

FINANCE | RESEARCH ARTICLE

Indonesia's Economy: Unlocking Opportunities in Emerging Markets

Haryadi Sarjono^{1*}, Ekanaka Hasudungan Pratama², Vanessa Elizabeth Harianto³, Boyke Setiawan Soeratin⁴

^{1,4}Department of Management, BINUS Business School Undergraduate Program, Universitas Bina Nusantara, Jakarta, Indonesia. Email: haryadi_s@binus.ac.id¹, boyke.soeratin@binus.ac.id⁴

^{2,3}Information Systems & Management Department, School of Information Systems, Universitas Bina Nusantara, Jakarta, Indonesia. Email: ekanaka.pratama@binus.ac.id², vanessa.harianto@binus.ac.id⁴

ARTICLE HISTORY

Received: March 16, 2025

Revised: May 14, 2025

Accepted: January 21, 2025

DOI

<https://doi.org/10.52970/grfm.v6i1.1189>

ABSTRACT

This study examines Indonesia's economic trajectory over 10 years as an emerging market, exploring the opportunities and challenges shaping its transition from a developing economy. The study investigates key aspects of economic growth, Foreign Direct Investment (FDI), and structural barriers to accelerated progress. A comprehensive literature review provides a foundation for understanding Indonesia's economic landscape, covering market classification, national income trends, and growth dynamics. Using a qualitative method approach, the study combines secondary data analysis as economic indicators with qualitative insights from case studies. These include Indonesia's economic evolution, FDI assessment in MINT (Mexico, Indonesia, Nigeria, and Turkey) economy, the 2016 investor crisis, and Tesla's 2022 investment plans. The evaluation of Foreign Direct Investment (FDI) in MINT countries represents the extent of international investors' expectations and confidence in the medium- to long-term economic prospects of each nation, while also serving as an indicator of macroeconomic stability and the quality of the investment climate offered. The findings offer a nuanced understanding of Indonesia's economic journey, providing valuable insights for policymakers, investors, and academics navigating the complexities of emerging markets.

Keywords: Emerging Economy, Indonesia, Economic Development.

JEL Code: F21, O11, O53, E66, F63

I. Introduction

Since the unveiling of the BRIC countries in 2001, global markets have shown increasing interest in the dynamics of emerging economies. BRIC, an acronym for Brazil, Russia, India, and China—later expanded to BRICS with the inclusion of South Africa—represents countries characterized by rapid economic growth, averaging approximately 8 percent per annum (Priangani, 1970). Building on this framework, the MINT acronym was introduced in 2013, referring to Mexico, Indonesia, Nigeria, and Turkey. Although these economies are smaller in scale compared to BRICS (Kenton, 2023), they share several defining characteristics, including large and predominantly young populations, rapid economic growth, a developing middle class, and strong entrepreneurial potential (Research Guides, n.d.). As a result, MINT countries have become increasingly prominent in global discussions on emerging economic growth and investment opportunities.

Foreign direct investment (FDI) inflows into MINT countries are often used as indicators of investor confidence, reflecting both macroeconomic stability and long-term structural competitiveness (Fanbaste & Göstas Escobar, 2016; Isihak, 2018). However, this optimism has not been immune to global economic shocks. In 2016, FDI inflows experienced a significant decline due to external disruptions such as the United Kingdom's withdrawal from the European Union, volatility in global oil prices, and rising geopolitical tensions (UNCTAD, 2017). These challenges were further intensified by domestic constraints within MINT countries, including stalled economic reforms and weak legal certainty, which together undermined investor confidence (O'Neill, 2014). Despite these setbacks, BRICS and MINT economies collectively represent what are commonly referred to as emerging economies—countries that have progressed beyond the developing stage but have yet to reach the economic maturity of developed markets (Cook et al., 2015). Their openness to international trade and potential for higher returns continue to attract investors, although such investments are accompanied by risks, including governance issues and corruption, which remain prevalent in several MINT countries (Cohn, 2014; Kenton, 2023). Nevertheless, economic coalitions among emerging economies are viewed as strategic mechanisms for expanding international market access, improving competitiveness, achieving production efficiency, and fostering investment cooperation (Junaidi, 2022).

