

## ANALYSING THE EFFECT OF HUMAN RESOURCE POLICIES ON MACROECONOMIC INDICATORS

**Loso Judijanto \***

IPOSS Jakarta, Indonesia  
[losojudijantobumn@gmail.com](mailto:losojudijantobumn@gmail.com)

**Sherly Etika Sari**

UIN Raden Intan Lampung  
[sherlyetikasari29@gmail.com](mailto:sherlyetikasari29@gmail.com)

**Al-Amin**

Universitas Airlangga, Surabaya, Indonesia  
[al.amin-2024@feb.unair.ac.id](mailto:al.amin-2024@feb.unair.ac.id)

### Abstract

This analysis explores the impact of Human Resource (HR) policies on macroeconomic indicators. The findings show that well-planned HR policies can influence economic growth through improving labour skills, productivity, and reducing unemployment rates. Policies that focus on education, training, and employee retention play an important role in improving national productivity and the quality of life of the workforce. In addition, attention to employee welfare and diversification of the workforce through gender inclusion and equality can encourage wider participation in the labour market. Thus, effective and inclusive HR policies not only enhance the competitiveness of companies but also support sustainable economic growth and the overall well-being of society.

**Keywords:** Policy, HR, Indicators, Macroeconomics.

### Introduction

Human Resource (HR) policy plays a crucial role in the economy as it determines the quality and effectiveness of the available workforce. A well-trained, competent and motivated workforce is a valuable asset for organisations and the economy as a whole. Good HR policies include effective recruitment, ongoing training and development, fair performance management, and competitive compensation. (Jung, 2023). When these policies are well implemented, labour productivity and efficiency increase, which in turn increases a country's economic output and competitiveness. In addition, a conducive work environment and positive organisational culture can improve the well-being of the workforce, which has an impact on employee loyalty and turnover reduction (Maih et al., 2021).

In addition to the direct impact on productivity, HR policies also have a significant influence on macroeconomic indicators such as the unemployment rate, economic growth, and per capita income. For example, training policies that focus on improving labour skills can reduce unemployment rates by ensuring that the workforce has skills

that match the needs of the labour market. (Ebeke & Eklou, 2023).. Likewise, policies that support innovation and entrepreneurship can promote new job creation and accelerate economic growth. Thus, effective HR policies not only improve individual and organisational performance, but also contribute to long-term economic stability and growth. (Benchimol, 2024).

Effective HR policies can cover various aspects such as recruitment, training and development, performance management, compensation and benefits, and industrial relations. These policies not only affect individual productivity and performance, but also have an impact on organisational performance and macroeconomic indicators of a country. (Stock, 2020).

Policies that include selective recruitment, relevant training and skills development can enhance the competence of individuals, ensuring they have the necessary capabilities to perform their duties effectively. In addition, clear and transparent performance management policies provide constructive feedback and set expectations that can motivate employees to achieve better results. (Caraiani et al., 2020). At the organisational level, well-planned HR policies that include fair compensation and incentives and a positive work environment can increase employee engagement and loyalty, reduce turnover, and create a productive work culture. All of these contribute to improving the overall performance of the organisation, making it more adaptive and competitive in the marketplace. (Akinci & Queralto, 2022).

Macroeconomic indicators, such as Gross Domestic Product (GDP), unemployment rates, inflation, and education levels, are significant gauges that reflect a country's economic health. When HR policies are implemented well, the impact can be seen in increased labour productivity, reduced unemployment, and improved people's welfare. (Klomp, 2020). For example, effective training and development can improve labour skills, which in turn increases economic output. Likewise, good recruitment and performance management policies can ensure that the right individuals are placed in the right positions, which has a positive impact on the efficiency and effectiveness of the organisation (Matusche & Wacks, 2020). (Matusche & Wacks, 2023).

While there is a large body of literature demonstrating the relationship between HR policies and organisational performance, there is little research that looks in depth at how HR policies affect overall macroeconomic indicators. This study aims to fill that gap by analysing how HR policies can affect macroeconomic indicators. In addition, this study will also explore the mechanisms through which HR policies can contribute to economic growth. (Dhital et al., 2023)..

Identifying and understanding the influence of HR policies on macroeconomic indicators is crucial for policymakers and practitioners in the field of human resources. The results of this study can provide valuable insights in the formulation of more effective policies and comprehensive HR development strategies. Thus, it is expected

to contribute to improving the quality of human resources that will ultimately drive economic growth and the welfare of society.

