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THE ROLE OF DEVELOPMENT PLANNING IN INCREASING COMPETITIVENESS IN THE ERA OF GLOBALIZATION

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ABSTRACT: This study aims to analyze the strategic role of development planning in enhancing Indonesia's competitiveness in the era of globalization through a literature review. Development planning serves as a coordinative, allocative, and adaptive instrument in synergizing central and regional policies. National competitiveness still faces infrastructure gaps, low innovation, uneven human resource quality, and regulatory complexity. Strategic policies such as infrastructure development, regulatory reform, planning digitization, and the national industry 4.0 transformation program are important steps in strengthening Indonesia's position in the global market. At the regional level, policy innovation, e-planning systems, and the application of sustainability principles support regional competitiveness. Data-driven, integrated, and long-term development planning plays a role in realizing inclusive growth, good governance, and sustainable prosperity.

Keywords: Development Planning, Competitiveness, Globalization, Regional Policy,

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INTRODUCTION

Development planning is a strategic process that aims to generate tangible benefits for society, so that development challenges can be addressed through effective and targeted strategies. At the regional level, development planning aims to align development implementation with established planning provisions, through stages ranging from preparation to clear policy formulation (Rumegang, et al., 2021). Development planning is an important instrument for developing countries to achieve sustainable development through improved social welfare, reduced inequality, and improved environmental quality. The quality of planning can be improved through good governance, stakeholder involvement, and inter-agency coordination such as Bappeda (Dewi, dkk., 2025).

Competitiveness is a measure of a country's success in responding to the challenges of globalization and improving national welfare through infrastructure development and economic innovation. In the context of Globalization 4.0, introduced by the World Economic Forum (WEF) in 2019, competition between countries has become increasingly intense as a result of advances in digital technology and artificial intelligence. The global competitiveness evaluation published in the *Global Competitiveness Report* serves to assess a country's productivity capacity and is a reference in the formulation of national economic development strategies (Sembiring & Miranda, 2022). Globalization, as explained by Friedman in *The Lexus and the Olive Tree*, creates dynamic and evolving changes in the international system.

Phenomenologically, Indonesia still faces challenges in the form of infrastructure gaps, low innovation, and policy inconsistencies between regions. Academically, this study contributes to enriching the study of the relationship between development planning and increasing national competitiveness through a literature review on development and globalization.

This study aims to analyze the strategic role of development planning in enhancing Indonesia's competitiveness in the era of globalization through a literature review that highlights challenges, policy directions, and implications for national and regional development.

LITERATURE REVIEW

The theory of sustainable development is also relevant because it highlights the balance between economic growth, social inclusion, and environmental sustainability in the context of modern development planning (Sachs et al., 2021). This theory emphasizes that development planning in the era of globalization can no longer focus solely on achieving high economic growth targets, but must simultaneously and harmoniously integrate the three main pillars of sustainable development: economic, social, and environmental. In the economic dimension, development planning must be able to create inclusive and equitable growth, provide economic opportunities for all levels of society, and encourage environmentally friendly innovation and productivity. The social

dimension emphasizes the importance of equitable access to education, health, and other basic services, reducing inequality, and empowering marginalized communities so that no group is left behind in the development process. Meanwhile, the environmental dimension requires that every development activity must consider the carrying capacity and resilience of the environment, reduce carbon emissions, preserve biodiversity, and manage natural resources wisely for long-term sustainability. In an era of globalization marked by fierce competition and pressure on natural resources, the implementation of sustainable development principles in development planning is key to building competitiveness that is not only economically strong, but also socially just and ecologically responsible, thereby enabling us to respond to the increasingly complex challenges of climate change, environmental degradation, and global inequality.

METHODOLOGY

This study uses a qualitative approach with a literature review method to examine the strategic role of development planning in improving national competitiveness. The research data sources consist of scientific journals, academic books, international agency reports, and government policy documents related to national and regional development. The research population includes all publications discussing Indonesia's development and competitiveness, while the sample was selected purposively based on theme relevance, publisher credibility, and year of publication. Data were analyzed using content analysis techniques through a process of identification, classification, and synthesis of findings to produce patterns of relationships between the concepts of development planning, public policy, and national competitiveness.