Indonesia exemplifies the complexities of an emerging market economy. Its economic trajectory has been shaped by historical challenges stemming from prolonged Dutch colonization, which left legacies of resource exploitation, underdeveloped infrastructure, financial instability, and structural weaknesses. In the early years following independence, Indonesia faced severe political instability, inflationary pressures, and a fragmented monetary system, all of which hindered economic consolidation. Although Indonesia has made considerable progress over time, it has continued to experience periods of recession driven by both domestic and global factors (Maesaroh, 2022). To escape the middle-income trap, scholars emphasize that developing and emerging economies such as Indonesia must prioritize structural economic transformation through technological innovation and productivity enhancement, thereby ensuring sustainable and inclusive long-term growth (Chatterjee & Sinha, 2024).

After more than a decade of being recognized as an emerging economy, it is crucial to assess whether this status has genuinely translated into tangible economic progress for Indonesia. Ideally, such recognition should be accompanied by sustained GDP growth, increased foreign investment inflows, structural shifts toward higher value-added sectors, improved global competitiveness, and the expansion of the middle class. Evaluating indicators such as GDP performance, FDI trends, sectoral transformation, ease of doing business rankings, income distribution, technological advancement, and labor productivity is therefore essential in determining the extent to which Indonesia has benefited from its emerging market status and in identifying appropriate policy directions for the future. Accordingly, this research seeks to examine how Indonesia's transition from a developing to an emerging market economy has affected its overall economic performance, with particular attention to its development trajectory over the past decade, changes in foreign direct investment patterns and their underlying causes, and the structural and institutional factors that continue to constrain Indonesia's economic growth potential.

II. Literature Review and Hypothesis Development

2.1. Economic Growth

a. Economic Growth and Development

Economic Growth refers to the increase in the real output of an economy. It is measured through economic indicators; typically using Gross Domestic Product and Gross National Product. Economic Development is a more comprehensive concept which transcends more than just numerical output. It measures a country's wealth, so as to benefit all of its people. Other than real output, economic development assesses other variables like availability of education, literacy rate, life expectancy, and so on and so forth (Acemoglu, 2012). The initial assumption is that an increase in economic growth would immediately indicate

a change in Economic Development. The line of thought was: Economic Growth would lead to more job/opportunities, resulting in higher income levels, reducing poverty. Although economic growth is essential, it does not automatically lead to poverty reduction or improved living standards without inclusive and equitable development. Although economic growth is essential, it does not automatically lead to poverty reduction or improved living standards without inclusive and equitable development. Li, Zhang, and Chen (2022) emphasize that GDP per capita alone is not sufficient to classify economies; factors such as demographics, income inequality, economic structure, and urbanization are also crucial for shaping effective economic policies. According to Bamford and Grant (2014), economic growth is regarded as a positive judgment grounded in measurable indicators, while economic development is considered a normative judgment, as it reflects broader societal values and development goals. Bamford and Grant (2014) explain that the distinction between economic growth and economic development can also be understood through their differing approaches:

- 1) Economic growth is a positive concept, as it can be measured quantitatively, for example, through GDP.
- 2) Economic development, on the other hand, is normative, as it involves subjective evaluations concerning quality of life, social welfare, and equitable distribution.
- 3) Therefore, it can be concluded that normative statements are subjective statements about what ought to happen.

These findings are supported by Todaro and Smith (2015), as cited in Alalawneh (2023), who emphasize the normative dimension of development economics. Similarly, Nobel laureate Amartya Sen (1999) argues that development should be understood as the expansion of human freedoms and capabilities a normative concept that focuses on what development ought to achieve, going beyond mere economic growth.

b. Factors Contributing to Economic Growth

There are certain factors which support economic growth in a country (Cook et al., 2015).

- 1) Natural Resources: Refers to all materials or substances in nature which can be exploited for economic gain.
- 2) Investments: A term used to describe the collection of capital. This factor is concerned in quantity, not quality. A country would benefit and potentially grow as there are high values of investment into the economy.
- 3) Rate of Saving: Much like capital, if individuals under an economy reduces the amount of money for spending, and alternatively flows more money in investment platforms, a high level of saving would result in high level of investments as first gain more finance in order to grow the economy.
- 4) Education and Training: An economy with a more educated workforce is more likely to be productive, hence resulting in economic growth.
- 5) Labour Productivity and Participation: Productivity refers to the quantity of goods and services produced per unit of input. The more productive the labour within an economy is, and the higher the labour participation, the more likely it is for the economy to experience growth.

