

An Integrated Community-Based Human Resource Management Framework for Sustainable Economic Development: Insights from Indonesia

M. Irvanni Bahri ^{1*}, Roni Adi ², Fatmaida Naila Ansori ³, Siti Nur Maulidina ⁴

^{1*,2,3} International Trade Study Program, School of Business and Management Economics, Institut Teknologi Batam, Batam City, Riau Islands Province, Indonesia

⁴ Industrial Engineering Study Program, Faculty of Industrial Technology Engineering, Institut Teknologi Batam, Batam City, Riau Islands Province, Indonesia

Email: irvanni@iteba.ac.id ^{1*}, roni@iteba.ac.id ², 2431044@student.iteba.ac.id ³, siti@iteba.ac.id ⁴

Article history:

Received July 23, 2026

Revised August 6, 2026

Accepted August 11, 2026

Abstract

Human Resource Management (HRM) has become a strategic determinant of sustainable economic development amid globalization, digital transformation, and the transition toward a knowledge-based economy. Although previous studies have extensively examined the relationships between Human Resource Management, Human Capital, Community-Based Development (CBD), and Sustainable Economic Development (SED), these concepts have largely been investigated independently, resulting in limited understanding of their integrated role in promoting inclusive and sustainable development. This study aims to develop an integrated conceptual framework that explains how Human Resource Management contributes to Sustainable Economic Development through Human Capital Development and is strengthened by Community-Based Development within the Indonesian context. A conceptual research design was employed using a structured literature review approach. Relevant studies indexed in the Scopus database were systematically identified, screened, synthesized, and critically analyzed to establish conceptual relationships among the four constructs. The findings propose the Integrated Community-Based Human Resource Management Framework, which positions Human Resource Management as a strategic driver for developing Human Capital through competency development, lifelong learning, talent management, and capacity building. Community-Based Development functions as an enabling mechanism that transforms individual capabilities into collective capacity through participation, empowerment, collaboration, and institutional strengthening, ultimately contributing to productivity growth, innovation, competitiveness, social inclusion, and long-term sustainable economic development. The framework further highlights the dynamic interaction between Human Capital Development and Community-Based Development through a feedback mechanism influenced by contextual drivers, including digital transformation, institutional governance, public policy, and the Sustainable Development Goals (SDGs). This study contributes to the literature by integrating Human Resource Management, Human Capital, Community-Based Development, and Sustainable Economic Development into a unified conceptual framework that extends the role of Human Resource Management beyond organizational performance toward a development-oriented perspective. The proposed framework also provides strategic insights for policymakers, organizations, educational institutions, and community stakeholders in designing more inclusive and sustainable human resource development policies.

Keywords:

Human Resource Management; Human Capital; Community-Based Development; Sustainable Economic Development; Sustainable Human Resource Management; Conceptual Framework.

1. INTRODUCTION

Human resources (HR) have become one of the strategic factors determining the success of economic development in the era of globalization, digital transformation, and the knowledge-based economy. In recent decades, the development paradigm has shifted from an approach focused on the accumulation of physical capital toward one that views human capital as the primary asset of development. This shift is driven by growing empirical evidence that sustainable economic growth is determined not only by the availability of natural resources or capital investment, but also by a country’s ability to develop a workforce that is productive, adaptable, innovative, and competitive. Consequently, the success of economic development in the 21st century increasingly depends on the effective management of human resources through education, training, competency development, and the creation of a work environment that enhances productivity and innovation. From a modern economic perspective, Human Resource Management (HRM) is no longer viewed as an administrative function limited to workforce management, but rather as a strategic instrument capable of enhancing the quality of human capital and strengthening the competitiveness of both organizations and nations. HRM plays a role in designing strategies for competency development, talent management, productivity improvement, and the empowerment of individuals so they can adapt to the rapidly changing economic and technological environment. Therefore, the quality of human resource management has become a key determinant in boosting national productivity, accelerating the adoption of innovation, and strengthening a nation’s economic resilience. The concept of human capital itself has long been developed in the literature on development economics. Becker (2002) explains that investment in education, training, health, and skills development constitutes an economic investment that yields long-term returns through increased labor productivity. Furthermore, position human capital as the primary engine of endogenous economic growth, where improvements in the quality of human resources can accelerate innovation, technology diffusion, and knowledge accumulation. In this context, HRM serves as the mechanism that bridges the transformation of human capital into economic productivity through various systematic and sustainable workforce development policies.

For Indonesia, strengthening the quality of human resources holds increasingly strategic significance. As one of the developing countries with the largest populations in the world, Indonesia possesses a demographic dividend that has the potential to become the primary driver of national economic development. However, a large population does not automatically result in high-quality economic growth. Challenges such as disparities in educational quality, skill mismatches, low labor productivity, digital transformation, and regional development disparities remain issues that must be addressed so that the demographic dividend can truly be converted into an economic dividend. These conditions indicate that Indonesia’s economic development cannot rely solely on the growth of the labor force but also requires human resource management capable of enhancing the quality, competencies, creativity, and adaptability of the workforce to changes in the economic structure.

To illustrate the current state of Indonesia’s labor market, data from the 2026 National Labor Force Survey (Sakernas) conducted by the Central Statistics Agency (BPS) shows that Indonesia has 219.54 million people of working age, with 154.91 million of them classified as part of the labor force. Of this total, 147.67 million people are employed, while approximately 7.24 million remain unemployed. The national Labor Force Participation Rate (LFPR) stands at 70.56%, while the employment rate is 95.32%. These figures indicate that Indonesia possesses a vast labor force that serves as a key asset for economic development. However, the sheer size of this labor force must be balanced with improvements in human resource quality to ensure sustainable productivity, innovation, and competitiveness.

Table 1. Key Labor Market Indicators for Indonesia in 2026

Number.	Indicator	Value
1	Working-Age Population (≥15 Years)	219,538,628 persons
2	Labor Force	154,911,235 persons
3	Employed Population	147,667,630 persons
4	Unemployed Population	7,243,605 persons
5	Population Not in the Labor Force	64,627,393 persons
6	Labor Force Participation Rate (LFPR)	70.56%
7	Employment Rate	95.32%

Source: Adapted from (Badan Pusat Statistik, 2026).

Table 1 shows that Indonesia has a very large labor force. However, the sheer size of the labor force does not fully reflect the high quality of the country’s human capital. Economic development is determined not only by the size of the available labor force but also by the workforce’s ability to generate added value through increased productivity, innovation, and the capacity to adapt to technological changes and labor market demands. Therefore, the focus of human resource development needs to shift from a quantitative approach toward one that places greater emphasis on improving competency, developing skills, and empowering communities as part of a strategy for inclusive and sustainable economic development. The success of economic development is determined not only by the size of the labor force but also by the structure of labor

absorption across various economic sectors. The distribution of the workforce by industry provides insight into the sectors that are the primary drivers of national economic activity while also revealing the specific competency requirements for human resources in each sector. These differing characteristics necessitate the implementation of distinct human resource management strategies, as each sector has unique competency needs, levels of technology adoption, productivity levels, and workforce development challenges.

Table 2. Distribution of the Working Population Aged 15 and Older by Economic Sector in Indonesia

Number.	Industry Sector	Number of Workers
1	Agriculture, Forestry, and Fishing	42,491,616
2	Mining and Quarrying	1,720,729
3	Manufacturing	20,034,316
4	Electricity and Gas Supply	361,219
5	Water Supply; Sewerage, Waste Management, and Remediation Activities	630,034
6	Construction	8,968,129
7	Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	26,505,686
8	Transportation and Storage	6,196,271
9	Accommodation and Food Service Activities	11,661,902
10	Information and Communication	1,237,425
11	Financial and Insurance Activities	1,741,591
12	Real Estate Activities	563,001
13	Professional, Scientific, Administrative, and Support Service Activities*	2,644,411
14	Public Administration, Defence, and Compulsory Social Security	5,408,301
15	Education	7,379,576
16	Human Health and Social Work Activities	2,520,232
17	Other Service Activities	7,603,191
Total	Total Employed Population	147,667,630

Source: Adapted from (Badan Pusat Statistik, 2026).

Table 2 shows that Indonesia's labor force structure remains dominated by the agriculture, forestry, and fisheries sectors, followed by wholesale and retail trade, manufacturing, accommodation and food services, and construction. This composition indicates that the majority of Indonesia's workforce is still concentrated in sectors that require increased productivity, skills development, and adaptation to technological changes. On the other hand, knowledge- and technology-based sectors, such as information and communication as well as financial services, still employ a relatively smaller number of workers. This situation indicates that the challenges of Indonesia's economic development lie not only in job creation but also in improving the quality of the workforce so that it can meet the needs of continuously evolving economic sectors.