RESULTS OF DISCUSSION

Concept of Development Planning and Competitiveness

a. Development Planning

Planning stems from the word *plan*, which means a design or arrangement of activities that is prepared in a structured manner before implementation. Simply put, this concept covers several key elements, namely objectives (what you want to achieve), activities (the steps taken to achieve those objectives), and time (when the activities will be carried out). Every planning process is essentially a future-oriented action. Therefore, planning can be understood as a form of response or anticipation of future conditions. (Kamilaus Konstanse Oki, 2023).

In the context of development, planning plays an important role as a process of preparing and implementing various programs and projects aimed at improving the welfare of the community. Development planning covers various aspects such as infrastructure, housing, education, health, and other areas related to economic and social progress. Thus, development planning is not only a

technical guideline for implementing activities, but also serves as a strategic instrument for achieving sustainable and equitable development goals (Humairah Almahdali, dkk, 2024).

b. Competitiveness

The term competitiveness in Indonesian is translated as *daya saing*. According to the Kamus Besar Bahasa Indonesia (Great Dictionary of the Indonesian Language), *daya saing* describes the ability of a living creature to grow and develop normally in the midst of other creatures that are competitors in a particular environment or field of endeavor. Meanwhile, the *Oxford English Dictionary* explains that competitiveness means a state of competition between individuals or organizations to be equal or superior, as well as a strong drive to achieve that superiority.

At first glance, competitiveness seems like a simple concept. However, when attempts are made to measure it, complications arise due to its relative nature and difficulty to define precisely. Competitiveness can be understood as a country's ability to create, produce, and distribute goods or services in the international market in order to profit from the utilization of its resources. Furthermore, competitiveness is also seen as a concept that has many dimensions and aspects, with different measurements depending on the context of time, region, and characteristics of the target market (Henky Lesmana, dkk, 2023).

National Competitiveness in the Era of Globalization

The era of globalization has fundamentally changed the landscape of global economic competition. Geographical boundaries are becoming increasingly blurred, trade and investment flows are moving more freely, and information technology is accelerating the transfer of knowledge across countries (Chania, 2025). In this context, competitiveness is no longer determined solely by traditional comparative advantages such as natural resource wealth, but rather by competitive advantages built through innovation, productivity, and efficiency.

National competitiveness is defined as a nation's capacity to create, produce, and distribute products or services in international competition, while improving the standard of living of its people. This concept encompasses various dimensions, ranging from economic efficiency, infrastructure quality, technological innovation, to institutional stability, all of which are interrelated in shaping a country's competitive position in the global market.

Indonesia, as a developing country with the largest economy in Southeast Asia, faces serious challenges in improving its competitiveness. Based on global competitiveness reports, Indonesia's position is still below several ASEAN countries such as Singapore, Malaysia, and Thailand.

This condition reflects a number of structural problems that need serious attention from the government and all stakeholders (Widyastuti, dkk., 2025).

The first factor affecting Indonesia's competitiveness is:

1. Infrastructure quality

Limitations in physical infrastructure such as roads, ports, and electricity networks are significant obstacles to economic mobility. Although the government has launched various strategic infrastructure projects in recent years, the gap between demand and supply remains wide, especially in eastern Indonesia. Adequate infrastructure is an important prerequisite for improving logistics efficiency, reducing production costs, and attracting both domestic and foreign investment.

2. Innovation and technology

Investment in research and development in Indonesia remains low compared to developed countries, even when compared to several other developing countries. This has an impact on weak innovation and technology adoption capabilities, which are key to competitiveness in the digital era (Yafi and Adyanti, 2023). The transformation towards a knowledge-based economy requires a strong innovation ecosystem, including government support, collaboration between universities and industry, and the availability of competent human resources in the field of technology.

3. Quality of human resources

Education and workforce skills are crucial issues that determine national productivity. The mismatch between industry needs and the competencies of education graduates has resulted in suboptimal productivity. In the era of the 4.0 industrial revolution, the need for a workforce with digital skills, critical thinking abilities, and adaptability to change is becoming increasingly important. Investment in human resource development through improved access to and quality of education, vocational training, and upskilling programs needs to be prioritized.

4. Investment climate and ease of doing business

Complex bureaucracy, overlapping regulations, and legal uncertainty remain the main complaints of both domestic and foreign businesses. Convoluted licensing procedures, inconsistencies in regulatory implementation, and corrupt practices hinder a conducive investment climate (Chania, 2025). Regulatory reform and business procedure simplification are important agendas for enhancing Indonesia's attractiveness as an investment destination.