2.2. Market Classification

a. Market Classification

Countries are often classified based on GDP per capita; developed countries have high figures, while developing nations have lower ones. Additionally, Emerging Economies represent fast-growing markets with strong investment potential. Key differences between developed and developing countries lie in

demographics, income distribution, economic structure, and levels of urbanization (Valliere & Peterson, 2009). Papatheodorou and Pappas (2009) suggest that developing countries should prioritize public investment in education and healthcare to reduce inequality. Sapkota (2022) supports this view, emphasizing that human capital significantly contributes to growth, although in developed nations, increased life expectancy may pose economic challenges.

b. Population Growth and Structure

As a country develops, the population growth diminishes. This however is also followed by death rates as more developed countries have better healthcare for individuals within. Moreover, the population structure of developing countries is more prone to be comprised of younger population, whereas more developed countries have a better balance between all ages (Learn Economics, n.d.). The figure on Appendix A depicts the population growth and structure of developing, developed, and also Emerging Economies.

c. Income Distribution

Income distribution within a more developed economy would be more evenly distributed (Durotoye, 2014). Economic disparity would be larger in emerging countries compared to that of developed countries (Kapsos & Bourmpoula, 2013). The table on Appendix B proves this by showing how developing countries have a very large income gap. The richest 20% in developing countries often control more than 40% of the income, whereas the poorest 20% hold less than 10% of the overall income in the country. Appendix C, shows the gini coefficient of developed countries as opposed to BRIC and MINT countries in 2013. As evident in the table, developed countries have a more even income distribution compared to Emerging Economies.

d. Economic Structure & Employment Composition

There is a trend in industry which takes the larger proportion of both the employment and also GNP percentage of an economy for each economy type. As an economy develops, the primary sector would fall in importance, where the secondary and tertiary sector would increase in importance, with the tertiary sector being the most prominent in developed countries (Imansyah et al., 2004). Appendix D shows the economic structure and employment contributions of developed country UK, Emerging Economies India & Mexico, and the developing country Kenya. As seen in the table, developing countries rely on the primary sector more than emerging countries. The same goes for emerging countries and developed countries.

e. External Trade & Urbanisation

When taking into consideration their commodities, developing countries tend to export raw materials as a result of their more primary-sector heavy economic structure (IMF, 2001). Developing countries also import a lot of manufactured goods as they lack enough manufacturing in-house. Urbanization, the increase in proportion of people living in people and cities, also occurs a very important aspect in developing countries, as the more people move into towns, the higher the chance is for economic growth (Bamford, C and Grant, S. 2014)

2.3. National Income Statistics

a. GDP, GNP, and GNI

Gross Domestic Product (GDP), Gross National Product (GNP), and Gross National Income (GNI) are the most common methods to calculate an economy's income/output over a period of time. Gross Domestic Product, the most commonly used income statistics, assesses the total value added in the production of goods and services in a country (Lavin, 2015). Components of GDP include; C (consumption), G (government expenditure), I (investments), X - M (Net Exports; Exports - Imports). Gross National Product, takes an economy's GDP and takes into account the net property income from abroad in a year (Economic Times, n.d.). Net property income from abroad considers the inflow and outflow of interest, profits, and dividends flowing

in and out of an economy. Gross National Income is another step above Gross National Product (OECD, n.d.). Instead of only solely using the net property income from abroad, it also calculates all the net income received from or paid to abroad. Of these three, real GDP (Real GDP indicates GDP after inflation adjustments) is most often used for calculating economic growth, whereas real GNP is most often used to measure living standards as it takes into account net property income (Callen, 2019).

b. National Debt

National Debt is the accumulation of money that an economy's government (or public sector as a whole) owes over a number of years (Fiscal Data, 2023). A budget deficit in the public finance occurs if the government expenditure exceeds that of its revenue (Vishnava, 2023). A practical example is if the revenue it gains largely from taxes does not cover up for all its expenditures on public health and finance. Government may tackle national debt by printing out more money, or by borrowing (McDougall, 2024). Printing out more money however, has a long-term effect of inflation, hence is often strayed away from. Borrowing can be done through short term or long term means, both of which would result in National Debt. National Debt becomes an economic indicator as it shows how much an economy owes compared to its overall output. Hence why National Debt is often presented alongside GDP (Keep, 2023).

