these insights, it is recommended that Indonesia continue to prioritize investments in education and health, focusing on reducing issues like stunting and ensuring that the workforce is both healthy and skilled to meet digital and technological challenges. Policymakers should also promote sustainable consumption practices through education and awareness campaigns, encouraging environmentally responsible behavior among consumers. Additionally, fostering the growth of SMEs with access to technology and resources can stimulate regional economic development and reduce dependence on unsustainable resource-based industries. Overall, a balanced approach that emphasizes human capital development, sustainable consumption, and local economic empowerment will be key to achieving durable and inclusive economic growth for Indonesia. Provide some conclusions and implementation of the research results.

FUTHER STUDY

This research still has delays, so it is necessary to conduct further research related to the topic of Implementation of Technology-Based Learning at Madrasah Ibtidaiyah Negeri 1 Alor in order to improve this research and add insight for readers.

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