In facing these challenges, the Indonesian government has taken various strategic steps through national development policies. The National Long-Term Development Plan and the National Medium-Term Development

Plan are the main references in directing development with a focus on increasing competitiveness (Aulia and Kurniasih, 2025). Several key policies that have been implemented include:

1. A massive infrastructure development program aimed at improving national connectivity and logistics efficiency
2. Regulatory reform through the Job Creation Law to simplify licensing and improve ease of doing business
3. The Making Indonesia 4.0 strategy to address the industrial revolution with a focus on digital transformation and technological innovation
4. Downstreaming policy for natural resources to increase economic added value and reduce dependence on raw material exports

Development planning plays a vital role in accelerating national competitiveness with the following six strategic functions:

1. Coordination and Integration Functions

Planning serves as a coordinator and integrator of various sectors and stakeholders under a shared vision. Coordination between ministries, local governments, the private sector, and civil society is key to avoiding program overlap and maximizing synergy in policy implementation.

2. Resource Allocation Functions

Development planning ensures efficient resource allocation. Through careful planning, the government can allocate budgets and other resources more precisely in line with national priorities. This ensures that public investment has a maximum impact on increasing competitiveness, both through hard and soft infrastructure development (Widyastuti, et al., 2025).

3. Anticipation and Adaptation Function

Adaptive development planning enables countries to anticipate and respond quickly to global dynamics. Changes in international trade patterns, disruptive technological developments, climate change issues, and geopolitical challenges require flexibility in planning. The ability to adjust development strategies in line with developments in the external environment is key to maintaining competitiveness.

4. Function of Creating Investment Certainty

Certainty in the direction of development policy sends a positive signal to investors. Transparent, consistent, and credible planning increases the confidence of economic actors to invest in the long term (Chania, 2025). Predictability in government policy reduces investment risk and encourages the inflow of capital, technology, and expertise needed to increase national productive capacity.

5. Institutional Strengthening Function

Development planning encourages institutional capacity building. Bureaucratic reform, improved governance, and eradication of corruption are integral parts of strategic planning. Efficient, accountable public institutions that are responsive to the needs of the community and the business world are an important foundation for improving national competitiveness.

6. The Function of Sustainable Development

Modern development planning does not only pursue economic growth, but also ensures equitable distribution of benefits and environmental sustainability. The concept of sustainable development integrates economic, social, and environmental aspects into every development program (Yafi and Adyanti, 2023). Inclusive and sustainable growth has become a new paradigm in development planning that considers not only the current generation but also future generations.

Daya National competitiveness in the era of globalization is the result of comprehensive, coordinated, and adaptive development planning. Indonesia has great potential to improve its position in global competition, given its large domestic market, rich natural resources, demographic bonus, and strategic geographical position. However, realizing this potential requires a strong commitment to policy implementation, accelerated infrastructure development, improved human resource quality, consistent regulatory reform, and strengthened governance.

The challenge ahead lies not only in formulating the right policies, but more in the consistency and effectiveness of their implementation (Aulia and Kurniasih, 2025). Solid coordination between government agencies, productive collaboration between the public and private sectors, and active community participation are key to success in realizing a highly competitive Indonesia. With strategic development planning and consistent implementation, Indonesia can strengthen its economic foundations and improve the welfare of its people in a sustainable manner amid the ever-evolving dynamics of globalization.

National Development Regulations and Policies

Legislation is a crucial element in efforts to achieve national goals. In the development process, legislation serves as a tool to support the realization of development objectives. To fulfill this role, a robust legal system and the ability to produce high-quality results are necessary. In Indonesia, there are two documents related to development planning and the formulation of legislation. Development planning documents include national-level development documents and regional development planning documents, the regulations for which are contained in Law No. 25 of 2004 concerning the National Development Planning System (UU SPPN). At the national level, development planning documents consist of the National Long-Term Development Plan, the National Medium-Term Development Plan, the Ministry/Agency Strategic Plan, the Government Work Plan, and the Ministry/Agency Work Plan. Meanwhile, at the local level, development planning documents include regional long-term development plans, regional medium-term development plans, strategic plans for regional work units, regional government work plans, and work plans for regional work units. Furthermore, legislative planning documents include legislative planning documents at both the national and regional levels, which

are regulated by Law Number 12 of 2011 concerning Legislation and Law Number 23 of 2014 concerning Regional Government. These legislative planning documents include documents regulated in Law Number 12 of 2011 (PPP Law) and Law Number 23 of 2014 concerning Regional Government. At the central level, documents related to legislative planning include the national legislation plan (Prolegnas), annual priority plans, as well as plans for the drafting of government regulations (Progsun pp), the drafting of presidential regulations (Progsun Perpres), and the legislative plans of ministries/institutions (K/L). Legislative planning documents include oversight plans for provinces and districts/cities (Propem Perda). In practice, development planning will require support from a regulatory framework, while regulatory or legislative planning also requires guidance to ensure alignment with national objectives through Development (Yudanti, dkk. 2022).