c. Other Economic Indicators

All the previous indicators assess a country's numerical output, as to measure economic growth. There are alternatives to this, which rises as an attempt to measure economic development (World Bank, n.d.). Three main indicators include, Human Development Index, Measure of Economic Welfare, and Multidimensional Poverty index. Human Development Index is the measure of an economy's economics and social development using life expectancy, Year of schooling, and GNI per capita. This index mixes both economic growth calculation (GNI), and takes into consideration real-world quality of life variables in order to assess an economy's economic development (United Nations, 2023). Measure of Economic Welfare is a measure of an economy's GDP, added by the value of leisure time and voluntary work, subtracted with values of environmental damage created by consumption and manufacture within the economy. The premise of Measure of Economic Welfare is to quantify the actual utility of individuals within an economy (Quiros-Romero & Reinsdorf, 2020). Multidimensional Poverty Index is a method of quantifying the rate of poverty in an economy using 3 dimensions of observation; health, education, and living standards (OPHI, n.d.). Since the nature of economic development is hard to quantify, using a combination of multiple indexes (or all of them) would result in a good estimate of a market's economic development.

2.4. Foreign Direct Investments

Foreign Direct Investments are injections of money into a business done by investors who are not of the country in which the business operates. There are three main factors that investors consider most whilst making a decision to conduct foreign investments. The existence of trade barriers, financial sectors, and labour conditions within the country (CFI Team, 2023).

2.5. Hypothesis

Prior to the data collection and analysis, this research hypothesised that ever since its transition into an Emerging Economy, Indonesia has been getting more Foreign Direct Investments into the economy, promoting growth. Some potential investments however may still be hindered due to the corruption level within the country. Moreover it is predicted that after 10 years as an Emerging Economy, Indonesia's growth has increased exponentially (pandemic cast a side). This may however, come at the cost of higher inequality.

III. Research Method

According to Wijayanti, H. T. & Sriyanto, S. (2024), qualitative research methodology generally consists of several main components, including research design, data collection, data analysis and ethical considerations.

3.1 Type of Research

This academic journals, policy reports, alternative literature, and credible databases to systematically examine the theoretical frameworks, empirical findings, and critical perspectives that inform the research topic (Sarjono, H. et al., 2025). The use of secondary data is also essential in providing normative reasoning regarding Indonesia's economic development, offering insight into how the transition to a developing nation has influenced specific economic phenomena within the country. S. Syaifuddin (2024) affirms that qualitative literature-based research seeks to develop in-depth understanding through systematic analysis of relevant theories, empirical findings, and conceptual frameworks.

3.2. Data Colecction Techniques

This research utilises secondary data collection. Various journals, academic articles, official reports, and news articles are used to gain proper understanding regarding Indonesia's economic condition. Moreover, this research makes use of Bloomberg Terminal, an international database, to further gain accurate information for the research.

3.3. Research Approach

This research would make use of certain cases in Indonesia in order to fully explain how its status as an Emerging Economy has affected its economy. To do so certain economic phenomena would be chosen. The structure of the case studies are as follows:

- a. Case Study 1: Indonesia's Economic History
- b. Case Study 2: Foreign Direct Investment Overview of MINT Economies
- c. Case Study 3: Indonesia's Investor Crisis amid 2016
- d. Case Study 4: Tesla's Indonesian Investment Plan and Cancellation

Study employs a qualitative method, as the research question seeks to understand the condition and trajectory of Indonesia's economic growth since its transition to a developing country. The analysis relies on secondary data drawn from various sources to assess Indonesia's development using established economic indicators, as outlined in the literature review. Additionally, this review integrates a wide range of information sources including

IV. Result and Discussion

4.1. Case Studies

- a. Case Study 1: Indonesia's Economic History

Significant economic hurdles have accompanied Indonesia's progress to becoming an emerging market. Notably, the country had three significant recessions in 1963, 1998, and 2020/2021, each caused by diverse circumstances that had long-term effects on the economy and culture. In 1963, Indonesia's combative strategy resulted in a recession marked by hyperinflation and international isolation, with a startling 119%

inflation rate and a 2.24% fall in GDP. Despite following expansion in the 1970s and 1980s, the country had a serious monetary crisis in 1998 as a result of the Asian financial crisis, with a significant 13.13% economic contraction and 77.63% inflation. Furthermore, the 2020/2021 recession, caused by the Covid-19 epidemic, led Indonesia's GDP to fall by 5.32% in the first quarter before gradually recovering with a 7.07% growth rate in the second quarter. This pandemic-induced economic slowdown also led to increased unemployment and poverty rates, with 27.55 million people living in poverty in September 2020, an increase of 2.76 million from the previous year (Maesaroh, 2022).

