

THE ROLE OF HUMAN CAPITAL IN IMPROVING ECONOMIC COMPETITIVENESS IN INDONESIA AND SOUTH KOREA

ABSTRACT

Indonesia has fairly good human resources. Indonesia has a very large population. With a population of around 273 million, Indonesia has a large pool of potential human resources. Many Indonesians can speak English and other languages. This is an advantage in global market competition. The purpose of this study is to analyze the role of human capital in improving economic competitiveness in Indonesia and South Korea. The human resource variables used in this study are the percentage of the population who have completed secondary education (junior high school and high school), the labor force with secondary education, and employee compensation as a control variable. Labor productivity is used as the dependent variable to measure economic competitiveness. The data used in this study are secondary data obtained from World Bank sources. The results of the study indicate that human resources play an important role in enhancing economic competitiveness in Indonesia and South Korea. Educational attainment and the proportion of the workforce with secondary education have a positive effect on labor productivity. The study also shows that Indonesia and South Korea have different strengths and weaknesses in their relationship with human resources. The findings of this study can serve as a reference for developing effective policies to enhance economic competitiveness in Indonesia and South Korea.

Keywords: human capital, economic competitiveness, labor productivity, education level, labor level, Indonesia, South Korea.