The Strategic Role of Development Planning in Improving Competitiveness

Development planning in the regions is no longer considered merely an administrative procedure, but rather a strategic process that focuses all resources on achieving regional competitive advantage. Suhardi and Panjaitan (2025) state that the link between the National Medium-Term Development Plan (RPJMN) and the Regional Medium-Term Development Plan (RPJMD) is very important in creating synergy between the central and regional governments. This link ensures that regional development directly supports national goals, while strengthening the position of the region in competing in the global market. Effective planning enables local governments to detect potential advantages, including natural resources, the tourism sector, creative industries, and UMKM, and direct them into key local economic sectors. By using SWOT analysis and a data-driven approach, local governments can identify strengths and opportunities that can be leveraged to drive development and innovation. Therefore, systematic planning serves as a guide for creating sustainable and equitable competitiveness. One of the most vital responsibilities of local governments in improving competitiveness is through innovation in development policies. The function of local governments is now not only as administrators, but also as creators and connectors capable of formulating policies according to local needs.

This policy innovation covers several crucial dimensions:

- a. Innovation in planning that involves community participation, where residents are directly involved in the planning consultation process (musrenbang) so that development programs are in line with needs on the ground.
- b. The application of digitalization in the planning system (e-planning) which aims to improve transparency, accountability, and effectiveness in budget management and development programs.
- c. The application of sustainable development principles, maintaining a balance between economic, social, and environmental aspects.

- d. The enhancement of the creative economy and the environmentally friendly economy as new sources of growth that focus on innovation and resource sustainability.

This approach provides opportunities for regions to expand their markets, reduce inequality, and build strong economic systems that can adapt to change. Strengthening regional competitiveness should begin with maximizing local potential. This potential includes the unique natural, human, social, and cultural resources in each region. Local governments have an important role to play in identifying and managing this potential with the aim of providing higher economic value. Effective development planning is greatly influenced by organizational strength and cooperation between various parties. Both journals state that local governments need to improve their organizational capabilities, in terms of human resources, governance, and information systems. Long-term development should include aspects of sustainability. Suhardi and Panjaitan emphasize that national economic development is closely related to the responsibility of local governments to maintain a balance between growth, equity, and environmental preservation. Through the concepts of green and circular economies, each stage of development focuses on waste reduction, increased energy efficiency, and value creation from the wise management of natural resources. Sustainable development is not only a moral mission, but also an economic approach that enhances the image and competitiveness of the region at the international level.

Despite its important role, the implementation of development plans still faces various obstacles, including:

- a. Limited funds and dependence on the central budget.
- b. Differences in human resource capacity between regions.
- c. Lack of policy integration between sectors and rigid bureaucracy.
- d. Imbalance in development between regions.

To overcome these obstacles, Suhardi and Panjaitan (2025) recommend strategic measures such as:

- a. Developing the capacity of local employees through managerial and technical training.
- b. Increasing Local Own-Source Revenue (PAD) by creating innovative local taxes and digital-based levies.
- c. Utilizing information technology in development planning and monitoring.
- d. Enhancing cooperation between sectors, the private sector, and the community.

CONCLUSION AND RECOMMENDATIONS

Development planning plays a fundamental role in determining the direction of Indonesia's progress in an era of fierce globalization. Through a thorough planning process, the government can set development priorities, coordinate programs between institutions, and prepare strategies that are in line

with the needs of the community and the dynamics of the global economy. Challenges such as regional infrastructure disparities, low innovation capacity, uneven human resource quality, and overlapping policies indicate that the planning process still needs to be strengthened in terms of coordination, analysis quality, and field implementation. Therefore, development planning must be carried out in a more structured manner, with the support of accurate data, the latest planning technology, and broader stakeholder involvement so that the programs designed can boost economic growth, strengthen national competitiveness, and bring about sustainable community welfare in the future.

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