b. Case Study 2: Foreign Direct Investment Overview of MINT Economies (Information without in-text citation are obtained from Bloomberg Terminal)

In the year 2000, Indonesia's Foreign Direct Investment (FDI) plummeted to -2.8%, marking the lowest point during that period, equivalent to a staggering US\$-4.55 billion. However, in 2011, coinciding with the inception of the MINT acronym, Indonesia's FDI increased from US\$15.29 billion in 2010 to US\$20.56 billion, or equivalent to 2.3% GDP. The similar occurrences happen to Mexico as part of the MINT countries. In 2012, Mexico experienced a decline in Foreign Direct Investment (FDI), which amounted to US\$18.23 billion, representing 1.5% of its GDP. This occurred a year after the introduction of the MINT acronym. However, in 2013, there was a noteworthy rebound, with FDI surging to US\$50.93 billion, accounting for 4% of GDP. On the other hand, China, which is a part of BRICS countries, which was introduced in 2001, a decade earlier than MINT, experiences things differently. In 2000, China's Foreign Direct Investment (FDI) amounted to US\$42.1 billion, accounting for 3.5% of its GDP. And it kept increasing until there was a substantial increase to US\$171.53 billion (3.7% of GDP) in 2008, followed by a remarkable surge to US\$280.07 billion in 2011.

c. Case Study 3: Indonesia's Investor Crisis amid 2016

During the year 2016, Indonesia had major reductions in investment from foreign investors. A major example was the announcement regarding the relocation of 30% of all foreign factories in Batam to other countries; most dominantly Vietnam and Malaysia. These include companies of various industries such as automotive, electronics, and etc. These companies view that there are two major reasons why continuing to operate and invest in Indonesia is problematic for their business (Ariyanti, 2016):

- 1) Uncompetitive market
- 2) Dualism of authority
- 3) Business uncertainty
- 4) Frequent worker demonstrations

The central government has implicitly acknowledged that the national investment climate faces structural challenges. Fundamentally, global investors are inclined to favor countries that offer cost efficiency, strong business protection, economic stability, and promising returns. Regulatory frameworks perceived as unfriendly to investment have prompted a reassessment of existing policies (Baderi, 2016). Findings by Amin and Prasetyo (2024) further highlight the urgency of improving governance, while a report by Katadata (2020) underscores the pressing need for bureaucratic reform to enhance competitiveness in attracting foreign capital.

d. Case Study 4: Tesla's Indonesian Investment Plan and Cancellation.

During the year 2022, Indonesia is eager to be an investment ecosystem for sustainable automotive. This means investments from automotive companies such as Tesla Inc., Ford Motor Co., Hyundai Motor Co., Toyota Motor Corp, and Suzuki Motor Corp. The most prominent news was the statement made by government officials and Tesla representatives alike, stating that Tesla was looking forward to proposing a \$5 billion deal to secure nickel from Indonesia. Tesla CEO, Elon Musk, even went as far as planning a trip to further explore investment opportunities within the Country (Lee & Mokhtar, 2022).

Indonesia is a very logical choice for electric car automotive to expand to as it has a large supply of Nickel. More than a quarter of the global Nickel reserves is held by Indonesia (Lee & Mokhtar, 2022). Nickel itself is a major primary resource needed to develop the batteries for electric vehicles (Lee & Mokhtar, 2022). Indonesia's President, Joko Widodo, suggests that investing in Indonesia is a great opportunity, and he envisions Indonesia to be a production house of entire EV vehicles; not just their batteries (Lee & Mokhtar, 2022). This is done so that Indonesia would have access to the entire supply chain for electric vehicles, which is a sunrise industry, and hopefully expand to a larger market in the future (Ho & Jiao, 2023). Throughout a span of 1 year, the Indonesian government puts efforts to attract Tesla into investing. Some notable efforts were when Indonesia's own Maritime Affairs and Investment Minister visited Elon at Tesla's factory to further elaborate on why investing in Indonesia is the right choice (Purwanti, 2022). Nonetheless, the outcome of this investment is still unclear, and Tesla is still deciding on which country to invest in. Some other candidates include Malaysia & India (Ho & Jiao, 2023).