These differences in labor absorption across sectors demonstrate that human resource management cannot be approached in a one-size-fits-all manner. Each sector has distinct job characteristics, competency requirements, levels of innovation, and productivity dynamics. Therefore, Human Resource Management (HRM) must be positioned as a strategic instrument capable of developing workforce competencies in line with the characteristics of each economic sector. Competency development, continuous training, the enhancement of digital skills, and workforce empowerment are critical elements in boosting productivity while strengthening national competitiveness. The relationship between human resources and economic development has been the focus of various academic disciplines, particularly development economics, human resource management, and human capital theory. Becker (2002) asserts that investment in education, training, and skill enhancement constitutes a productive form of investment that yields long-term economic benefits through increased labor productivity. Furthermore, explain that human capital is one of the primary drivers of endogenous economic growth because it plays a role in fostering innovation, knowledge accumulation, and technology adoption. From this perspective, economic development is influenced not only by the size of the available workforce but also by the quality of human resource management, which enhances the ability of both individuals and organizations to create economic value added.

In the context of management, HRM is understood as a set of policies and practices aimed at acquiring, developing, retaining, and empowering the workforce so that it can effectively achieve organizational goals. Various studies indicate that effective HRM practices contribute to increased productivity, organizational innovation, and corporate competitiveness. However, most of these studies still focus on the organizational or corporate level, while the contribution of HRM to economic development at the national level remains relatively limited. Furthermore, studies on the relationship between HRM and economic development generally treat human capital as an economic variable, without adequately explaining how HRM practices can serve as a mechanism linking human capital development to more inclusive economic development. Although the relationship between human capital and economic development has been extensively discussed in the development economics literature, this relationship is generally explained through a macroeconomic approach

that treats human resources as one of the factors of production influencing economic growth. Previous studies have largely emphasized the impact of education, investment in human capital, labor productivity, and human development indicators on a country's economic growth (Becker, 2002; Mankiw et al., 1992). While this approach has successfully demonstrated the importance of human resource quality as a determinant of economic development, it has not fully explained the mechanisms by which such human resource quality is developed and managed through human resource management practices.

On the other hand, research on Human Resource Management has been developing rapidly, particularly at the organizational and corporate levels. Most studies examine how HRM practices—such as recruitment, training, competency development, talent management, and reward systems—can enhance productivity, innovation, and organizational performance. However, these studies generally stop at the organizational level and have not yet extensively linked HRM practices to economic development at the national or regional levels. As a result, the relationship between HRM and economic development is still only partially understood, so there is no conceptual framework available that can explain how HRM practices contribute to economic development through improvements in the quality of human capital. Furthermore, most previous studies still view communities as objects of development (development beneficiaries) rather than as primary agents of development (development actors). In fact, the modern development paradigm has shifted toward a community-based development approach, which positions communities as subjects of development through increased participation, empowerment, collaboration, and the strengthening of local capacity. This approach is believed to foster more inclusive, adaptive, and sustainable development. However, the integration of Human Resource Management, human capital development, and the community-based development approach remain relatively under-explored in the literature, particularly in the context of developing countries such as Indonesia.

Based on the above discussion, there are three research gaps that form the basis of this study. First, previous studies have primarily examined the relationship between human capital and economic development but have not adequately explained how Human Resource Management functions as a strategic mechanism in shaping and developing that human capital. Second, most HRM research remains focused on improving organizational or corporate performance, so its contribution to national economic development has not been extensively explored. Third, studies that integrate Human Resource Management, human capital, and community-based development into a single, comprehensive conceptual framework remain very limited, particularly in the context of Indonesia's economic development, which is characterized by a demographic dividend, regional diversity, and challenges related to disparities in the quality of human resources.

Based on these research gaps, this study proposes an integrated conceptual framework that links Human Resource Management, human capital development, community-based development, and economic development. Within this framework, Human Resource Management is positioned as a strategic mechanism that enhances the quality of human capital through competency development, training, empowerment, and talent management. Furthermore, the community-based development approach serves as an enabling mechanism that fosters community participation, collaboration among stakeholders, and the utilization of local potential, thereby making the economic development process more inclusive, sustainable, and oriented toward improving community well-being. Thus, this study not only broadens the perspective of Human Resource Management from the organizational level to the national development level but also offers a more comprehensive conceptual approach to explaining the relationship between human resource management and economic development. Based on this background, this study aims to answer the following two research questions:

- a. How does Human Resource Management contribute to economic development in Indonesia?
- b. How does the community-based development approach strengthen the role of Human Resource Management in supporting inclusive and sustainable economic development in Indonesia?

This study is expected to make both theoretical and practical contributions. From a theoretical perspective, this study expands the literature on Human Resource Management by integrating the perspectives of human capital, community-based development, and economic development into a single, comprehensive conceptual framework. This framework provides a more comprehensive understanding of the mechanisms through which Human Resource Management practices contribute to economic development by improving the quality of human resources and empowering communities. From a practical perspective, the results of this study are expected to serve as input for the government, organizations, business actors, and other stakeholders in formulating human resource development strategies capable of increasing productivity, strengthening economic competitiveness, and promoting more inclusive and sustainable economic development in Indonesia.

1.1. Human Resource Management

Human Resource Management (HRM) has undergone a significant transformation from an administrative function focused on workforce management to a strategic function that plays a role in creating organizational competitive advantage while supporting sustainable economic development. In its early stages of development, HRM focused primarily on operational activities such as recruitment, selection, compensation, personnel administration, and labor relations. However, changes in the business environment driven by globalization, digital transformation, technological advancements, and growing demands for sustainability have propelled the

evolution of HRM toward a more strategic approach. From this perspective, human resources are no longer viewed merely as a factor of production but rather as strategic assets that determine an organization's ability to foster innovation, enhance productivity, and maintain long-term competitiveness (Nastase, 2019; Jain, 2025). These developments have given rise to the concept of Strategic Human Resource Management (SHRM), which emphasizes the importance of aligning human resource management strategies with organizational strategies. SHRM views organizational success as determined not only by financial and technological resources but also by the organization's ability to develop the competencies, capabilities, and commitment of its human resources.

Therefore, HRM practices such as talent development, continuous training, performance management, and workforce planning have become essential tools in building sustainable competitive advantage (Nastase, 2019). Over time, the HRM paradigm has increasingly shifted toward Sustainable Human Resource Management (Sustainable HRM), which integrates economic, social, and environmental objectives into human resource management practices. Sustainable HRM aims not only to improve organizational performance but also to ensure workforce sustainability through competency development, employee well-being, diversity, lifelong learning, and corporate social responsibility. This approach broadens the scope of HRM so that it is not only oriented toward organizational efficiency but also toward creating long-term value for all stakeholders (Mascarenhas, 2019; Ramgolan, 2025). A number of recent studies indicate that the implementation of Sustainable HRM contributes to increased employee engagement, organizational commitment, career quality, and workforce productivity. Gomes (2026), for example, explains that Sustainable HRM practices build cognitive and relational bonds that strengthen employees' attachment to the organization, thereby enhancing both individual and organizational performance in a sustainable manner. These findings indicate that sustainability in human resource management is not merely an ethical or social responsibility issue but also a business strategy capable of enhancing an organization's competitiveness.

In addition to sustainability, there is also growing attention to Green Human Resource Management (Green HRM). Green HRM integrates the principles of environmental sustainability into HRM practices through recruitment, training, performance evaluation, and reward systems that encourage environmentally friendly behavior. Research by Gazi et al. (2025) shows that Green HRM practices have a positive relationship with organizational innovation, employees' pro-environmental behavior, and productivity that supports organizational sustainability. Thus, Green HRM not only strengthens an organization's environmental performance but also contributes to the achievement of the Sustainable Development Goals (SDGs). Digital transformation has also fundamentally changed Human Resource Management practices. The use of Artificial Intelligence (AI), HR analytics, and HR information systems enables organizations to enhance the effectiveness of recruitment processes, competency development, performance management, and workforce planning in a more adaptive and data-driven manner. An (2023) demonstrates that the application of artificial intelligence technology in HRM systems can improve the efficiency of human resource management through faster, more accurate, and more objective decision-making processes. Similarly, Mahmoud (2026) emphasizes that digital transformation in HRM must be balanced with governance that maintains a balance between innovation, accountability, and organizational sustainability. The increasingly dynamic business environment also demands that organizations continuously enhance workforce competencies through continuous learning and skill development. Research by Bahri et al. (2025) and Dhakal et al. (2024) in Indonesia's tourism sector indicates that the skills gap is one of the primary challenges in addressing digital transformation. Therefore, investment in training, competency development, and workforce capability enhancement is a critical factor determining an organization's success in navigating technological change and global competition. These findings reinforce the view that HRM plays a strategic role in building human capital that is adaptive to changes in the economic environment.

