

Competitiveness Strategy in Facing Sustainable Economic Development on Social Economic Basis in Indonesia

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Abstract

Currently, what makes one of the human economies grow is economic development, especially in the new era, development is encouraged for the environmental domain, including in the socio-economic field. This paper aims to find out how the competitiveness strategy in facing sustainable economic development based on socio-economic aspects sees Indonesia's position in the context of economic recovery, one of which is the problem from the economic side, namely economic growth, and the social side, namely unemployement. This finding is paper study reveal that the role of strengthening sustainable economic development to improve economic inequality by encouraging in each region, especially in Indonesia by increasing human resources, especially conduction spesial training for uneducated workers thacan compete which can have a positive effect on welfare. The economy and the role of MSMEs have a possitive effect to help integrate economic recorvery so that creative workers are absorbed.

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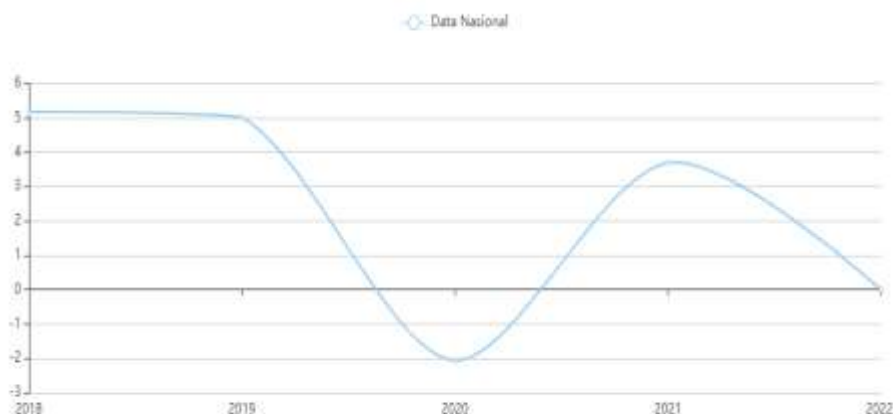
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Introduction

One of the efforts to improve life is sustainable development while still trying not to go beyond the ecosystem that supports life. Seeing from the aspect of community welfare where GRDP in Indonesia since the COVID-19 pandemic has had an impact in 2020, it has decreased drastically to -0.18% which then presents its own challenges for the future in dealing with economic recovery, of course, based on the environment, although the budget base for the next few years will focus more on economic recovery, health and handling COVID-19, but currently BPS notes that the cumulative Indonesian economy throughout 2021 managed to grow positively reaching 3.69% compared to 2020, which experienced a contraction to reach 2.07%. The following is BPS data regarding the rate of economic growth starting in 2018-2021.



Source: Simreg.bapennas.go.id (2022)

Image 1. Indonesia's Economic Growth Rate in 2018-2021

Seeing these conditions illustrate that Indonesia brought 2021 growth positive reaching 3.69 percent, which means that cumulative Indonesia economy was 1.06 percent (q-to-q) in the fourth quarter with this percentage being better than in 2020 which experienced decline caused by emergence of Covid-19 was high at 2.07 percent so that economic activity of the population was limited. Salim (1990) defines sustainable development as a goal to improve people's welfare, meet human needs and aspirations. This is in line with the concept put forward by Sutamihardja (2004) that means of sustainable development includes efforts to realize the utilization of development outcomes evenly even between generations. When viewed from the economic side, sustainable development has its constituent factors, namely moral, ecological, and economic values. Fauzi (2004) mentions that in terms of moral values, the current generation enjoys goods and services produced from natural resources and the environment. The concept of sustainable development in principle states that development in the current generation should not require a compromise from future generations through sacrifices in the form of lower social welfare. In the theory of economic growth, it is known that the factors that can encourage the economic growth of a region or a country include the number of population and labor, capital or capital, natural resources, and the environment, as well as technology and social factors.