4.2. Analysis

The economic narrative of Indonesia unfolds as a testament to its resilience, navigating through three distinctive recessions that have intricately shaped its trajectory. The 1963 recession, marked by a combative strategy, led to hyperinflation and international isolation. Despite this, Indonesia exhibited resilience, not only recovering but laying the groundwork for subsequent growth. The 1998 monetary crisis, stemming from the Asian financial crisis, resulted in significant economic contraction and inflation. However, Indonesia once again demonstrated resilience, implementing structural reforms and charting a course toward economic recovery. The recent recession induced by the global Covid-19 pandemic served as a contemporary litmus test, unveiling vulnerabilities while highlighting Indonesia's adaptability. This historical analysis underscores the dynamic nature of Indonesia's economic journey, emphasizing the need for strategic economic policies that delicately balance resilience and adaptability to ensure sustained growth amidst diverse challenges and evolving global economic dynamics.

In the study by Osinubi, T. T., & Ajide, F. M. (2022), a comprehensive overview of Indonesia's position in the global FDI landscape is provided, along with a comparison to the MINT and BRICS countries. According to an analysis by Debuglies, following Indonesia's membership in BRICS, FDI inflows rose by 21.7% in the fourth quarter of 2024. The largest investments came from China (\$12.6 billion), India (\$4.8 billion), Russia (\$3.9 billion), and Brazil (\$2.2 billion), with key sectors attracting investment including energy, manufacturing, digital finance, and infrastructure. This growth signals Indonesia's strategic shift to strengthen its economic cooperation with BRICS countries. In contrast, the decline in FDI in 2000, aligned with global challenges, reflected Indonesia's interconnectedness in the global economy. This period highlighted the vulnerability of the country to external shocks, prompting a reassessment of its economic policies and global standing. However, the subsequent recovery and sustained growth in FDI underscored Indonesia's appeal to foreign investors, demonstrating the country's resilience in attracting capital inflows. Nickel downstreaming has notably accelerated Indonesia's FDI, showcasing the success of its commodity-based investment strategy (Financial Times, 2023).

ASEAN Briefing (2023) reports that foreign direct investment (FDI) in Indonesia reached \$43 billion in 2022, marking a sharp 44% increase from the previous year. This surge was primarily driven by FDI in the base metals sector, particularly nickel, following the government's mineral downstreaming policies. The major contributors to this FDI came from East Asian nations such as Singapore, China, and Hong Kong, further reinforcing Indonesia's status as a prime destination for regional investment. By comparing this trend with Mexico's FDI patterns and contrasting it with China's steady growth, Indonesia's unique economic trajectory is revealed, characterized by its adaptability and responsiveness to shifts in the global economic environment. This comprehensive analysis emphasizes the importance of nuanced and adaptive economic policies that align with dynamic changes in the global landscape, ensuring Indonesia's continued attractiveness for international investors.

A study by Isihak (2018) reveals that the driving factors behind foreign direct investment (FDI) are not uniformly applicable across BRICS and MINT countries. While infrastructure was found to have a significant positive impact on FDI inflows in BRICS nations, it showed no meaningful effect in MINT countries. In contrast, trade activities emerged as a key determinant of FDI in MINT, yet played a minimal role in the BRICS context. These findings highlight the distinct economic characteristics of each country group, underscoring the need for investment strategies that are tailored to the specific structural and contextual conditions of each region. The investor crisis of 2016 serves as a microcosm, offering a closer examination of the intricate challenges that have impeded Indonesia's rapid development. Investor relocations prompted by issues such as market competitiveness, dualism of authority, business uncertainty, and worker demonstrations bring to light underlying structural issues embedded within the nation's economic landscape. The government's acknowledgment of these challenges underscores the necessity for comprehensive reforms aimed at enhancing Indonesia's attractiveness to investors. A deeper analysis of the crisis's impact and the government's subsequent response becomes imperative, offering valuable insights for strategic policy adjustments. This case study serves as a critical lens through which policymakers can identify and address structural impediments to Indonesia's economic progress, fostering an environment conducive to sustained growth. The lessons learned from this microcosm provide a roadmap for mitigating challenges in the broader economic landscape.