Although the literature on Human Resource Management is growing rapidly, most research remains focused on improving organizational performance, employee behavior, and corporate competitive advantage. Studies linking HRM to economic development at the national level remain relatively limited, as do those integrating HRM with community-based development as a mechanism for community empowerment in support of sustainable economic development. This gap highlights the need to develop an HRM perspective that is not only organization-oriented but also capable of explaining its contribution to economic development through the strengthening of human capital, community empowerment, and inclusive development.

1.2. Human Capital and Sustainable Economic Development

The concept of human capital is one of the main theoretical foundations for explaining the relationship between the quality of human resources and economic development. Unlike classical economic views, which place greater emphasis on physical capital, labor, and natural resources as the primary factors of production, human capital theory views people as productive assets capable of creating added value through knowledge, skills, experience, creativity, and innovation. From this perspective, investment in education, training, health, and competency development is viewed as a form of economic investment that yields long-term benefits through increased individual and societal productivity (Becker, 2002). The development of endogenous growth theory has further strengthened the position of human capital as a key determinant of economic development. explain that improvements in the quality of human capital contribute to accelerated innovation, technology

diffusion, knowledge accumulation, and increased productivity, which ultimately drive sustainable economic growth. Unlike physical capital, which experiences diminishing returns, human capital has the ability to continue to grow through learning, upskilling, and capacity building.

Therefore, modern economic development increasingly depends on a country's ability to build and effectively utilize its human capital. In recent years, the concept of human capital has evolved significantly in tandem with the increasing complexity of the business environment, digital transformation, and the demands of sustainable development. Current literature indicates that human capital is no longer understood merely as the accumulation of formal education but encompasses critical thinking skills, digital literacy, creativity, collaboration skills, adaptability, and the capacity for innovation—all of which enable individuals to contribute to the creation of economic value in an ever-changing environment. Thus, human capital development is no longer solely the responsibility of educational institutions but is also the result of human resource management practices oriented toward continuous learning and lifelong competency development. Various empirical studies show that investment in human capital has a positive relationship with labor productivity, organizational innovation, economic growth, and increased national competitiveness. Research on human capital development indicates that countries with high levels of investment in education, training, health, and skills development tend to have higher productivity levels, better technology adoption capabilities, and stronger innovation capacity. Furthermore, human capital development also contributes to improved institutional quality, organizational effectiveness, and economic resilience in the face of global changes (Gruzina et al., 2021; Islam & Amin, 2022).

As the concept of sustainable development evolves, the relationship between human capital and economic development is no longer viewed solely through the lens of economic growth, but also from the perspective of sustainability. Sustainable economic development emphasizes that development must strike a balance between economic growth, social well-being, and environmental sustainability. In this context, human capital becomes a key element because the quality of human resources determines a society's ability to develop innovations, utilize technology responsibly, increase productivity, and create solutions to various social and environmental challenges. Therefore, investment in human capital is viewed as a strategic investment that not only boosts economic growth but also strengthens social resilience and the sustainability of long-term development. In the context of a developing country like Indonesia, human capital development holds increasing importance given the country's significant demographic dividend. This demographic dividend will only yield economic benefits if supported by a workforce possessing the necessary competencies, productivity, and adaptability to changes in the economic structure. Conversely, if the quality of human resources does not evolve in tandem with changing labor market needs, the demographic dividend could actually lead to higher unemployment, inequality, and low national productivity. Therefore, human capital development strategies must focus on improving the quality of education, vocational training, digital skills development, and lifelong learning that can address the needs of the future workforce.

Although various studies have demonstrated the importance of human capital for economic development, most research still focuses on the direct relationship between education, productivity, and economic growth. Relatively few studies explain the mechanisms through which human capital is built via human resource management (HRM) practices and subsequently strengthened through community-based development approaches. As a result, the relationship between HRM, human capital, and economic development is still often understood as a linear one, whereas in practice these three concepts mutually influence one another within a more complex development system. This gap serves as one of the foundations for this study to develop a conceptual framework that integrates Human Resource Management, human capital, community-based development, and sustainable economic development within the Indonesian context.

1.3. Community-Based Development

Community-Based Development (CBD) is a development approach that places the community as the main actor in the process of planning, implementing, and evaluating development. In contrast to conventional development approaches that tend to be top-down, CBD emphasizes the importance of community participation, empowerment, collaboration, and local capacity building as the foundation for creating inclusive and sustainable development. In this perspective, the community is not positioned as beneficiaries, but as agents of development who have the ability to identify needs, mobilize resources, and produce solutions to social and economic problems at the local level. Various studies show that a community-based approach is able to increase the effectiveness of development programs because it encourages a sense of ownership, accountability, and sustainability of development results (Boadu, 2021; Pongsakornrungrasit, 2026).

The development of the CBD concept shows a paradigm shift from economic growth-oriented development to people-centred development. In this paradigm, development success is not only measured through the improvement of economic indicators, but also through the increase in individual capacity, the strengthening of local institutions, the equal distribution of opportunities, and the ability of the community to maintain the sustainability of development results. Therefore, principles such as participation, empowerment, collaboration, shared learning, and strengthening social capital are key elements in the implementation of CBD (Bahri, Dermawan, et al., 2025). Research on community-based development programs in Ghana shows that

the success of programs is largely determined by the ability of communities to actively participate in every stage of development, from planning to evaluation (Boadu, 2021).

Contemporary literature also emphasizes that Community-Based Development not only functions as an approach to social development, but also as a mechanism for human resource capacity development. Community capacity building is carried out through the development of knowledge, skills, local leadership, and organizational skills so that the community is able to manage resources independently and sustainably. As such, CBD has a close relationship with human capital development, as the success of community-based development is highly dependent on the quality of the individuals involved in it. Studies on community-based tourism in Malaysia and Canada show that increasing the capacity of local communities can strengthen economic competitiveness, create jobs, and improve community welfare through the sustainable use of local potential (Kayat, 2016; Koster, 2019).

The relationship between Community-Based Development and Human Resource Management is gaining more attention as the concept of sustainable development develops. Although they come from different disciplines, the two concepts have complementary goals, namely increasing the capacity of individuals and organizations to be able to create economic and social value in a sustainable manner. Human Resource Management focuses on developing competencies, increasing productivity, learning, and talent management, while Community-Based Development provides space for the application of these competencies through community empowerment, strengthening local institutions, and collaboration between stakeholders. Thus, HRM can be seen as an internal mechanism that builds the quality of human resources, while CBD is an external mechanism that facilitates the utilization of this capacity in the process of community development.

In the context of economic development, various studies have shown that Community-Based Development is able to strengthen local economic growth through increased community participation, community-based business development, and strengthening local economic networks. Community-based development programs also contribute to increasing social resilience, diversifying livelihoods, and reducing development gaps between regions. Research on community-based livestock development in West Java shows that collaboration between the government, communities, and business actors is able to increase local productivity while strengthening the economic sustainability of rural communities (Tsasni, 2025). Similarly, studies on community-based service ecosystems show that collaborative learning and institutional innovation are important factors in creating sustainable economic development (Pongsakornrungsilp, 2026).

In the Indonesian context, the Community-Based Development approach has high relevance given the characteristics of the region that are very diverse and the high dependence of some communities on local resources. The development of community-based tourism, strengthening micro businesses, empowering farmer groups, and village economic development are examples of CBD implementation that show that the success of development is greatly influenced by the quality of human resources and local institutional capacity (Bahri et al., 2021; Puspitaa et al., 2022). Therefore, improving community competence through training, education, mentoring, and continuous learning is an important factor in increasing the effectiveness of community-based development programs (Utami, 2026).

Although the literature on Community-Based Development is growing rapidly, most research still focuses on evaluating the success of community empowerment programs in specific sectors, such as tourism, agriculture, or rural development. On the other hand, Human Resource Management research is more about improving organizational performance through competency development and talent management. Relatively few studies integrate Human Resource Management, human capital development, and Community-Based Development into a single conceptual framework that can explain how improving the quality of human resources can be translated into inclusive and sustainable economic development. This gap is the basis for this research to develop an integrated conceptual framework that connects Human Resource Management, human capital, Community-Based Development, and sustainable economic development in the Indonesian context.