From the image 2 below, it is explained that Indonesia has considerable potential in terms of renewable energy sources, where the potential for energy produced by nature currently has more potential to affect the eastern and southern regions of Indonesia such as ocean currents (oceans), geothermal energy, bioenergy, wind and hydro are utilized from a total of 10.GW or percent, therefore special attention is needed regarding research and development, regulatory improvement and the use of competitive technology that can have an effect on the progress of the country especially in allocating properly natural energy. This is evident from the number

countries that do not have sufficient natural resources, but instead become developed countries with high per capita income and vice versa.

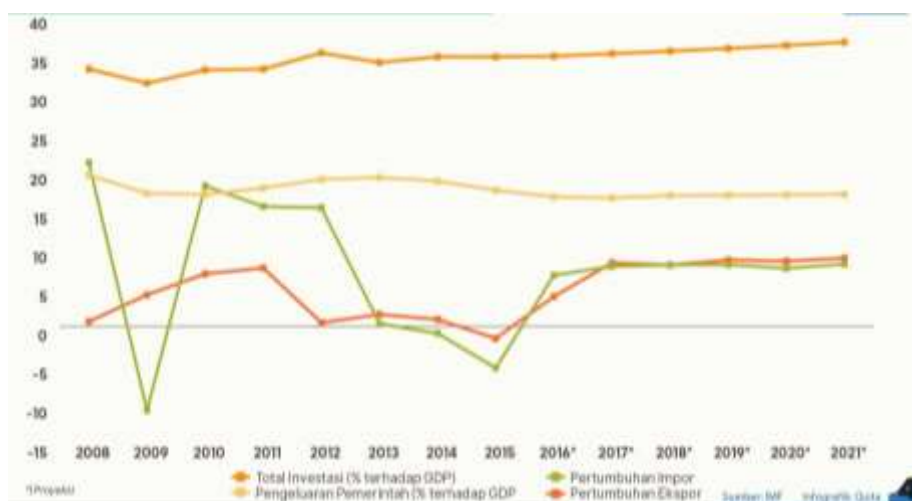


Source : Katadata.co.id (2022)

Image 2. Great Potential of Renewable Energy in Indonesia

Frankel (2010) wrote related to the *natural resource curse* or better known as "*the paradox of plenty*" which is found in developing countries with abundant natural resources. This paradoxical condition refers to countries that are rich in natural resources, especially those that are *non-renewable* economic growth *stagnant* and even experiencing a setback. When referring to this, the situation is in accordance with what is experienced by Indonesia. This is reflected in the position of Indonesia, which is classified as a *middle-income class*, even though the wealth of natural resources does not need to be doubted. In a broader frame, the problems in Indonesia are also related to economic growth. Even though it is quite strong, and inflation tends to be lower, there is a "*Growth Paradox*" phenomenon related to the quality of economic development which is still not optimal. This can be seen from the poverty rate which has not decreased rapidly during an increasing trend in the Gini ratio. Meanwhile, in terms of global economic competitiveness, Indonesia has shown a decline in the last three years.

The urgency of strengthening competitiveness has become a new path after the implementation of the ASEAN Economic Community (AEC). MEA is an opportunity for business actors to build seriousness and give birth to new innovations to improve the regional economy and reduce unemployment. According to Arifin *et al* (2007), Indonesia has faced an ASEAN free economy or the ASEAN Free Trade Zone (AFTA) so that Indonesia's condition has become a destination for financial specialists. Complexity of the problem certainly requires an integrated policy strategy so that imports can be suppressed. *The World Economic Outlook* (2015) provides predictions regarding the drivers of the Indonesian economy from 2016-2021. The projection of total investment as a percentage of *Gross Domestic Product* (GDP), provides an illustration of an increase that will not have much effect on the Indonesian economy. The increasing trend from 2016-2021 cannot be separated from the range of 35 percent. Government spending (percentage of GDP) also gives a picture that is almost the same as total investment although it tends to be more constant at 20 percent. The third driver is import growth. Import growth from 2008 tends to fluctuate widely with the highest increase in 2009 after the crisis. Furthermore, from 2016-2021 it is predicted to experience constant changes that are not too significant. Export growth in the curve period shows that there is a fluctuating trend with an upward trend. The prediction period shows an increase from 2016 to 2017 with a value of almost 5 percent.



