



PUBLIC POLICY STRATEGY TO STIMULATE NATIONAL ECONOMIC GROWTH

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Abstract

This study discusses public policy strategies in spurring inclusive and sustainable national economic growth amidst the dynamics of globalization and technological disruption. The research position emphasizes the importance of the role of government intervention through fiscal, monetary, sectoral, and digitalization policies to support economic growth while addressing social inequality. The method used is qualitative descriptive with a literature study approach to evaluate policy effectiveness and formulate evidence-based recommendations. The results of the study show that synergy between the central and regional governments, strengthening MSME innovation, and accelerating digital infrastructure development contribute significantly to increasing investment, exports, expanding employment opportunities, and macroeconomic stability. Policies that are designed strategically, integrated, and responsive are key to creating a national economic ecosystem that is fair, resilient, and adaptive to global change.

Keywords : *Public Policy, Economic Growth, UMKM Innovation, Economic Digitalization, Equal Distribution of Welfare*

A. Introduction

National economic growth plays a key role in efforts to improve people's welfare. Through this process, there is an increase in national income and per capita income, which has an impact on reducing unemployment rates and improving people's living conditions as a whole. In addition, economic growth reflects progress in various aspects of life, such as ease of access to basic services and improving the quality of life. In addition, sustainable economic growth can open up more job opportunities and encourage equal distribution of income, so that the results of development can be felt more fairly by all levels of society. (Wisnujati et al., 2023) However, it is important to remember that economic growth is not only measured by the increase in Gross Domestic Product (GDP), but also by changes in the quality of life of the community, such as access to education, health, and other social infrastructure. (Cristea et al., 2021)

The level of public welfare is greatly influenced by the direction and form of economic policies implemented by the government. Policies that emphasize

economic growth need to be balanced with social policies that ensure equal distribution of benefits, in order to prevent significant social inequality. Therefore, economic growth should be directed to support the creation of inclusive and sustainable development. (Bil & Mulska, 2020)

Various studies indicate that economic growth supported by strong investment, increased productivity, and optimal resource management contributes to increasing life expectancy and decreasing child mortality rates, which are key indicators of social welfare. Furthermore, stable and healthy economic growth also strengthens a country's socio-economic resilience in responding to global dynamics and challenges. (Yang et al., 2024) Basically, national economic growth is the main foundation in realizing increased public welfare. However, this growth needs to be accompanied by policies that emphasize social aspects, equality, and development of human resource quality, so that the benefits can be enjoyed widely by all groups, not just reflected in the achievement of economic indicators alone. (Wisnujati et al., 2023)

Public policy plays a crucial role in building a supportive economic climate through strategic government interventions in various fields. Steps such as state investment in the infrastructure sector, strengthening innovation, and implementing social programs have proven effective in strengthening long-term economic resilience and overcoming market failure issues. Various theories ranging from classical liberalism, Keynesian thinking, to neo-institutional approaches emphasize the importance of the role of government regulation in maintaining economic stability and promoting social justice, although until now no single ideal framework has been found to balance economic growth and market efficiency. (Beisengaliyev & Isabekovna, 2025)

Public sector development strategies also play a major role in realizing sustainable and inclusive economic growth. Based on the endogenous growth theory framework, the government has a role in influencing key factors of economic growth through targeted policies, thus creating an ecosystem that supports investment, encourages innovation, and ensures equitable distribution of economic benefits for all groups in society. Thus, effectively designed public policies not only spur economic growth but also ensure the sustainability and inclusive nature of the development. (Rijal et al., 2023)

In addition, aligning economic policies with social and environmental policies can strengthen public legitimacy while expanding the positive impacts of policy implementation. For example, the integration of climate change policies with economic and social reforms such as affordable housing programs or job creation has been shown to increase public acceptance, while creating strong synergies between economic, social, and environmental goals. (Bergquist et al., 2020) This confirms that strategically designed and integrated public policies play an important role in building a stable, conducive, and sustainable economy.

