ABSTRACT

Indonesia's economic growth, which has remained stagnant around 5% during 2014–2023, indicates the national development targets have not yet been achieved. The government has implemented various strategies such as infrastructure development, increasing foreign investment, and strengthening human resources, however, these efforts have not been fully effective. Educational quality disparities, the weak contribution of foreign investment to national income, and fluctuations in the industrial sector due to global pressures may pose challenges to promoting more inclusive and sustainable economic growth.

This study aims to analyze the influence of Foreign Direct Investment (FDI), Industrial Production Index (IPI), and human capital represented by Information and Communication Technology (ICT) skills and Education Index on Indonesia's economic growth. The method employed is panel data analysis using the Fixed Effect Model (FEM), based on annual data from 2014 to 2023. This approach is chosen to capture short-term impact among these variables within an integrated empirical framework.

The results indicate that FDI and ICT skills (as proxy for human capital) have a negative and significant effect on economic growth, while IPI and the Education Index (as proxy for human capital) exhibit a positive and significant impact. Collectively, all variables significantly influence economic growth. These findings underscore the importance of strengthening the industrial and education sectors, as well as the need for more effective strategies in utilizing foreign investment and improving digital literacy.

Keywords: *FDI, IPI, Human Capital, Economic Growth*