Source: IMF World Economic Outlook Database (2022)
Image 3. Prediction of Indonesia's Economic Drivers

If current situation, which coincides with the Covid-19 Pandemic since 2020, the consequences will not only weaken the economy, but also weaken the economy. It also has a direct impact on all levels of social life. Moreover, the restrictions on socio-economic activities and travel bans have increased the number of businesses that have gone out of business and unemployment is almost evenly distributed throughout Indonesia. In an instant, the number of

unemployed in Indonesia was 8.75 million people in February 2021. This number increased by 26.26 percent compared to the same period the previous year of 6.93 million people (Annur, 2021). According to research result Fawzia (2021) explain the innovative role creating creative and innovative entrepreneurship in order to generate job opportunities in communities affected by Covid 19. Seeing Indonesia's position which is still facing a pandemic with various scenarios, the author is interested in problems both from the economic side, namely economic growth, and the social side of unemployment. This main contribution of this study is to find out how the competitiveness strategy in facing sustainable economic development based on socio-economic aspects sees Indonesia's position in the context of economic recovery, one of which is the problem from the economic side, namely economic growth, and the social side, namely unemployment. Thus, this paper can provide an overview of competitive strategies that can be carried out to face sustainable economic development in Indonesia.

Literature Review

As one of the countries in ASEAN that has a wealth of natural resources, the State of Indonesia can provide a large enough role from strong economic growth that needs to be followed by resource management actions that allow the country to take advantage of various opportunities well (Shahrir, 2022). Before a competitive strategy in the aspect of sustainable economic development, we must first know the meaning of economic development. This is because basically the concept of economic development itself is a process of change that is sought to improve people's welfare, so that in its implementation the economic aspects are used as macro indicators such as economic growth, the standard of regional GDP changes is often observed which shows economic activity that is better than the GDP growth rate. at constant prices (Todaro et al., 2009). According to Ali (2018) from an perspective economic, the importance of developing knowledge with the latest access in accordance with the development of the times required the skills and abilities of competent human capital potential.

According to Suparmoko (2020), dividing sustainable development into two, namely sustainable development in a strong sense and in a soft sense, sustainable development in a strong sense requires that the value of human capital be added to the value of ecosystems as natural capital and supplemented by permanent human-made capital. In a soft sense, sustainable development allows for substitution between the three development capitals by prioritizing the value of natural capital. If the value of natural capital decreases, it can be offset by the value of human capital and man-made capital. In relation to sustainable economic development, the *World Economic Forum* that competitiveness can be used to describe productivity which is defined as the output produced by labor and the ability of the national economy to achieve high and sustainable

economic growth (Porter, 2001). According to Bouderaux' (Prasetyo & Kistanti, 2020) reveals an important role in economic freedom which does not only channel corporate productivity but focusses on sustainable human development and social resources driven by democratic progress. Follow up, sustainable economic growth by providing decent and quality jobs for job seeker with differences in age, gender and latest educational status to reduce unemployment in Serbia (JD Milica, 2019). An economic development strategy with the aim of playing the role of human resources both in terms of education, manufacturing, services and integration that can compete in the global market (Rahsyad Muradov, 2019). Therefore, the researcher takes the context of this research to focus more on how the competitiveness strategy in dealing with sustainable economic development is seen from economic aspects such as growth and unemployment.

Research Method

The research method used is a qualitative approach with a literature review type of research. This is because the object under study is in accordance with the approach to the theme being studied. Data obtained from various publications, such as BPS, Simreg and IMF.

Result and Discussion

Sustainable Economic Development

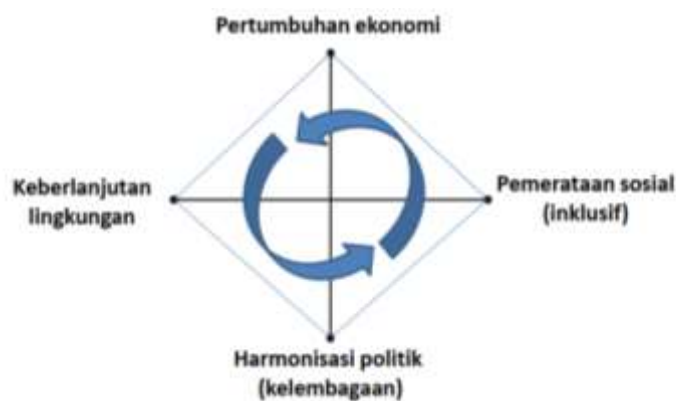
Etymologically, development means building, moving, rising, and standing with the concept of development that has anatomical form, physiology or life, and behavior. Meanwhile, according to Adam Smith, economic development is a process of combining population growth and technological progress. The increasing population of a country must be balanced with technological advances in production to meet domestic demand. It is different with Simon Kuznets who explains economic development as increasing the ability of a country to provide goods and services. Then, Schumpeter also explained related to economic development as changes in per capita income and national income that occur suddenly and uninterruptedly.