Globalization has had a significant impact on the national economy by opening wider market access, encouraging foreign investment, and accelerating

technology transfer that supports economic growth and modernization of the industrial sector. However, globalization also brings major challenges, such as increased competition in the international market, high dependence on global market dynamics, and increased vulnerability to external economic shocks that have the potential to disrupt the stability of the national economy. (Muse & Suluka, 2022) In addition, globalization often deepens the gap between regions and social groups, which ultimately gives rise to economic and social inequality.

Rapid technological advances, especially in the digital sector and innovation in the industrial era 4.0, have become a disruptive force that transforms the structure of the economy and labor market patterns. This disruption opens up new opportunities through increased efficiency, productivity, and involvement in the global value chain. However, on the other hand, this also presents challenges in the form of gaps in digitalization, limited capabilities of domestic companies, and the risk of digital inequality and threats to cybersecurity. Therefore, developing countries need to implement policies that support innovation and digitalization inclusively in order to compete globally and utilize technology to drive sustainable economic development (Taeihagh et al., 2021).

Economic inequality has become a major problem that is further exacerbated by globalization and technological disruption, where the fruits of economic growth are often not distributed fairly. Income differences between urban and rural areas, and between developed and developing countries, tend to widen due to unequal access to economic opportunities and the use of technology. To address this challenge, policies are needed that focus on strengthening domestic institutions, increasing investment in education and skills development, and implementing inclusive growth strategies so that the benefits of globalization and technological progress can be enjoyed by all segments of society. (Gekhaeva et al., 2025)

Based on this background, the importance of this research lies in the urgency of formulating a public policy strategy that is able to spur national economic growth in an inclusive and sustainable manner. In the context of increasingly complex globalization and technological disruption, economic growth is no longer measured solely by increasing GDP, but also by its success in creating equitable prosperity, strengthening national competitiveness, and overcoming increasingly sharp socio-economic disparities. Strategically designed public policies are the main instrument for responding to this challenge, by integrating economic, social, and environmental dimensions in a holistic development framework. This research is important because it aims to identify and evaluate the role of government intervention, as well as to formulate evidence-based policy recommendations to create an adaptive, equitable, and resilient growth ecosystem against global dynamics.

B. Research Methods

This research method uses a qualitative descriptive approach with the aim of analyzing and evaluating various public policy strategies implemented in spurring national economic growth in an inclusive and sustainable manner. Data were obtained through an in-depth literature study of relevant policies, theories, and previous research results, both from national and international publications. The analysis was conducted by examining how government interventions in the economic, social, and environmental fields interact with each other in the context of globalization and technological disruption. This approach allows researchers to formulate evidence-based recommendations that can strengthen the ecosystem of equitable, adaptive, and resilient economic growth against global dynamics.

C. Results and Discussion

1. *Mapping of ongoing public policy strategies*

Fiscal policy is one of the main instruments used by the government to manage the economy by regulating the state's revenue and expenditure sides. The role of this policy is very vital as a countercyclical tool to maintain macroeconomic stability, support accelerated economic growth, and ensure the fiscal sustainability of the public sector. However, various obstacles such as corrupt practices and weak institutional capacity are often factors that reduce the effectiveness of its implementation. In addition, the success of fiscal policy is highly dependent on the quality of institutional governance, the structure of state expenditure, and the design of the fiscal architecture being implemented. Therefore, efforts to increase budget allocation for productive spending are one of the important keys to driving sustainable economic growth.(Chugunov et al., 2021)

Monetary policy, managed by the central bank, aims to regulate the money supply and interest rates to maintain price stability while encouraging economic growth. In its implementation, this policy is often used to control the rate of inflation and strengthen aggregate demand. However, the level of effectiveness of monetary policy can vary between developed and developing countries, especially in the era of globalization and increasingly open financial markets. Therefore, strong synergy between monetary and fiscal policies is very crucial in maintaining macroeconomic stability, considering that monetary policies that are too tight or too loose can increase or even hinder the effectiveness of the fiscal policy being implemented. (Risteska et al., 2022)