## **Research Methods**

The study in this research uses the literature method. The literature research method is an approach used to collect, analyse and synthesise previously published information related to a specific research topic. The first step in this method is to identify the research question and determine relevant keywords to search for appropriate literature. (Hidayat, 2009); (Afiyanti, 2008). Next, researchers accessed various sources such as academic journals, books, reports, and other articles through online databases and libraries. After collecting relevant literature, the researcher evaluated the quality and credibility of the sources, then analysed the content to identify patterns, similarities, contradictions, and trends. Synthesis was conducted to summarise key findings, describe research gaps, and develop new arguments or hypotheses. This method not only provides a strong theoretical foundation for new research but also assists in conceptualising a framework for further research. (Syahran, 2020); (Syahrizal & Jailani, 2023).

## **Results and Discussion**

### **HR Policy Concepts and Theories**

Human Resources (HR) policy is a set of guidelines and rules developed by the organisation's management to govern the management and development of the workforce. This policy covers various aspects such as recruitment, selection, training, development, compensation, performance management, employee welfare, and industrial relations. The main objective of HR policies is to create a fair, productive, and balanced work environment that supports the achievement of the organisation's strategic goals. (Wilhelm, 2023). By setting clear guidelines, HR policies help in minimising conflicts, increasing job satisfaction, and ensuring that the rights and obligations of both employees and employers are met in a balanced manner. They also play an important role in ensuring compliance with applicable labour laws and regulations. (Walerych & Wesołowski, 2021)..

There are several important theories related to Human Resource (HR) policies that can help explain how these policies affect organisations and their employees. One of the main theories is Maslow's Motivation Theory, which proposes that human needs are organised in a hierarchy of five levels: physiological, safety, social, esteem and self-actualisation needs. Effective HR policies should address these basic needs, from providing a decent salary to providing career development opportunities and training that can bring employees to their full potential. (Jha, 2023).

Another significant theory in the context of HR policy is Herzberg's Two-Factor Theory, which distinguishes between motivators and hygiene factors. Motivator

factors, such as recognition, responsibility, and the opportunity to achieve important things, can increase job satisfaction and employee motivation. Meanwhile, hygiene factors, such as working conditions, company policies, and interpersonal relationships, if ignored can lead to dissatisfaction although they may not directly increase job satisfaction when addressed. Implementation of HR policies that consider both types of factors can help in creating a work environment that not only prevents dissatisfaction but also motivates employees. (Anzuini et al., 2020)..

In addition, Adams' Equity Theory is also important in HR policy development. This theory emphasises that employees compare what they give to the organisation (inputs such as effort, skills, and time) with what they receive (outputs such as salary, recognition, and other benefits), as well as comparing it with their colleagues. If employees feel they are being treated unfairly, this can result in dissatisfaction and reduced performance. (Ferreira, 2022). Therefore, HR policies that focus on fairness and equity in performance management, compensation, and development opportunities are essential for maintaining employee motivation and performance. Incorporating these theories into HR policies can assist organisations in creating a productive and fulfilling work environment for employees.

### **Macroeconomic Indicators**

Macroeconomic indicators are tools used to measure the overall economic condition of a country. One of the most important macroeconomic indicators is Gross Domestic Product (GDP). GDP measures the total value of goods and services produced in a country over a specific period, usually one year. (Tsoukis, 2020). GDP is a big picture of the health of the economy, where positive GDP growth indicates economic expansion and a decline in GDP indicates contraction. GDP can be calculated by three approaches: the production approach, the expenditure approach, and the income approach, all of which provide different viewpoints on economic activity. (Groot & Motto, 2021).

The second important macroeconomic indicator is the unemployment rate. The unemployment rate measures the percentage of the labour force that does not have a job but is actively looking for one. This figure is important because it reflects the ability of an economy to create jobs for its citizens. A high unemployment rate indicates problems in the labour market and can have a negative impact on the social and economic welfare of the community. Different types of unemployment such as frictional, structural and cyclical each have different implications for economic and social policies. (Özmen & Tuğan, 2022).

The third vital indicator is inflation. Inflation measures the rate of increase in the prices of goods and services in the economy over time. This is usually assessed through the consumer price index (CPI) or producer price index (PPI). Controlled inflation indicates a stable economy, while too high inflation can erode purchasing power and

cause economic uncertainty. (Ocampo, 2020). Too low inflation or deflation can also indicate weak demand and economic growth. Central banks often maintain inflation stability as one of their main objectives, using various monetary policy tools to control the inflation rate (Castillo et al., 2020). (Castillo et al., 2020).

Finally, the trade balance is an important macroeconomic indicator, reflecting the difference between a country's exports and imports of goods and services. A positive trade balance (surplus) indicates that the country exports more than it imports, which can increase foreign exchange reserves and strengthen the country's currency.