Experiences of economic development in the past and the emergence of prolonged crises are used as lessons to achieve its main objectives. Normatively, economic development must be carried out based on ethics, morals, and values that uphold human rights and equality without neglecting the obligations of citizens. Economic development in Indonesia in the future must be different. The form of the economy to be built must be more just and equitable which can be reflected in increasing the role of the regions and empowering all people, being competitive on the basis of efficiency, and ensuring the sustainability of the use of natural resources and the environment, without excessive exploitation.

The things that need to be considered in economic development include: (1) economic development based on a people's economic system to achieve people's welfare; (2) consistent and

real development of regional autonomy and community participation; (3) applying efficient principles supported by the ability to process natural resources using modern technology; (4) oriented towards the development of international economic globalization while still prioritizing the interests of the national economy; (5) macroeconomic development must be handled and managed carefully and with a full sense of responsibility; (6) the implementation of economic development is based on policies drawn up in a transparent and accountable manner from all levels; (7) economic development must be based on the sustainability of natural resource systems, the environment, and community social systems in order to improve people's welfare.

In accordance with the report of the *Asian Development Bank* (2011), there are two possible scenarios for the prospects for the Asian economy in the next 40 years. The first scenario is called the optimistic scenario, where Asia will contribute half of *Gross Domestic Product* (GDP). The challenge of sustainable economic development requires a development paradigm by not only thinking about achieving prosperity and economic growth. But also related to environmental sustainability, social equity, and political or institutional harmonization.



Source: Juhro (2018)

Image 4. Dimensions of Sustainable Economic Development

Competitiveness Concept

The ability of companies, industries, regions, countries, or between regions to produce relatively higher and sustainable income and employment factors to face international competition. Kuncoro (2007) in his book says that, competitiveness is a concept of comparing the ability and performance of companies, sub-sectors or countries to sell and supply goods and/or services provided in the market. This can be achieved from the accumulation of the strategic competitiveness of each company. The process of creating added value is within the scope of the company itself. In line with this, in the Regulation of the Minister of National Education of the Republic of Indonesia Number 41 of 2007 concerning Process Standards for Primary and

Secondary Education Units, it is stated that competitiveness is the ability to show better, faster or more meaningful results by outlining the intent of that ability. itself into four things, namely (1) the ability to strengthen its market share; (2) the ability to connect with the environment; (3) the ability to continuously improve performance; and (4) the ability to establish a favorable position.

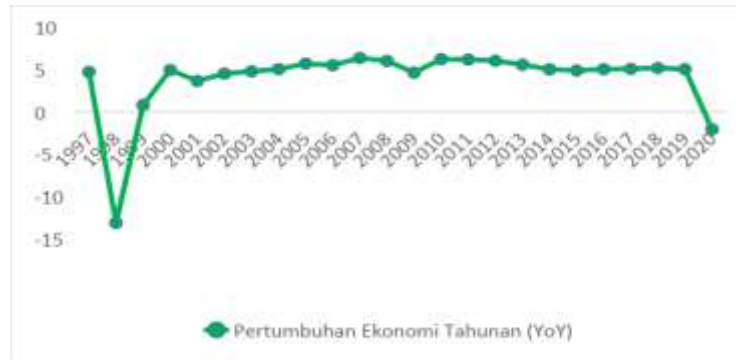
The concept of sustainability in perspective describes a process of change from all resource activities, investment directions, and measurable institutional changes in a balanced way to support economic productivity in the present and in the future. This is in line with Porter's (1990) statement that competitiveness in terms of production is measured through adjustments and competition in the target market to be achieved. In the current condition, the number of cases due to Covid-19 needs to get the government's attention on investment with the aim of increasing access to markets, especially in the trade sector. The increase aims to provide opportunities for inter-regional traders to increase the added value of domestic products and as a mitigation of regional production inequality.