On the other hand, sectoral policies are focused on encouraging the development of certain sectors in the economy, such as industry, agriculture, and services, through specially designed government interventions. This form of policy can include the provision of fiscal incentives, subsidies, or public investment aimed at strengthening competitiveness and increasing added value in priority sectors. In the era of globalization, the success of sectoral policies is highly dependent on the level of trade openness and the dynamics

of capital flows, so an adjustment strategy is needed so that the policy remains relevant and effective in strengthening the growth of the real sector in a sustainable manner. (Boug et al., 2023)

2. Policy Effectiveness Analysis

The results of the analysis of the effectiveness of economic policies on GDP, investment, exports, and labor show that policies that emphasize increasing public investment, attracting foreign direct investment (FDI), and strengthening exports are able to provide a significant positive contribution to the rate of economic growth. Various studies in the ASEAN region, including in Indonesia, show that FDI, exports, and labor together play an important role in driving GDP growth, although the contribution of labor is sometimes not statistically significant if not balanced with improvements in quality and productivity. In addition, increasing government spending in the form of public investment has proven effective in driving output growth, expanding employment opportunities, and increasing consumption, especially during times of economic slowdown, without having a significant impact on increasing the debt-to-GDP ratio. (Petrović et al., 2021)

In terms of exports, although overall it has made a positive contribution to GDP, there is evidence that in a number of countries exports can actually have a negative impact if not accompanied by proper management or if the export structure does not support a sustainable growth direction. On the other hand, increasing the availability of skilled and semi-skilled labor has consistently been shown to drive economic growth, increase investment, increase exports, and strengthen the industrial and service sectors. Therefore, policies that prioritize a balance between foreign debt management, promoting foreign direct investment (FDI), strengthening export performance, and improving the quality of human resources are the main keys to realizing inclusive and sustainable economic growth. (Meirinaldi, 2019)

Analysis of policy effectiveness confirms that successful implementation is largely determined by a number of important factors, such as adequate resources, synergy between institutions, community participation, and the quality of leadership and commitment of stakeholders. (Listiana et al., 2025) The success of policy implementation is also closely related to the effectiveness of communication regarding the benefits of the policy, which can strengthen public support and facilitate implementation in the field. However, a number of obstacles often arise, including budget constraints, weak coordination, rejection from some communities, and low capacity of implementing officials. (Shahriar & Khan, 2016) In addition, political and bureaucratic challenges such as conflicts of interest among related actors and minimal support from leaders can also hinder successful implementation. Various studies recommend steps such as bureaucratic reform, increasing the capacity of officials, and implementing continuous monitoring and evaluation as strategies to overcome these obstacles. A flexible and data-based approach,

as well as harmonization between national policies and local needs, are important elements to ensure that policies are effective and sustainable. Thus, the effectiveness of a policy depends not only on the policy design, but also on a responsive and collaborative implementation process.(Peckham et al., 2021)

3. Recommended public policy strategies

Collaboration between the central and regional governments is a key strategy in public policy to strengthen governance and ensure the achievement of development targets. This synergy has proven effective in supporting policy implementation, for example in developing industrial capacity, controlling emissions, and efforts to encourage environmentally friendly behavior. This is achieved through policy cost efficiency, increasing incentives, and strengthening the reward and sanction system so that both levels of government can complement each other and coordinate optimally.(Li & Ye, 2020) Various studies have shown that solid coordination between the center and regions can accelerate the transition to clean energy, improve environmental quality, and stimulate innovation and inclusive economic growth.(Yan & Wang, 2024) This synergy is also very important in facing cross-sector challenges, such as post-pandemic economic recovery efforts, where joint programs and stimuli from both parties have proven to support the revival of the business world and society from adversity. In order to create optimal synergy, it is necessary to formulate policies that take into account local characteristics and needs, involve all stakeholders, and strengthen coordination both at the policy formulation and implementation stages.(Heslinga et al., 2020) Thus, central and regional synergy not only increases the effectiveness of public policies, but also strengthens regional resilience and competitiveness in responding to national and global dynamics.