1.4. Integrating Human Resource Management, Human Capital, Community-Based Development, and Sustainable Economic Development

Literature development shows that Human Resource Management (HRM), Human Capital, Community-Based Development (CBD), and Sustainable Economic Development (SED) are generally still studied as separate concepts. Research on HRM focuses more on increasing organizational productivity, developing workforce competencies, talent management, and improving company performance (Jain, 2025; Cooke et al., 2024). On the other hand, the study of human capital emphasizes the relationship between investment in education, training, and increased productivity to economic growth (Becker, 2002). Meanwhile, Community-Based Development develops in the context of community empowerment, public participation, strengthening local institutions, and inclusive development (Boadu, 2021; Pongsakornrungsilp et al., 2026). Although each concept has developed significantly, the integrative relationship between the four concepts is still relatively limited in the literature, particularly in the context of economic development in developing countries.

Based on the literature analysis, this study views that Human Resource Management is the starting point in the process of sustainable economic development. HRM practices such as competency development, training, continuous learning, talent management, and leadership development contribute to improving the quality of human capital through strengthening knowledge, skills, adaptability, and workforce innovation

capacity (Nastase, 2019; Jain, 2025). Various studies on Sustainable HRM also show that sustainable human resource development is able to increase productivity, employee engagement, organizational innovation, and organizational resilience in the face of changes in the business environment (Ramgolam, 2025). However, improving the quality of human capital does not automatically result in inclusive economic development if it is not supported by mechanisms that allow communities to utilize this capacity in development activities. In this context, Community-Based Development serves as an enabling mechanism that connects individual capacity with collective development through community participation, strengthening local institutions, collaboration between stakeholders, and community-based economic empowerment (Boadu, 2021; Tsasni et al., 2025; Pongsakornrungrasit et al., 2026). Thus, HRM builds individual qualities, while CBD facilitates the transformation of individual qualities into collective capacities capable of creating economic and social value.

The latest literature also shows that sustainability-oriented HRM practices further strengthen those relationships. Sustainable HRM and Green HRM not only improve organizational efficiency, but also encourage innovative behaviors, environmental awareness, and long-term value creation for society (Gazi et al., 2025; Shah et al., 2021; Chiappetta, 2022). In addition, the development of digitalization and the application of Artificial Intelligence in HRM allows organizations to develop human resource management systems that are more adaptive, data-based, and responsive to sustainable development needs (An & Chen, 2023; Mahmoud, 2026). This condition shows that modern HRM practices are no longer only oriented to the internal efficiency of the organization, but also contribute to the achievement of the Sustainable Development Goals. From the perspective of economic development, the integration between HRM, human capital, and Community-Based Development results in a more inclusive development process than an approach that only focuses on economic growth. Highly competent communities, supported by strong local institutions and high participation rates, tend to be better able to create local innovations, develop entrepreneurship, expand employment opportunities, and increase regional economic productivity. Conversely, development that is only oriented towards physical investment without strengthening human capacity often results in less sustainable impacts (Becker, 2002; Goodbye, 2021; Tsasni et al., 2025).

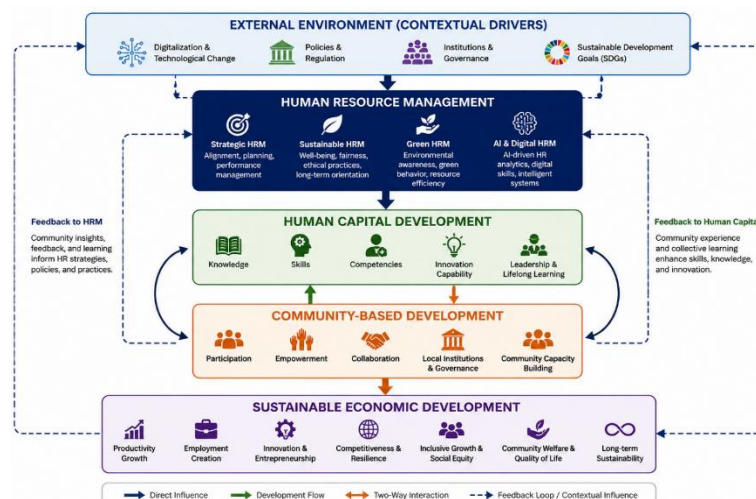


Figure 1. Illustrates An Integrated Conceptual Framework

Figure 1 illustrates an integrated conceptual framework that connects Human Resource Management, Human Capital Development, Community-Based Development, and Sustainable Economic Development in an interconnected development system. This framework shows that Human Resource Management plays a strategic driver role through the implementation of Strategic Human Resource Management, Sustainable Human Resource Management, Green Human Resource Management, and Digital Human Resource Management which is oriented towards sustainable human resource development. These practices contribute to improving the quality of human capital through the development of knowledge, skills, competencies, innovation skills, leadership, and lifelong learning. Furthermore, the quality of human capital that has been formed is strengthened through a Community-Based Development approach that emphasizes community participation, empowerment, collaboration, strengthening local institutions, and community capacity building. The integration between individual capacity development and community empowerment ultimately results in Sustainable Economic Development which is shown through increased productivity, job creation, innovation, competitiveness, inclusive economic growth, improvement of community welfare, and sustainable development.

Based on this synthesis, this study proposes an Integrated Community-Based Human Resource Management Framework which explains that Human Resource Management is a strategic driver in sustainable economic development. HRM improves the quality of human capital through education, training, continuous learning, competency development, and talent management. Furthermore, Community-Based Development functions as an enabling mechanism that strengthens community participation, empowerment, collaboration,

and local institutional development so that individual capacity can be translated into the collective capacity of the community. In contrast to the linear model commonly used in previous research, this conceptual framework also shows a reciprocal relationship (feedback loop) between Human Capital Development and Community-Based Development. Collective experiences, social learning, and collaborative processes at the community level will again enrich the knowledge, skills, and capacity of human resources, thereby creating a sustainable development process. These interactions ultimately result in increased productivity, innovation, competitiveness, community welfare, and more inclusive and sustainable economic development (Jain, 2025; Gazi et al., 2025; Pongsakornrungsilp et al., 2026).

The conceptual contribution of this research lies in the effort to integrate four perspectives that have been studied more separately, namely Human Resource Management, Human Capital, Community-Based Development, and Sustainable Economic Development, into one conceptual framework that interacts with each other. In contrast to previous research which is generally oriented at the organizational or community level separately, this study offers a conceptual mechanism that explains how HRM practices build the quality of human capital, then strengthened through the Community-Based Development approach, and are influenced by contextual factors such as digitalization, public policies, institutions, and sustainable development goals (Sustainable Development Goals). Thus, this framework not only explains the cause-and-effect relationship between variables, but also shows the process of learning, empowerment, and capacity building that takes place dynamically in support of Sustainable Economic Development. The conceptual framework is expected to be the foundation for future empirical research as well as provide practical implications for governments, organizations, and stakeholders in formulating more inclusive, adaptive, and sustainable human resource development policies.

2. RESEARCH METHOD

2.1. Research Design

This study uses conceptual research design with a structured literature review approach to develop a conceptual framework that integrates Human Resource Management (HRM), Human Capital, Community-Based Development (CBD), and Sustainable Economic Development (SED). In contrast to empirical research that aims to test the relationship between variables using primary and secondary data, conceptual research aims to develop new theoretical perspectives through critical synthesis of existing literature (Jaakkola, 2020). Therefore, the main focus of this research is not to test hypotheses, but to build a conceptual model that is able to explain the systematic relationship between human resource management, human capital development, community-based development, and sustainable economic development. The structured literature review approach was chosen because it is able to provide a systematic literature review process but is still flexible in integrating various perspectives from different disciplines. This approach allows researchers to identify, evaluate, classify, and synthesize the results of previous research so as to produce a more comprehensive conceptual understanding than traditional narrative review. Given that the concepts of Human Resource Management, Human Capital, Community-Based Development, and Sustainable Economic Development develop in different disciplines, this approach is considered the most appropriate to identify the conceptual relationship between the four concepts. The overall flow of the research design is shown in Figure 2.