The case of Tesla's potential investment in Indonesia stands as a beacon, symbolizing the nation's strategic appeal in the sustainable automotive industry. Abundant significant nickel reserves and proactive governmental efforts exemplify Indonesia's potential for robust economic growth, particularly in emerging industries. However, the uncertainty surrounding Tesla's decision underscores the fragility of maintaining a stable business environment. The ongoing efforts by the government to attract Tesla underscore the importance of active investment promotion, emphasizing the need for a strategic partnership between the public and private sectors. This real-time illustration highlights the need for strategic planning, proactive policies, and stability to secure and retain foreign investments in Indonesia, particularly in sunrise industries. The potential infusion of capital from a global industry leader like Tesla could catalyze economic growth, positioning Indonesia as a key player in the sustainable automotive sector and showcasing the symbiotic relationship between strategic investments and national economic advancement. As Indonesia endeavors to become a hub for sustainable automotive production, the Tesla case study serves as a testament to the nation's aspirations and the importance of fostering an environment that encourages long-term, mutually beneficial partnerships with global industry leaders.

In sum, Indonesia's economic journey, encapsulated through these case studies, reflects a compelling tale of resilience, adaptability, and strategic positioning. From overcoming the challenges of hyperinflation in 1963 to navigating the complexities of the 1998 monetary crisis and weathering the recent storms of the Covid-19 pandemic-induced recession, Indonesia showcases its ability to rebound and evolve. The comparative analysis of Foreign Direct Investment trends with MINT and BRICS counterparts underscores Indonesia's dynamic positioning in the global economic landscape, highlighting its capacity to attract international capital. The microcosm of challenges witnessed in the investor crisis of 2016 serves as a lens to identify and address structural impediments, providing valuable insights for policy adjustments. Furthermore, the potential investment by Tesla in 2022 symbolizes Indonesia's strategic appeal in emerging industries, emphasizing the nation's commitment to fostering a conducive environment for foreign investments. Collectively, these case studies paint a nuanced portrait of Indonesia's economic landscape, urging policymakers to balance resilience with adaptability, navigate global dynamics judiciously, and institute reforms that enhance the nation's attractiveness to investors, ensuring sustainable growth in its journey as an emerging market.

V. Conclusion

As an emerging market economy, Indonesia has encountered both significant opportunities and persistent challenges throughout its development trajectory. Despite historical constraints arising from Dutch colonisation, political instability, and repeated economic crises, Indonesia has demonstrated resilience and gradual economic consolidation. Its inclusion in the MINT grouping has strengthened international perceptions of Indonesia as a promising investment destination, contributing to increased foreign direct investment and broader economic development. The case analyses discussed in this study—including Indonesia's economic evolution, the role of FDI within MINT economies, the 2016 global investor downturn, and strategic investment plans such as those proposed by multinational corporations—illustrate the dynamic and adaptive nature of Indonesia's economic landscape. These cases underscore the importance of maintaining market competitiveness, regulatory clarity, and political stability in sustaining long-term investor confidence.

To further enhance its position as an attractive emerging economy, the Indonesian government must prioritise political stability through consistent and predictable policy frameworks while simultaneously strengthening regulatory governance. Efforts to reduce corruption, improve transparency, and streamline bureaucratic processes are essential in creating a secure and efficient business environment. Continued investment in critical infrastructure—particularly in energy, transportation, and digital connectivity—will play a vital role in supporting economic growth and improving overall competitiveness. From an investor perspective, risk mitigation can be achieved through sectoral diversification, participation in public-private partnerships, and the adoption of flexible investment strategies that can respond to market volatility and structural shifts within the economy. At the firm and academic levels, Indonesian business practitioners are encouraged to foster positive workplace cultures that emphasise ethical conduct, inclusivity, and employee well-being, while actively integrating corporate social responsibility into their operational strategies to enhance reputation and attract socially conscious investors. Embracing innovation, digital transformation, and sustainable practices aligned with international standards will further strengthen productivity and global competitiveness. Future research and policy-oriented scholarship should focus on skills development through education that promotes critical thinking, digital literacy, and entrepreneurship, while also advocating for evidence-based policies that support sustainable economic growth. Expanding international research collaboration and academic partnerships will enrich analytical perspectives and contribute to a more comprehensive understanding of Indonesia's development as an emerging economy.