(Gai & Tong, 2022). Conversely, a negative trade balance (deficit) can signal that the country is overly dependent on imported goods and can cause problems with the exchange rate and foreign debt. Understanding the balance of trade helps in making better trade and fiscal policies and strategies to improve international competitiveness.

Combining analyses of these four indicators provides a comprehensive picture of a country's macroeconomic conditions, and guides governments and policymakers in formulating strategies for economic development and public welfare.

### **Theoretical Relationship between HR Policies and Macroeconomic Indicators**

Human Resource (HR) policies have strong theoretical links with various macroeconomic indicators. One of the key indicators affected by HR policies is the unemployment rate. Effective HR policies, such as skills training, professional development, and job placement programmes, can improve the capabilities and competencies of the workforce. As a result, employment opportunities become higher and the unemployment rate can be reduced. (Harrison & Reed, 2023).. A concrete example is training programmes that are structured based on industry needs, which ensure the workforce has skills that match labour market demands, thereby reducing mismatches between workers' skills and industry needs. (Tsoukis, 2020).

In addition, HR policies affect productivity and gross domestic product (GDP). High labour productivity is a key element in increasing economic output. Policies such as incentives for innovation, improved education, and a supportive work environment, can increase labour efficiency and output. When productivity increases, value added in the economy rises which is then reflected in GDP growth. For example, investment in high-quality education and training increases the capability of workers to produce better and more goods and services, which in turn contributes positively to GDP. (Kohlhas, 2022).

HR policies also have an impact on inflation. Balanced wage policies and fair minimum wage setting can help maintain workers' purchasing power while avoiding excessive price spikes. However, wage increases that are not matched by productivity gains can contribute to cost inflation, where companies raise the prices of goods and services to cover the additional costs. Therefore, the government needs to consider the

right balance in wage policy to ensure price stability and manageable inflation. (Bianco, 2021).

The relationship between HR policies and trade balance is also significant. Increased labour competence and productivity through good HR policies can improve the competitiveness of domestic products in the international market. If the workforce has the skills required by the industry, the quality of products produced will be higher and more innovative, making them more desirable in the global market. This can increase exports and improve the country's trade balance. For example, countries with a skilled labour force usually have high-tech products and services that sell well in the international market, contributing to a trade surplus. (Fegatelli, 2024).

Overall, well-designed HR policies have great potential to positively influence various macroeconomic indicators. By focusing on improving the skills, productivity and welfare of the workforce, HR policies can help create a stable and thriving economic environment, which in turn will improve overall economic performance and people's welfare.

### **HR Policy Influence**

Human Resource (HR) policies play a crucial role in shaping organisational dynamics and employee productivity. One of the key influences of HR policies is on improving the skills and capabilities of the workforce. Through systematic training and development programmes, HR policies can ensure that employees have the knowledge and skills that match the needs of the company. This not only improves operational efficiency, but also enables organisations to adopt new technologies and processes faster, which is crucial in a rapidly changing business environment. (Song & Yang, 2024).

In addition, HR policies affect employee retention and satisfaction. Policies that pay attention to employee welfare, such as competitive salaries, health benefits, and work flexibility, can increase employee loyalty and commitment to the company. This reduces turnover rates and the costs associated with recruiting and training new employees. High job satisfaction also results in a positive work atmosphere, which in turn improves teamwork and productivity. (Coulibaly, 2023).

HR policies also affect overall organisational performance. Strong human resources are the backbone of a company's innovation and competitiveness. By providing a supportive work environment, providing career development opportunities, and creating an inclusive culture, companies can encourage employees to contribute more. This can create a competitive advantage in the industry, allowing the company to achieve its strategic goals and increase market share. (Kim & Choi, 2023).

In addition, good HR policies can also have wider social and economic impacts. For example, by promoting gender equality, diversity and inclusion, organisations can help create a fairer work environment and a more harmonious society. The

implementation of HR policies that are responsive to social issues such as work-life balance, sustainability, and corporate social responsibility can contribute to social stability and sustainable economic development. This shows how HR policies not only affect the company internally, but also have a positive impact on the wider community.

## Conclusion

An analysis of the effect of Human Resource (HR) policies on macroeconomic indicators shows that effective HR policies can contribute significantly to national economic growth. Policies that focus on workforce skills development, productivity improvement, and employee retention can have a positive impact on unemployment rates, total factor productivity, and GDP growth. By improving the skills and capabilities of the workforce, organisations can increase output per worker which in turn contributes to increased national productivity. In addition, good HR policies can reduce unemployment rates through vocational training and re-skilling programmes, which prepare the workforce to meet the growing demands of industry.