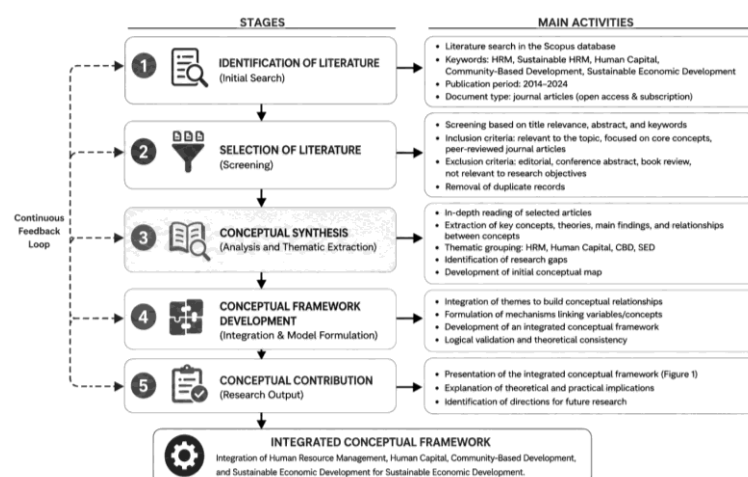


Figure 2. The overall flow of the research design

The development of the conceptual framework in this study is carried out through four main stages. The first stage is literature identification, which is to search for scientific articles using the Scopus database with keywords related to Human Resource Management, Sustainable Human Resource Management, Human

Capital Development, Community-Based Development, and Sustainable Economic Development. The second stage is literature selection, which is to screen articles based on the relevance of the topic, the type of document, and the suitability for the research objectives. Articles in the form of editorials, conference abstracts, and articles that are not relevant to the focus of the research are eliminated at this stage. The third stage is conceptual synthesis, which is to analyze the literature that has been selected to identify the main themes, the relationships between concepts, theoretical developments, and research gaps. The synthesis process is carried out comparatively so that an understanding of how Human Resource Management contributes to the development of human capital, how human capital is strengthened through the Community-Based Development approach, and how the integration of the two concepts contributes to sustainable economic development. The final stage is the development of a conceptual framework, which is to integrate all the results of the literature synthesis into a conceptual model that describes the dynamic relationship between Human Resource Management, Human Capital, Community-Based Development, and Sustainable Economic Development. In contrast to previous research that generally examined these concepts separately, this study offers a conceptual framework that connects the four concepts in a single development system that interacts with each other.

2.2. Literature Search and Selection Strategy

To ensure that the development of a conceptual framework is based on relevant and up-to-date scientific literature, this study uses a structured literature search strategy that focuses on scientific articles indexed in the Scopus database. The Scopus database was chosen because it is one of the largest international bibliographic indexes that includes reputable journals from a wide range of disciplines, including management, economics, development, and social sciences. The use of Scopus also aims to guarantee the quality of the literature sources used in the development of the conceptual framework of the research. The literature selection process in this study is presented in Figure 3.

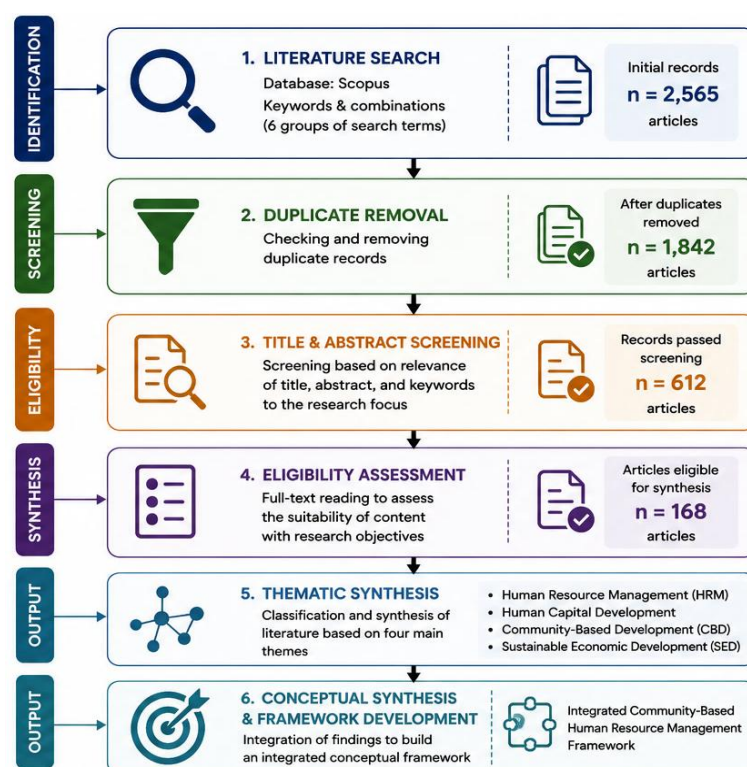


Figure 3. Literature Selection Process

The search strategy was carried out using several keyword combinations that were arranged based on the research objectives and main concepts studied. These keywords include "Human Resource Management", "Human Capital Development", "Community-Based Development", "Sustainable Human Resource Management", "Green Human Resource Management", as well as a combination of several terms such as "Human Resource Management" AND "Economic Development", "Human Capital" AND "Economic Growth", and "Community-Based Development" AND "Sustainable Development". The use of multiple keyword combinations is intended to obtain comprehensive literature coverage while reducing the likelihood of missing relevant articles.

Based on the search process, around 2,565 articles were obtained from six literature search groups. Next, a duplicate removal process is carried out, followed by filtering by title, abstract, and keywords to ensure compatibility with the research focus. Articles in the form of editorials, conference abstracts, book reviews, and publications that do not discuss the relationship between Human Resource Management, Human Capital,

Community-Based Development, and Sustainable Economic Development are not included in the analysis process.

The next stage is the eligibility assessment process through a more in-depth reading of articles that have passed the initial screening stage. At this stage, the research prioritizes articles published in internationally reputable journals, especially those that discuss theoretical developments, empirical research results, and conceptual models related to Human Resource Management, Human Capital, Community-Based Development, and Sustainable Economic Development. In addition, the research also retains some classic references, such as Human Capital theory and Endogenous Growth Theory, as they are still the main theoretical foundations in explaining the relationship between the quality of human resources and economic development.

The literature synthesis process is carried out thematically (thematic synthesis) by grouping articles based on four main themes, namely Human Resource Management, Human Capital Development, Community-Based Development, and Sustainable Economic Development. Furthermore, an analysis was carried out on the relationship between concepts, theoretical developments, research gaps, and conceptual integration opportunities that had not been discussed much in previous research. The results of the synthesis are the basis for the development of the Integrated Community-Based Human Resource Management Framework proposed in this study.

2.3. Conceptual and Development of Conceptual Frameworks

After the process of identification, selection, and evaluation of the literature is completed, this study continues the conceptual synthesis stage to identify the theoretical relationships between the concepts that are the focus of the research. In contrast to traditional literature review which generally only describes the results of previous research, conceptual synthesis aims to build new understandings through the integration of various theoretical perspectives and empirical findings so as to produce a coherent conceptual framework (Jaakkola, 2020). The synthesis process was carried out by grouping articles based on four main themes, namely Human Resource Management, Human Capital, Community-Based Development, and Sustainable Economic Development. Each literature group was analyzed to identify conceptual developments, theoretical foundations, intervariable relationships, as well as empirical contributions that had been reported in previous research. The analysis is carried out comparatively so that an understanding of the similarities, differences, and research gaps that are still present in the literature is obtained.

The next stage is conceptual integration, which is connecting the four themes into an interconnected system. Based on the results of the literature synthesis, this study positions Human Resource Management as a strategic driver that plays a role in improving the quality of Human Capital through competency development, training, continuous learning, and talent management. Furthermore, the quality of Human Capital is seen as the main prerequisite for the success of Community-Based Development, because people who have adequate knowledge, skills, and capacity will be better able to participate, collaborate, and develop local economic potential in a sustainable manner. The interaction between Human Capital and Community-Based Development is further expected to be able to encourage the creation of Sustainable Economic Development through increased productivity, innovation, competitiveness, community welfare, and inclusive development. To increase conceptual validity, the relationship between concepts is determined not only based on the frequency of occurrence in the literature, but also on the basis of theoretical consistency, empirical support, and logical linkage between concepts. Thus, each relationship presented in a conceptual framework is the result of a synthesis of various studies that have a mutually supportive theoretical foundation, not just the result of the author's subjective interpretation. This approach allows the resulting conceptual framework to have a stronger academic basis and can be used as a foundation for future empirical research.

The final result of the conceptual synthesis process is the Integrated Community-Based Human Resource Management Framework as shown in Figure 1. The conceptual framework illustrates that Human Resource Management functions as a strategic driver in the development of Human Capital, which is further strengthened through the Community-Based Development approach to produce Sustainable Economic Development. In addition to showing the linear relationship between concepts, the framework also shows the existence of a feedback loop mechanism between Human Capital Development and Community-Based Development, which reflects the continuous process of learning, capacity building, and innovation. In addition, the framework also considers the influence of contextual factors, such as digitalization, public policy, institutions, and Sustainable Development Goals (SDGs), which affect the effectiveness of the implementation of relationships between concepts. Thus, the process of developing a conceptual framework in this study not only produces a theoretical model that integrates the four main perspectives, but also provides a conceptual basis that can be used as a reference in empirical research and the formulation of human resource development policies oriented towards sustainable economic development.