Policy strategies that favor innovation and empowerment of MSMEs emphasize the importance of the government's role in encouraging micro, small, and medium enterprises to be able to innovate and compete amidst global dynamics and technological advances. This support includes fiscal incentives, training programs, business assistance, and ease of access to financing and marketing channels, which have proven effective in strengthening the competitiveness and sustainability of MSMEs.(Syamdy et al., 2024) Innovation in various aspects ranging from product development, digital-based marketing strategies, to the use of technology are key factors for MSMEs to survive and thrive, especially in times of crisis such as a pandemic. Research also highlights the importance of synergy between the government, universities, and various stakeholders to build a conducive innovation ecosystem in the MSME sector.(Amorós et al., 2019) In addition, policies that focus on increasing digital literacy and encouraging the creation of new products have proven to be able to strengthen the position of MSMEs in the market while increasing customer satisfaction. With an integrated and

innovation-based strategy, MSMEs can become the main pillar in driving a national economy that is resilient and adaptive to change.(Triwidatin, 2022)

The policy strategy that focuses on economic digitalization and infrastructure strengthening highlights the importance of digital infrastructure development, including 4G, 5G, and low-orbit satellite networks, as well as the establishment of digital innovation centers to support inclusive and sustainable economic growth. This policy is designed to accelerate the digital transformation process in various sectors, encourage increased productivity, open up quality job opportunities, and strengthen the nation's competitiveness in facing the Industry 4.0 and Society 5.0 eras. Digital infrastructure development also plays an important role in reducing the digital divide through digital literacy and skills training programs so that all levels of society can actively participate in the digital economy.(Muksin et al., 2024) In addition, synergy between the government, the business world, and civil society is crucial to ensure that this policy can be implemented effectively and responsively to technological dynamics. The application of the principles of transparency and accountability in implementation, for example through the use of blockchain technology and digital payment systems, is believed to be able to increase public trust while ensuring that government assistance is right on target. Overall, this strategy not only encourages economic growth, but also strengthens national economic resilience in facing challenges and taking advantage of opportunities in the digital era.(Samingan et al., 2024)

4. *Table of Recommendations for Public Policy Strategies to Stimulate National Economic Growth*

Policy Strategy	The main purpose	Recommendation
Central and Regional Synergy	Improving coordination and effectiveness of policy implementation	Joint program for emission control, development of environmentally friendly industries
Empowerment and Innovation of MSMEs	Strengthening the competitiveness and sustainability of MSMEs	Fiscal incentives, digital training, access to financing
Digitalization of Economy & Digital Infrastructure	Accelerating digital transformation and reducing the digital divide	4G/5G network development, digital innovation center
Productive Fiscal Policy	Increasing public investment to support economic growth	Budget allocation for infrastructure, health and education
Monetary Policy that is Synergistic with Fiscal	Maintaining price stability and supporting aggregate demand	Regulation of interest rates and money supply in line with fiscal policy
Improving Human Resources Quality	Increasing productivity and competitiveness of the workforce	Vocational education program, digital skills training

Export Promotion & FDI Attraction	Driving growth through global markets and foreign investment	Ease of business permits, investment promotion, incentives for exporters
Integration of Social, Economic and Environmental Policies	Realizing inclusive and sustainable development	Affordable housing programs, clean energy, green jobs

D. Conclusion

Based on the results of the analysis, it can be concluded that public policy strategies play an important role in spurring inclusive and sustainable national economic growth. Various policies, ranging from fiscal, monetary, to sectoral policies, have been proven to contribute to macroeconomic stability, increased investment, exports, and expanded employment opportunities. Strong synergy between the central and regional governments, support for innovation and empowerment of MSMEs, and acceleration of economic digitalization through the development of digital infrastructure are the main pillars in strengthening national competitiveness amidst the challenges of globalization and technological disruption. The success of policy implementation is highly dependent on synergy between stakeholders, quality governance, and policy support that is responsive to social, economic, and environmental dynamics. Thus, public policies that are formulated strategically, inclusively, and based on evidence are key to creating a national economic ecosystem that is fair, resilient, and adaptive to global change.

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