Furthermore, HR policies that pay attention to employee welfare and encourage work-life balance can improve the quality of life of the workforce, which has an impact on social stability and increased purchasing power. Policies that support gender inclusion and equality can also increase labour force participation, especially of women, who have been underrepresented in the labour market. Overall, strategic and inclusive HR policies not only improve company performance, but also support sustainable economic growth and improved welfare of society at large, thereby contributing to macroeconomic stability and prosperity.

## References

- Afiyanti, Y. (2008). Focus Group Discussion as a Qualitative Research Data Collection Method. *Indonesian Nursing Journal*, 12(1), 58-62. <https://doi.org/10.7454/jki.v12i1.201>
- Akinci, O., & Queralto, A. (2022). Credit Spreads, Financial Crises, and Macroprudential Policy. *American Economic Journal: Macroeconomics*, 14(2), 469-507. <https://doi.org/10.1257/mac.20180059>
- Anzuini, A., Rossi, L., & Tommasino, P. (2020). Fiscal policy uncertainty and the business cycle: Time series evidence from Italy. *Journal of Macroeconomics*, 65(Query date: 2024-11-12 20:54:56), 103238-103238. <https://doi.org/10.1016/j.jmacro.2020.103238>
- Benchimol, J. (2024). Central bank objectives, monetary policy rules, and limited information. *Journal of Macroeconomics*, 80(Query date: 2024-11-12 20:54:56), 103604-103604. <https://doi.org/10.1016/j.jmacro.2024.103604>
- Bianco, T. (2021). Monetary policy and credit flows. *Journal of Macroeconomics*, 70(Query date: 2024-11-12 20:54:56), 103362-103362. <https://doi.org/10.1016/j.jmacro.2021.103362>

- Caraiani, P., Luik, M.-A., & Wesselbaum, D. (2020). Credit policy and asset price bubbles. *Journal of Macroeconomics*, 65(Query date: 2024-11-12 20:54:56), 103229-103229. <https://doi.org/10.1016/j.jmacro.2020.103229>
- Castillo, P., Montoro, C., & Tuesta, V. (2020). Inflation, oil price volatility and monetary policy. *Journal of Macroeconomics*, 66(Query date: 2024-11-12 20:54:56), 103259-103259. <https://doi.org/10.1016/j.jmacro.2020.103259>
- Coulibaly, L. (2023). Monetary Policy in Sudden Stop-Prone Economies. *American Economic Journal: Macroeconomics*, 15(4), 141-176. <https://doi.org/10.1257/mac.20200201>
- Dhital, S., Jiang, S., & Reese, J. (2023). Effects of monetary and government spending policy on economic inequality. *Journal of Macroeconomics*, 77(Query date: 2024-11-12 20:54:56), 103547-103547. <https://doi.org/10.1016/j.jmacro.2023.103547>
- Ebeke, C. H., & Eklou, K. M. (2023). Automation and the employment elasticity of fiscal policy. *Journal of Macroeconomics*, 75(Query date: 2024 11-12 20:54:56), 103502-103502. <https://doi.org/10.1016/j.jmacro.2023.103502>
- Fegatelli, P. (2024). Monetary policy and reserve requirements with a zero-interest digital euro. *Journal of Macroeconomics*, 80(Query date: 2024-11-12 20:54:56), 103597-103597. <https://doi.org/10.1016/j.jmacro.2024.103597>
- Ferreira, L. N. (2022). Forward guidance matters: Disentangling monetary policy shocks. *Journal of Macroeconomics*, 73(Query date: 2024 11-12 20:54:56), 103423-103423. <https://doi.org/10.1016/j.jmacro.2022.103423>
- Gai, P., & Tong, E. (2022). Information spillovers of US monetary policy. *Journal of Macroeconomics*, 72(Query date: 2024-11-12 20:54:56), 103401-103401. <https://doi.org/10.1016/j.jmacro.2022.103401>
- Groot, O. de, & Motto, R. (2021). Guest editors' introduction: Optimal monetary policy: Theory and practice. *Journal of Macroeconomics*, 70(Query date: 2024-11-12 20:54:56), 103375-103375. <https://doi.org/10.1016/j.jmacro.2021.103375>
- Harrison, A., & Reed, R. R. (2023). International capital flows, liquidity risk, and monetary policy. *Journal of Macroeconomics*, 77(Query date: 2024 11-12 20:54:56), 103540-103540. <https://doi.org/10.1016/j.jmacro.2023.103540>
- Hidayat, D. N. (2009). QUALITATIVE - QUANTITATIVE DICHOTOMY AND PARADIGMATIC VARIANTS IN QUALITATIVE RESEARCH. *Scriptura*, 2(2). <https://doi.org/10.9744/scriptura.2.2.81-94>
- Jha, R. (2023). Fiscal policy. *Macroeconomics for Development*, Query date: 2024-11-12 20:54:56, 66-88. <https://doi.org/10.4337/9781788977869.00009>
- Jung, A. (2023). Are monetary policy shocks causal to bank health? Evidence from the euro area. *Journal of Macroeconomics*, 75(Query date: 2024-11-12 20:54:56), 103494-103494. <https://doi.org/10.1016/j.jmacro.2022.103494>
- Kim, J.-Y., & Choi, H.S. (2023). Monetary policy, fiscal policy and cross signal jamming. *Journal of Macroeconomics*, 75(Query date: 2024 11-12 20:54:56), 103500-103500. <https://doi.org/10.1016/j.jmacro.2022.103500>
- Klomp, J. (2020). Do natural disasters affect monetary policy? A quasi-experiment of earthquakes. *Journal of Macroeconomics*, 64(Query date: 2024-11-12 20:54:56), 103164-103164. <https://doi.org/10.1016/j.jmacro.2019.103164>