2.4. Theoretical Contribution of the Proposed Conceptual Framework

The conceptual framework proposed in this study contributes to the development of literature in four main areas, namely Human Resource Management (HRM), Human Capital, Community-Based Development (CBD), and Sustainable Economic Development (SED). In contrast to most previous studies that examined the four concepts separately, this study integrates all concepts into a conceptual model that shows the systemic

relationship between human resource management, human capital development, community empowerment, and sustainable economic development (Jaakkola, 2020).

The first contribution of this research is to expand the perspective of Human Resource Management from organizational functions to development instruments. The HRM literature generally places human resource management as a mechanism to improve organizational performance, productivity, and the company's competitive advantage (Cooke et al., 2024; Jain, 2025; Ramgolam, 2025). This research proposes that the practice of Human Resource Management also has broader implications for economic development through improving the quality of human resources which are then utilized in the community development process.

The second contribution is to explain the conceptual mechanism that connects Human Resource Management with Sustainable Economic Development through two main processes, namely Human Capital Development and Community-Based Development. Within this framework, Human Capital functions as a mechanism for individual capacity building through education, training, competency development, and continuous learning, while Community-Based Development acts as an empowerment mechanism that allows individual capacity to develop into the collective capacity of society (Becker, 2002; Goodbye, 2021; Pongsakornrungrungsilp et al., 2026).

The third contribution is the development of the Integrated Community-Based Human Resource Management Framework which displays the dynamic relationships between concepts through a feedback loop mechanism. In contrast to the linear model found in previous research, the proposed framework shows that Community-Based Development is not only influenced by Human Capital, but also provides feedback on human resource capacity building through collective learning, local innovation, and strengthening social networks. This reciprocal relationship illustrates that economic development is a dynamic and sustainable process (Gazi et al., 2025; Jain, 2025; Pongsakornrungrungsilp et al., 2026).

In addition to theoretical contributions, this conceptual framework also has practical implications for governments, organizations, educational institutions, and other stakeholders in designing human resource development policies. The results of the study show that a sustainable economic development strategy is not only oriented to physical investment and economic growth, but also requires long-term investment in human competence development, community capacity building, and collaboration between institutions. Therefore, a Human Resource Management approach that is integrated with Community-Based Development can be one of the strategies in supporting the achievement of the Sustainable Development Goals (SDGs) as well as more inclusive and sustainable economic development (Cooke et al., 2024; Jain, 2025; Gazi et al., 2025).

3. RESULTS AND DISCUSSION

3.1. Human Resource Management as a Strategic Driver of Sustainable Economic Development

The first research question in this study focuses on how Human Resource Management (HRM) contributes to economic development in Indonesia. This study views that HRM's contribution to economic development does not occur directly, but through the process of human capital development which further increases productivity, innovation capacity, adaptability, and competitiveness of communities and organizations. Thus, HRM not only functions as a labor management mechanism at the organizational level, but also as a strategic instrument that contributes to inclusive and sustainable economic development. This perspective expands the conventional understanding of HRM which has been more limited to improving the performance of an organization or company.

This interpretation is in line with the development of the literature that shows that Human Resource Management has evolved from an administrative function to a strategic function (Strategic Human Resource Management). In this paradigm, practices such as competency-based recruitment, training, talent development, performance management, and continuous learning are seen as long-term investments that improve the quality of human resources while strengthening organizational competitiveness (Nastase, 2019; Cooke et al., 2024; Jain, 2025). Therefore, the success of HRM is no longer measured only by operational efficiency, but also by its ability to generate human capital that has knowledge, skills, creativity, and the ability to adapt to changes in the economic environment.

In the context of economic development, the results of the literature synthesis show that human capital is the main mechanism that links HRM practices with increased economic productivity. Becker (2002) explains that investment in education, training, and skill development is a productive investment that results in an increase in labor capacity in the long run. Furthermore, emphasized that human capital is the main driver of economic growth through increased innovation, technology diffusion, and knowledge accumulation. Thus, HRM's contribution to economic development is not only realized through increasing individual productivity, but also through building community capacity to create economic added value in a sustainable manner.

The findings have strong relevance to Indonesia's conditions as described in the introduction. Indonesia has a large labor force and a demographic bonus that has the potential to be a driver of economic development. However, challenges in the form of skills mismatch, low productivity in several sectors, and digital transformation require a paradigm shift in human resource management. Therefore, HRM needs to be positioned as a development instrument that is able to improve the quality of the workforce through competency

development, lifelong learning, digital literacy, and talent management so that demographic bonuses can be converted into economic bonuses. In other words, Indonesia's economic development does not only depend on the number of workers, but also on the effectiveness of a human resource management system that produces a productive, innovative, and adaptive workforce.

The conceptual framework proposed in this study also shows that the relationship between HRM and economic development is multidimensional. Human Resource Management not only affects workforce productivity, but also strengthens innovation capacity, improves the organization's ability to adopt technology, and builds a learning culture that supports sustainable development. The development of the concept of Sustainable Human Resource Management and Digital Human Resource Management shows that organizations that implement HRM practices in a sustainable manner tend to have better abilities in dealing with economic, social, and technological changes (Ramgolam, 2025; Mahmoud, 2026). Thus, HRM is one of the important foundations in creating economic development that is not only growth-oriented, but also sustainable.

Although the relationship between Human Resource Management and economic development has been discussed in various studies, most studies still focus attention on the organizational or company level. This research offers a broader perspective by placing HRM as part of the national development system. Within the proposed framework, the success of HRM does not stop at improving organizational performance, but continues on the formation of human capital which is then strengthened through the Community-Based Development mechanism. Thus, this study answers the research gap, namely the absence of a conceptual framework that explains how the practice of Human Resource Management can contribute to economic development through human capital development and community empowerment. Based on this discussion, it can be concluded that Human Resource Management is a strategic driver in sustainable economic development because it plays a role in building the quality of human capital which is the foundation for increasing productivity, innovation, and competitiveness.

3.2. Community-Based Development as an Enabling Mechanism for Sustainable Economic Development

The results of this study show that improving the quality of human resources through HRM practices does not automatically result in sustainable economic development if it is not followed by mechanisms that allow people to implement this capacity in economic and social activities. Therefore, Community-Based Development is positioned as an enabling mechanism that connects individual capacity with collective development through participation, empowerment, collaboration, and strengthening of local institutions. The literature on Community-Based Development emphasizes that the success of development is determined not only by the amount of economic investment, but also by the level of community involvement in the entire development process. The community-based approach places communities as the main actors (development actors) who have the ability to identify needs, mobilize local resources, and design solutions that are in accordance with local social, cultural, and economic characteristics (Boadu, 2021; Pongsakornrunsilp et al., 2026). This perspective shows that participatory development tends to produce higher sustainability than top-down development approaches.

Within the proposed framework, Community-Based Development functions as a mechanism that transforms human capital into community capacity. The competencies, knowledge, and skills built through Human Resource Management do not stop at the individual level, but are developed into collective capacity through social learning processes, collaboration between stakeholders, strengthening local organizations, and community economic empowerment. Thus, Community-Based Development expands the benefits of Human Resource Management from increasing organizational productivity to increasing community capacity in creating economic, social, and environmental value in a sustainable manner.

This interpretation has a strong relevance to the characteristics of development in Indonesia. As explained in the introduction, Indonesia has regional diversity, differences in economic structure between regions, and labor distribution concentrated in the agriculture, trade, processing industry, and service sectors (Bahri et al., 2026; Jannah et al., 2024; Tambunan et al., 2025). This condition shows that the human resource development strategy cannot be applied uniformly, but must be adjusted to local characteristics, sectoral competency needs, and the economic potential of each region. In this context, the Community-Based Development approach is important because it allows community capacity building based on local potential, while strengthening the connection between HRM policies, the needs of the world of work, and regional economic development.

The results of the literature analysis also show that Community-Based Development has an important role in strengthening local innovation and community economic resilience. Community-based empowerment programs supported by competency improvement, entrepreneurship development, and cross-sectoral collaboration are able to create new job opportunities, increase local business productivity, and strengthen people's ability to cope with economic and technological changes (Tsasni et al., 2025; Kayat, 2016). Thus, Community-Based Development is not only a social approach, but also an economic strategy that strengthens regional competitiveness through the development of human capacity and local institutions.

Unlike most previous studies that discussed Human Resource Management and Community-Based Development separately, this study shows that the two concepts have a complementary relationship. Human

Resource Management builds individual capacity through education, training, continuous learning, and talent management, while Community-Based Development provides space for the utilization of these capacities through community participation, collaboration, and strengthening local institutions. The integration of these two approaches results in a more inclusive development process because it not only improves the quality of the workforce, but also strengthens the ability of communities to create, manage, and maintain economic activities independently.