Seen in Economic Growth Economic

Growth is the state's income which has an aggregate increase in national level or an increase in output in a certain period. Another meaning is as a reflection to show an increase in the production capacity of goods and services physically according to a certain period of time. This will then encourage an even distribution of people's income so that it will accelerate the process of economic development. On the other hand, potential growth or potential output becomes a measure that expresses the growth that should be by maximizing resources at the normal level of use. The condition of economic growth in developing countries such as Indonesia, is achieved by accompanied by an increase in population. Until the end of 2014, Indonesia was still firmly in the category of middle-income country, despite the strong pressure from the global economic turmoil. To get out of this trap, Indonesia needs to demand a sustainable rate of economic growth based on the resilience of the industrial sector and the ability of economic actors to adapt to globalization. Reflecting on countries that have previously demonstrated the importance of industrial reliability and an active role in the *global value chain*.

Image 5 shows that developments over a 10-year period show that Indonesia's economic growth is around 5% with not large increases and decreases. In 2014, economic growth stood at 5.5 for two years and was indicated to be lower than the potential output growth estimated at 5.3%. In the midst of the dynamics of the downturn, the Indonesian economy can still develop with the support of a growing middle class in line with the demographic bonus. According to Anglingkusumo & Desthy (2012), the portion of the middle class in Indonesia covers 48 percent of the total population and will continue to increase significantly to 94 percent or around 254

million people in 2025, but will continue to decline until 2045. This is due to the development of the group. upper class or rich. The increase in the middle class will certainly respond to domestic demand, as well as support economic growth.



Source: BPS (2021), processed
Image 5. Annual Economic Growth 1997-2020

Entering 2016-2019, Indonesia's average economic growth is at 5 percent. Structural shifts in the global economy that have an impact on weakening world economic growth pose challenges for the Indonesian economy in 2019. In that year economic growth was not as strong as in the previous year with a decrease of 0.14 percent. Another reason is the decline in world trade volume and commodity prices. This condition led to uncertainty in global financial markets and resulted in reduced global capital flows to Indonesia and other developing countries. The result was a decline in Indonesia's exports, which contracted by 0.87 percent, reversing the direction of the performance in the previous year which grew 6.55 percent.

At the beginning of 2020, world economic growth experienced a decline, including Indonesia. This is due to the *Coronavirus Disease* that attacks public health around the world. On March 11, 2020, the *World Health Organization* (WHO) declared Covid-19 to be a global pandemic outbreak that had a direct impact on the economy. Seen in the condition of the Indonesian economy with sources of turmoil that have never been experienced before with the impact of declining economic performance. Moreover, the government issued a policy to limit community activities to date. These policies include restrictions on the mobility of people and activities of goods and services. Confidence of economic actors decreased significantly in line with the lack of abatement in the daily confirmed cases of Covid-19. Finally, economic growth declined sharply to -2.07 percent.

Going forward, Bank Indonesia predicts that the Indonesian economy will recover with the support of the global and domestic economy. This estimate is influenced by the prospect of global economic recovery which is predicted to grow at around 5 percent. In line with this, support for the implementation of vaccinations, economic opening, and continued policy stimulation are supports to improve economic conditions. On the domestic front, encouraging improvements in

trading volume and commodity prices as reflected in the improvement in *Purchasing Managers' Index* (PMI), and stronger consumer confidence and expectations regarding income, and the reopening of business activities.