- Kohlhas, A. N. (2022). Learning by Sharing: Monetary Policy and Common Knowledge. *American Economic Journal: Macroeconomics*, 14(3), 324-364. <https://doi.org/10.1257/mac.20190311>
- Maih, J., Mazelis, F., Motto, R., & Ristinieniemi, A. (2021). Asymmetric monetary policy rules for the euro area and the US. *Journal of Macroeconomics*, 70(Query date: 2024-11-12 20:54:56), 103376-103376. <https://doi.org/10.1016/j.jmacro.2021.103376>
- Matusche, A., & Wacks, J. (2023). Does wealth inequality affect the transmission of monetary policy? *Journal of Macroeconomics*, 75(Query date: 2024-11-12 20:54:56), 103474-103474. <https://doi.org/10.1016/j.jmacro.2022.103474>
- Ocampo, J. A. (2020). Industrial Policy, Macroeconomics, and Structural Change. *The Oxford Handbook of Industrial Policy*, Query date: 2024-11-12 20:54:56, 61-92. <https://doi.org/10.1093/oxfordhb/9780198862420.013.3>
- Özmen, M. U., & Tuğan, M. (2022). Heterogeneity in sectoral price and quantity responses to shocks to monetary policy. *Journal of Macroeconomics*, 73(Query date: 2024-11-12 20:54:56), 103439-103439. <https://doi.org/10.1016/j.jmacro.2022.103439>
- Song, W., & Yang, Y. (2024). Monetary policy in a Schumpeterian economy with endogenous fertility and human capital accumulation. *Journal of Macroeconomics*, 80(Query date: 2024-11-12 20:54:56), 103601-103601. <https://doi.org/10.1016/j.jmacro.2024.103601>
- Stock, J. H. (2020). Climate Change, Climate Policy, and Economic Growth. *NBER Macroeconomics Annual*, 34(Query date: 2024-11-12 20:54:56), 399-419. <https://doi.org/10.1086/707193>
- Syahrhan, M. (2020). Building Data Trust in Qualitative Research. *PRIMARY EDUCATION JOURNAL (PEJ)*, 4(2), 19-23. <https://doi.org/10.30631/pej.v4i2.72>
- Syahrizal, H., & Jailani, M. S. (2023). Types of Research in Quantitative and Qualitative Research. *QOSIM Journal: Journal of Education, Social & Humanities*, 1(1), 13-23. <https://doi.org/10.61104/jq.v1i1.49>
- Tsoukis, C. (2020). Introduction to Dynamic Macroeconomics. *Theory of Macroeconomic Policy*, Query date: 2024-11-12 20:54:56, 219-274. <https://doi.org/10.1093/oso/9780198825371.003.0005>
- Walerych, M., & Wesołowski, G. (2021). Fed and ECB monetary policy spillovers to Emerging Market Economies. *Journal of Macroeconomics*, 70(Query date: 2024-11-12 20:54:56), 103345-103345. <https://doi.org/10.1016/j.jmacro.2021.103345>
- Wilhelm, S. (2023). Efficiency of short-time work schemes and the role of monetary policy. *Journal of Macroeconomics*, 78(Query date: 2024 11-12 20:54:56), 103565-103565. <https://doi.org/10.1016/j.jmacro.2023.103565>