The main conceptual contribution of this research lies in the placement of Community-Based Development as a bridging mechanism between Human Resource Management and Sustainable Economic Development. This perspective expands on previous literature that generally viewed Community-Based Development as just a community empowerment approach. In the proposed framework, Community-Based Development has a more strategic function, namely translating the quality of human capital into a collective capacity that is able to increase productivity, innovation, social inclusion, and community welfare. Thus, sustainable economic development is understood as the result of the dynamic interaction between human resource management, human capital development, and community-based community empowerment.

3.3. Integration of Human Resource Management, Human Capital, and Community-Based Development Toward Sustainable Economic Development

Based on the conceptual framework proposed in Figure 1, this study shows that Human Resource Management functions as the main mechanism in building the quality of human capital, while Community-Based Development acts as a mechanism that expands the utilization of this capacity through community participation, collaboration, and strengthening local institutions. The integration of these two approaches results in a development process that not only increases economic productivity, but also strengthens the social, institutional, and sustainable dimensions of development.

These conceptual findings show that the relationship between Human Resource Management and economic development is multilevel. At the micro level, HRM practices contribute to the improvement of individual competencies through education, training, continuous learning, and talent management. At the meso level, the improvement in the quality of human resources translates into collective capacity through a Community-Based Development approach that encourages community empowerment, collaboration between stakeholders, and strengthening local organizations. Furthermore, at the macro level, the interaction of the two processes contributes to increased productivity, innovation, competitiveness, job creation, and more inclusive and sustainable economic development. This multilevel perspective expands on previous literature that generally discussed the relationship between HRM and economic development only at the organizational or company level (Cooke et al., 2024; Jain, 2025).

One of the main contributions of this research is the placement of Human Capital as a bridging mechanism between Human Resource Management and Community-Based Development. In many previous studies, Human Capital has been more often positioned as the end result of Human Resource Management practices or as a factor that directly affects economic growth (Becker, 2002). This research offers a different perspective by placing Human Capital as a dynamic process that is not only built through HRM practices, but also continuously strengthened through social learning, collaboration, and community empowerment in Community-Based Development. Thus, Human Capital is understood as an asset that continues to grow through the interaction between organizations and society.

In addition, the proposed conceptual framework suggests that sustainable economic development is the result of systemic processes, rather than simple cause-and-effect relationships. Effective Human Resource Management practices improve the quality of Human Capital, while Community-Based Development strengthens the ability of communities to harness these capacities to generate local innovations, expand employment opportunities, increase productivity, and strengthen economic resilience. On the other hand, the success of economic development will also provide feedback loops to improve the quality of human resources through increased access to education, training, competency investment, and entrepreneurial opportunities. The mutual relationship shows that economic development is a learning process that takes place in a sustainable manner and strengthens each other.

In the Indonesian context, this integrative approach has high relevance considering the characteristics of national development characterized by demographic bonuses, regional diversity, and differences in economic structure between regions. Indonesia has a large workforce, but it still faces challenges in the form of skill mismatch, education quality gaps, and productivity inequality between economic sectors. Therefore, it is not enough for economic development strategies to be only oriented towards job creation or increasing physical investment, but must also be supported by a Human Resource Management system that is able to improve the quality of human resources while strengthening community capacity through a Community-Based Development approach. This approach allows development policies to be tailored to local characteristics so as to result in more inclusive and adaptive development.

This research proposes that the Integrated Community-Based Human Resource Management Framework not only expands the scope of Human Resource Management from the organizational level to the national development level, but also offers a new perspective on the mechanisms by which investment in human resource development can be translated into sustainable economic development. In contrast to previous

research that tends to view Human Resource Management, Human Capital, Community-Based Development, and Sustainable Economic Development as stand-alone concepts, this study shows that these four concepts form a system that reinforces each other. Therefore, the success of economic development is not only determined by the quality of human resources or the level of community participation separately, but by the ability to integrate both aspects into a comprehensive and sustainable development strategy.

3.4. Theoretical and Practical Implications of the Integrated Conceptual Framework

The conceptual framework proposed in this study provides significant theoretical implications for the development of the literature on Human Resource Management (HRM), Human Capital, Community-Based Development (CBD), and Sustainable Economic Development (SED). Most previous research has focused on the relationship between Human Resource Management and economic development at the organizational or corporate level, while research on Community-Based Development has focused more on community empowerment without directly linking it to the practice of Human Resource Management. This research offers a more comprehensive perspective by integrating the four concepts into a single conceptual framework that demonstrates the systemic relationship between human resource development, community capacity building, and sustainable economic development (Cooke et al., 2024; Jain, 2025; Pongsakornrungrungsilp et al., 2026).

The first theoretical implication is the expansion of the scope of Human Resource Management from an organization-oriented approach to a development-oriented approach (Human Resource Management). Within the proposed framework, HRM is not only positioned as a managerial function to improve organizational performance, but also as a strategic instrument that builds human capital as the foundation of economic development. This perspective expands on the theory of Human Capital which has been emphasizing the relationship between investment in education and economic growth by showing that the quality of human capital is also influenced by sustainable Human Resource Management practices (Becker, 2002).

The second theoretical implication is the placement of Community-Based Development as a mechanism that bridges the transformation of individual capacity into collective capacity. Previous research generally views Community-Based Development as a stand-alone approach to community empowerment. In this study, Community-Based Development is positioned as a process that allows the competencies, knowledge, and skills developed through Human Resource Management to be translated into local innovation, collaboration between stakeholders, and strengthening community institutions. Thus, economic development is understood as the result of the interaction between individual capacity development and community empowerment simultaneously (Boadu, 2021; Tsasni et al., 2025).

In addition to contributing to the development of theory, this conceptual framework also has practical implications for governments, organizations, educational institutions, and communities. For the government, this framework shows that economic development policies should not only focus on physical investment or job creation, but also on strengthening the quality of human resources through education, training, competency development, and community empowerment programs based on local potential. The integration of human resource development policies with community-based development programs is expected to strengthen productivity, increase regional competitiveness, and reduce development gaps between regions.

For organizations and the business world, this research shows that sustainability-oriented Human Resource Management practices can produce benefits that go beyond improving the company's internal performance. Investment in competency development, continuous learning, talent management, and leadership not only increases organizational productivity, but also strengthens the company's contribution to community development through collaboration with local governments, educational institutions, micro, small, and medium enterprises (MSMEs), and community organizations. This approach is in line with the development of the concept of Sustainable Human Resource Management which emphasizes the creation of economic, social, and environmental values simultaneously (Ramgolam, 2025; Gazi et al., 2025).

For educational institutions, the results of this study confirm the importance of developing curricula and learning programs that are not only oriented to the needs of the job market, but also to strengthening community capacity. Higher education and training institutions have a strategic role in producing graduates who not only have technical competence, but also leadership, collaboration, entrepreneurship, and community empowerment skills. Thus, the process of developing human capital becomes more relevant to the needs of national and regional economic development.

In the Indonesian context, the proposed conceptual framework has high relevance to support the implementation of various national development agendas, including improving the quality of human resources, strengthening the regional economy, digital transformation, and achieving the Sustainable Development Goals (SDGs). The integration between Human Resource Management, Human Capital, and Community-Based Development can be a reference in formulating development policies that are more adaptive to regional characteristics, local economic potential, and global challenges. Therefore, this research not only makes a conceptual contribution to the development of science, but also offers a new perspective that can be used as a basis for the formulation of a more inclusive, participatory, and sustainable economic development strategy.

4. CONCLUSION

Sustainable economic development can no longer be explained only through the perspective of economic growth or increased organizational productivity. Global challenges such as digital transformation, changes in employment structures, development inequality, and increasing demands for inclusive development show that the success of development is highly determined by a country's ability to develop human resources while empowering society in a sustainable manner. Therefore, this research departs from the need to build a perspective that is able to explain the relationship between Human Resource Management (HRM), Human Capital, Community-Based Development (CBD), and Sustainable Economic Development (SED) in one complete conceptual framework.

Based on the synthesis of the literature conducted, this study shows that Human Resource Management is a strategic driver in sustainable economic development through its role in building human capital. HRM practices, such as competency development, continuous learning, talent management, and individual capacity building, produce human capital that is the main foundation for increasing productivity, innovation, adaptability, and economic competitiveness. However, this study also shows that the quality of human resources does not automatically result in inclusive economic development if it is not followed by mechanisms that allow communities to utilize this capacity in development activities.