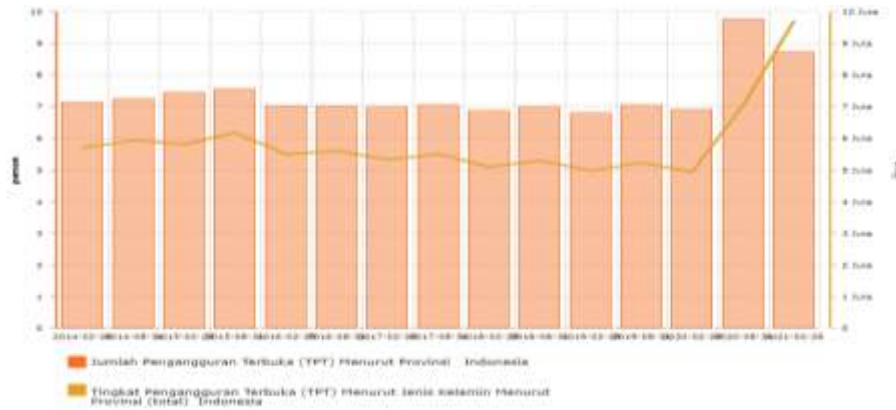
Viewed on Unemployment

According to Sukirno (2008), defining unemployment is someone who has been classified in the labor force, who is actively looking for work at a certain wage level, but has not been able to get the desired job. Murni (2009) describes unemployment as the labor force which is part of the population between the ages of 15 and 65 years, who have the willingness and ability to work and those who are looking for work. The Central Bureau of Statistics (2021), states that open unemployment consists of: (a) those who do not have a job and are looking for work, (b) those who do not have a job and are preparing for a business, (c) those who do not have a job and are not looking for work. because they feel it is impossible to get a job, (d) those who are already working but have not started working. While the definition of the open unemployment rate is the percentage of the number of unemployed to the total labor force.

This condition is when the number of unemployed is quite small, which is around 4 percent of the total workforce. Indonesia wants unemployment to be kept as low as possible, but it is impossible to eliminate it because of the time it takes for job seekers to find new jobs or move from old jobs. So the workers have to be unemployed for a while. Unemployment occurs because the number of people looking for work is not proportional to the available job offers. This situation results in a lack of income which leads to a reduction in expenses. According to Haryanto (2019), there are three causes of unemployment, namely (1) The decline in economic growth caused by the economic cycle, which is sometimes at its peak (economic boom) or is experiencing a decline, will usually cause unemployment which is known as cyclical unemployment (2) changes in the economic structure resulting from technological developments such as changes from agrarian to industrialization, Unemployment caused by changes in the economic structure is called structural unemployment. (3) job seekers usually look for jobs that are felt to suit their preferences either because of their education or skills. This type of unemployment is called frictional unemployment.

Entering 2014, unemployment decreased by 0.54 percent compared to the previous year. In general, from 2014 to late 2019, the number of unemployed fluctuated with a downward trend. However, entering 2020, especially in the first quarter, there was a significant increase. This is because the world is experiencing a crisis caused by Covid-19 (see image 6). As a result, the economic sector slumped and became the cause of massive layoffs. This indicates that there are

still many economic actors who have not re-opened their businesses and the lack of available job opportunities.



Source: BPS (2021)

Image 6. Number and Level of Indonesia's Open Unemployment

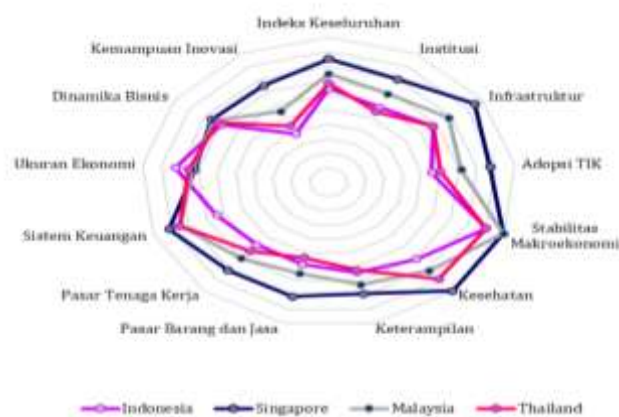
Competitive Strategy to Face Sustainable Economic Development

During tough economic challenges, Indonesia is quite good in the context of the structure of the *International Monetary Fund (IMF)* “Indonesia successfully navigated through the turbulence time. The key to this is that Indonesia has succeeded in maintaining macroeconomic stability, maintaining stability in changes in the external environment, macroeconomic development, and structural reforms. *Global Competitiveness Index (GCI)* or global competitiveness index is an index that measures the progress of a country in the development of all the factors that affect its productivity. Implicitly, this index measures how efficiently a country utilizes its factors of production in an effort to maximize total factor productivity. In addition, these efforts can be used to achieve economic growth in the long term, so that it is beneficial for policy makers to carry out policy interventions effectively (Nadya, Damia, & Riza, 2020). The framework for forming the global competitiveness index is generally categorized into 4 aspects, namely a supportive environment, human capital, market aspects, and an innovation ecosystem. Then the four aspects are broken down into 12 pillars forming the competitiveness index. The pillars are institutions, infrastructure, adoption of information and communication technology, macroeconomic stability, health, skills, goods and services market, labor market, financial system, economic size, business dynamics, and innovation capability.

The World Economic Forum (2019) in its report stated that the ranking of Indonesia's global competitiveness index fell to rank 45 out of 140 countries in 2018. Then in 2019, the ranking dropped again to rank 50 out of 141 countries. In the ASEAN region, Indonesia ranks fourth after Singapore, Malaysia and Thailand. When compared with Singapore, Indonesia is still lagging behind in almost all components of competitiveness, except for the components of

macroeconomic stability and economic size. The decline in the index value was quite thin, only 0.3 points from 64.9 to 64.6. This actually happened because there were no significant changes in performance in 2019. However, several pillars actually caused a decrease in Indonesia's score. The pillar, namely the adoption of information and communication technology, fell from 61.1 to 55.4. Then from the health side, it also decreased by 0.9 points. The goods and services market fell by 0.3 points and the skills and labor market pillars fell 0.1 points each.

Despite the decline, Indonesia's global competitiveness can be improved on several pillars, such as business dynamics which increased by 0.6 points and a stable financial system pillar from 63.9 points to 64 points. On the other hand, although Indonesia's innovation capability is still limited, it is still increasing. The size of the Indonesian economy and a stable macro economy are the main strengths in this index. Indonesia's economic size is ranked seventh with a value of 82.4 points and 90.0 points for macroeconomic stability which is also ranked 54th.



Source: World Economic Forum Report (2019)
 Figure 6. Indonesia's Global Competitiveness Index 2019

Seeing the current conditions forcing all countries to revise their development plans according to realistic targets. Therefore, the Government of Indonesia has drawn up the 2020-2024 National Medium-Term Development Plan (RPJMN) when the pandemic is still spreading throughout the world as stated in Presidential Regulation No. 18 of 2020. One of the big targets planned is to pursue class promotion as one of the-income countries by leaving the status of the *middle-income country trap*. The policies taken to realize these targets include; (1) acceleration of regional development by placing centers of regional economic growth and equity that encourages regional development in accordance with the principles of sustainable development goals, (2) development of policies and implementation of development in order to accelerate development of underdeveloped regions by applying affirmative patterns, (3) village development integrated as

an important pillar of accelerating development for the next 5 years with the aim of reducing inequality and ensuring equity (Mahyiddin, 2020).

Furthermore, the Indonesian government continues to be committed to implementing sustainable development, especially in the economic sector by establishing one aspect that aims to provide access to equitable and inclusive development, as well as protect the environment. This, sustainable development is expected to be able to improve the quality of life from generation to generation. According to Siwu (2018), Indonesia as a developing country in promoting sustainable economic development can adopt a balanced development strategy. The strategy focuses on developing various types of industries simultaneously so as to create a market. For this reason, a balance between the demand side and the supply side is needed. From the supply side, it will provide simultaneous development partners that function to increase the supply of goods. Meanwhile, from the demand side, there will be wide job opportunities and increase income. Finally, the strategy will require a large number of workers and reduce unemployment. In addition to a balanced development strategy, regional economic development strategies are also advocated with the aim of developing employment opportunities for the population and achieving economic stability by meeting the needs of the business world. These strategies can be grouped into four major groups, namely fiscal development strategies, business development strategies, human resource development strategies, and community development strategies.