In this context, this study emphasizes that Community-Based Development has a strategic role as an enabling mechanism that transforms individual capacity into collective capacity through community participation, empowerment, collaboration, and strengthening local institutions. The integration between Human Resource Management, Human Capital, and Community-Based Development results in a development process that not only increases economic growth, but also strengthens social inclusion, community resilience, local innovation, and sustainable development. Thus, economic development is understood as the result of a dynamic interaction between investment in humans and the ability of society to manage and develop its potential. The main contribution of this research is the development of the Integrated Community-Based Human Resource Management Framework, which offers a new perspective on the relationship between Human Resource Management and Sustainable Economic Development. In contrast to previous research that generally examined Human Resource Management, Human Capital, Community-Based Development, and economic development separately, the proposed conceptual framework shows that the four concepts form a system that reinforces each other through learning, empowerment, and collaboration mechanisms. Thus, this research expands the scope of Human Resource Management from an organization-oriented approach to a development-oriented approach (Human Resource Management), while placing Community-Based Development as an integral component in the sustainable economic development process.

In practical terms, the resulting conceptual framework implies that economic development strategies are not only oriented towards increasing physical investment or job creation, but must also be accompanied by sustainable investment in developing the quality of human resources and strengthening community capacity. Therefore, governments, organizations, educational institutions, and various stakeholders need to develop policies that integrate Human Resource Management practices with Community-Based Development approaches as part of a more inclusive, adaptive, and sustainable development strategy. Although this research makes a significant conceptual contribution, the proposed framework still requires empirical testing in various organizational contexts, economic sectors, and geographical regions. The next research is expected to test the relationship between constructs in this framework using quantitative, qualitative, and mixed methods approaches, so that the conceptual validity developed in this study can be strengthened through empirical evidence. Thus, the Integrated Community-Based Human Resource Management Framework is expected not only to be a theoretical contribution to the development of Human Resource Management science, but also to be a reference in the formulation of policies and strategies for more sustainable economic development in the future.

REFERENCES

- Badan Pusat Statistik. (2026). *Tenaga Kerja Dalam Angka*. Accessed on July 26, <https://www.bps.go.id/id/statistics-table?subject=520&sortBy=date%2Ctitle&sortOrder=desc%2Case>
- Bahri, M. I., Adi, R., & Wistiasari, D. (2026). The circular bioeconomy: Institutional and production perspectives. *International Journal of Environmental Studies*. <https://doi.org/10.1080/00207233.2026.2618683>
- Bahri, M. I., Dermawan, A. A., & Tambunan, A. A. (2025). Public-private collaborations in smart cities: Startup-driven innovations in e-government. In *Startup-Driven E-Government: Digital Innovation for Sustainable Ecosystems* (pp. 61–86). IGI Global Scientific Publishing. <https://doi.org/10.4018/979-8-3373-0817-3.ch003>

- Bahri, M. I., Sirojuzilam, S., Rujiman, R., & Kismawadi, E. R. (2021). The influence of youth in regional development through the management of Aceh's special autonomy fund in Langsa City. *E-Mabis: Jurnal Ekonomi Manajemen dan Bisnis*, 22(1). <https://doi.org/10.29103/e-mabis.v22i1.650>
- Bahri, M. I., Tambunan, A. A., & Zulfikar. (2025). Transformation of human resource management in the era of regional decentralization and digital revolution: A literature review and its implications. *Jurnal Manajemen Rekayasa dan Inovasi Bisnis*, 3, 92–117. <https://doi.org/10.62375/jmrib.v3i2.451>
- Becker, G. S. (2002). *Human capital* (3rd ed.). University of Chicago Press.
- Boadu, E. S. (2021). Indigenizing participation for sustainable community-based development programmes in Ghana. *Journal of Asian and African Studies*, 56(7), 1658–1677. <https://doi.org/10.1177/0021909620979333>
- Chiappetta, C. J. (2022). Green Human Resources in Latin American Organizations: A Review of the State of the Art and Future Directions. In: Paillé, P. (eds) *Green Human Resource Management Research. Sustainable Development Goals Series*. Palgrave Macmillan, Cham. https://doi.org/10.1007/978-3-031-06558-3_6
- Cooke, F. L., et al. (2024). Developing organizations' dynamic capabilities and employee mental health in the face of heightened geopolitical tensions, polarized societies and grand societal challenges. *The International Journal of Human Resource Management*, 35(5), 767–778. <https://doi.org/10.1080/09585192.2024.2307751>
- Dhakal, S. P. (2024). Local Tourism Businesses in the Digital Era: Implications for Bridging the Critical Skills Gap in Indonesia. In *The Future of Work in the Asia Pacific* (pp. 146-157). Routledge.
- Dinda Puspitaa, Ellida Novita Lidya, Firdasari, & Bahri, M. I. (2022). Analysis of successful factors in the halal tourism facilities development project. *IHTIYATH: Jurnal Manajemen Keuangan Syariah*, 6(2). <https://doi.org/10.32505/ihthyath.v6i2.5187>
- Gazi, M. A. I., et al. (2025). The triadic relationship between green human resource management, innovation, and pro-environmental behaviour. *Environ. Res. Commun.* 7 015016. <https://doi.org/10.1088/2515-7620/ada676>
- Gomes, D. (2026). Understanding the Indirect Effects of Sustainable HRM: Cognitive and Relational Pathways to Engagement and Performance. *Business Strategy and the Environment*. <https://doi.org/10.1002/bse.70640>
- Gruzina, Y., Firsova, I., & Strielkowski, W. (2021). Dynamics of human capital development in economic development cycles. *Economies*, 9(2). <https://doi.org/10.3390/economies9020067>
- Islam, M. S., & Amin, M. (2022). A systematic review of human capital and employee well-being: Putting human capital back on the track. *European Journal of Training and Development*, 46(5–6), 504–534. <https://doi.org/10.1108/EJTD-12-2020-0177>
- Jaakkola, E. (2020). Designing conceptual articles: Four approaches. *AMS Review*, 10(1–2), 18–26. <https://doi.org/10.1007/s13162-020-00161-0>
- Jain, K. V. (2025). Integrating sustainability principles into human resource management: An emerging trend.
- Jannah, N., Bahri, M. I., Kismawadi, E. R., & Handriana, T. (2024). The effect of green brand image and green satisfaction on green brand equity mediated green trust outpatients. *Quality – Access to Success*, 25(198). <https://doi.org/10.47750/QAS/25.198.40>
- Kayat, K. (2016). Community-based tourism initiative in rural Malaysia: Is it a success?
- Koster, R. L. (2019). Community-based tourism as an antidote for being part of the boring bits in between: A case study of Terrace Bay, Ontario, Canada.
- Mahmoud, M. H. (2026). Governing digital HRM transformation: balancing innovation, accountability and sustainability. *Asia-Pacific Journal of Business Administration*, 1-29. <https://doi.org/10.1108/APJBA-09-2025-0673>

- Mascarenhas, A. O. (2019). Sustainable human resource management and social and environmental responsibility: An agenda for debate. *Revista de Administração de Empresas*, 59, 353-364. <https://doi.org/10.1590/S0034-759020190505>
- Nastase, M. (2019). The specific elements of strategic human resources management for competitive business development. *Industria Textila*, 70(6), 579-586. <https://doi.org/10.35530/IT.070.06.1749>
- Pongsakornrungrsilp, P., et al. (2026). Institutionalizing Sustainability Through Management Innovation: Transformative Collaborative Learning in a Community-Based Service Ecosystem. *Sustainability*, 18(9), 4498. <https://doi.org/10.3390/su18094498>
- Ramgolam, G. (2025). The role of sustainable human resource management practices to achieve sustainable employee performance—literature review and future research directions. *The Learning Organization*. <https://doi.org/10.1108/TLO-01-2025-0014>
- Shah, S. M. A., et al. (2021). Linking Green Human Resource Practices and Environmental Economics Performance: The Role of Green Economic Organizational Culture and Green Psychological Climate. *International Journal of Environmental Research and Public Health*, 18(20), 10953. <https://doi.org/10.3390/ijerph182010953>
- Tambunan, A. A., Anazmi, F., & Tabuni, L. (2025). Analisis kesesuaian pola ruang dengan potensi pengembangan wilayah di Kabupaten Mempawah. *Journal of Innovation Research and Knowledge*. <https://doi.org/10.53625/jirk.v4i8.9791>
- Tsasni, A., et al. (2025). Advancing Local Livestock: A Strategic Community-Based Development for Pasundan Cattle Breeding in West Java. *AGRARIS: Journal of Agribusiness and Rural Development Research*, 11(2), 276–294. <https://doi.org/10.18196/agraris.v11i2.687>
- Utami, N. W. (2026). Empowering Educational Communities Through Financial Literacy in Mathematics Education. In *Community Empowerment Through Governance, Circular Economy, and Social Innovation* (pp. 179-208). IGI Global Scientific Publishing. <https://doi.org/10.4018/979-8-3373-6122-2.ch007>