Regarding policies in sustainable economic development, strategies that can be adopted by Indonesia to increase competitiveness include: (1) policy strategies are aligned with the aim of encouraging balanced economic growth, maintaining environmental sustainability including energy and food, encouraging institutional strengthening, and economic activities must be inclusive, (2) the policy strategy must address the dimensions of the imbalance problem on the internal and external sides, and (3) the implementation of the policy strategy must cover short-term, medium-term, and long-term perspectives. In the short term, it should be directed to manage the economic cycle from the demand side to maintain macroeconomic stability. Meanwhile, in the medium and long term, the policy strategy must be directed at minimizing the potential for economic turmoil that may arise and increasing economic capacity to achieve economic growth that supports sustainable economic development through monetary and fiscal policies.

This is related to the implementation *lockdown* which was then followed by restrictions on community activities. At the beginning of the implementation of the policy, many people *panic buying* and restricting themselves from going out of the house to shop. Therefore, online shopping is an option to meet needs during quarantine and activity restrictions (Setiawan & Setiadin, 2020). Changes in public spending patterns before and after the pandemic are the basis for

increasing competitiveness in economic development. As previously mentioned, digitizing the MSME sector is a policy choice in increasing economic growth. Strengthening from the supply side will encourage the creation of new job opportunities for people affected by layoffs and from the demand side it will make it easier for buyers to get the goods they need.

A competitive strategy for economic recovery and sustainable economic development is also pursued by the Monitoring Committee for the Implementation of Regional Autonomy (KPPOD) by developing recommendations for solutions that not only save Indonesia from the crisis, but also become the foundation for the creation of the ultimate goal of development, namely community welfare. Oriented strategy *growth* as the implementation of *green stimulus recovery*. This related to the competitiveness strategy to face sustainable economic development, especially during the pandemic and post-pandemic, it can be concluded that several strategies can be carried out, including: (1) strengthening related institutions to integrate economic recovery, (2) providing support both in terms of demand and supply in order to increase economic growth through providing loans and cutting loan interest, (3) increasing the role of MSME actors in meeting needs amid the Covid-19 pandemic, with the aim of absorbing labor in order to, (4) implementing policy strategies by paying attention to the short-term to long-term impacts of increasing economic growth, (5) accelerating fiscal realization, increasing bank credit from the demand and supply side, continuing monetary and macroprudential stimulation, as well as accelerating economic and financial digitization, particularly related to the transformation of the US-oriented strategies *green growth*.

Conclusion

Sustainable development is a human effort to improve the quality of life while still trying not to exceed the ecosystem that supports life. The concept of sustainable development in principle states that development in the current generation should not require a compromise from future generations through sacrifices in the form of lower social welfare. The indications of social welfare in question are related to economic welfare, health and education, as well as environmental welfare. In the theory of economic growth, it is known that the factors that can encourage the economic growth of a region or a country include the number of population and labor, capital or capital, natural resources and the environment, as well as technology and social factors. When observed carefully, natural resources and the environment are not the main factors that determine the progress of a country. However, this progress can be measured by looking at the level of income per capita of the population. This is evident from the number of countries that do not have sufficient natural resources, but instead become developed countries with high per capita income and vice versa.

Strategies that can be taken by Indonesia to face the economy going forward are carried out in various ways, namely: (1) strengthening related institutions to integrate economic recovery, (2) providing support from both the demand and supply sides to increase economic growth through providing loans and cuts. loan interest, (3) increasing the participation of MSME actors in meeting needs amid the Covid-19 pandemic, with the aim of absorbing labor in order to, (4) implementing policy strategies by paying attention to short-term to long-term impacts to increase economic growth, (5) accelerating fiscal realization, increasing bank credit from the supply and demand sides, sustaining monetary and macroprudential stimulation, as well as accelerating economic and financial digitization, particularly related to the transformation of Medium, Small, Independent Enterprises (MSMEs), (6) *green growth*. Research is strengthened by the results of research conducted Prasetyo & Kistanti (2020) showing that the main factor that drives sustainable economic growth is the strong role of human capital and social capital so that new economic institutions provide entrepreneurial competitiveness and productive institutions, and economic growth in each region can increase, along with the quality of resources that can compete in external and sustainable markets, it is expected to reduce development problems, unemployment, poverty and income inequality.

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