References

- Acemoglu, D. (2012). Introduction to economic growth. *Journal of Economic Theory*, 147(2), 545–550. <https://doi.org/10.1016/j.jet.2012.01.023>
- Alalawneh, M. M. (2023). Trilogy of FDI, export, and remittances: An empirical study on Jordan's economic development. *Modern Economy*, 14(2), 112–121. <https://doi.org/10.4236/me.2023.142009>
- Amin, N., & Prasetyo, D. (2024). Pengaruh kualitas kebijakan terhadap penanaman modal asing langsung pada negara ASEAN. *Jurnal Ekonomi dan Pembangunan Regional*, 16(1), 55–67. <https://www.researchgate.net/publication/380070028>
- Ariyanti, F. (2016, February 19). 30% pabrik di Batam berencana pindah ke Vietnam dan Malaysia. *Liputan6*. <https://www.liputan6.com/bisnis/read/2440668/30-pabrik-di-batam-berencana-pindah-ke-vietnam-dan-malaysia>
- Baderi, F. (2016, February 17). Investor pergi, ada apa dengan Indonesia? *Harian Ekonomi Neraca*. <https://www.neraca.co.id/article/65605/investor-pergi-ada-apa-dengan-indonesia>
- Bamford, C., & Grant, S. (2014). *Cambridge International AS and A Level economics coursebook* (3rd ed.). Cambridge University Press. <https://ebooks.papacambridge.com/directories/OCR/OCR-ebooks/upload/as%20and%20a%20level%20economics.pdf>
- Bloomberg L.P. (2022a). *China FDI net inflows (% of GDP), 2022*. Bloomberg Terminal.
- Bloomberg L.P. (2022b). *Foreign direct investment net inflow: China (2022)*. Bloomberg Terminal.
- Bloomberg L.P. (2022c). *Foreign direct investment net inflow: Indonesia (2000–2014)*. Bloomberg Terminal.
- Bloomberg L.P. (2022d). *Foreign direct investment net inflow: Mexico (2022)*. Bloomberg Terminal.

- Bloomberg L.P. (2022e). *Malaysia foreign direct investment total net (Q3 2023)*. Bloomberg Terminal.
- Bloomberg L.P. (2022f). *World Bank Indonesia FDI net inflows (% of GDP), 2022*. Bloomberg Terminal.
- Bloomberg L.P. (2022g). *World Bank Malaysia FDI net inflows (% of GDP), 2022*. Bloomberg Terminal.
- Bloomberg L.P. (2022h). *World Bank Mexico FDI net inflows (% of GDP), 2022*. Bloomberg Terminal.
- Bloomberg L.P. (2022i). *World Bank South Africa FDI net inflows (% of GDP), 2022*. Bloomberg Terminal.
- Bloomberg L.P. (2023, September). *Flow of direct investment total: Mexico*. Bloomberg Terminal.
- Borrington, K., & Stimpson, P. (2018). *Cambridge IGCSE and O Level business studies coursebook* (5th ed.). Hodder Education.
- Callen, T. (2019, June 15). Gross domestic product: An economy's all. *Finance & Development, International Monetary Fund*. <https://www.imf.org/en/Publications/fandd/issues/Series/Back-to-Basics/gross-domestic-product-GDP>
- Chatterjee, S., & Sinha, A. (2024). Urbanization, economic development, and income distribution dynamics in India. *arXiv Preprint*. <https://arxiv.org/abs/2410.04737>
- CFI Team. (2023, December 12). Foreign direct investment (FDI). *Corporate Finance Institute*. <https://corporatefinanceinstitute.com/resources/economics/foreign-direct-investment-fdi/>
- CNN Indonesia. (2023, July 25). Ditikung lagi, mengapa Tesla tak kunjung investasi di Indonesia? *CNN Indonesia*. <https://www.cnnindonesia.com/ekonomi/20230725070632-92-977350/ditikung-lagi-mengapa-tesla-tak-kunjung-investasi-di-indonesia>
- Cohn, C. (2014, January 21). BRIC, MINT, CIVETS: Money managers are so over investing in catchy acronyms. *Business Insider*. <https://www.businessinsider.com/bric-mint-civets-acronym-investing-2014-1>
- Cook, T., Riches, C., & Taylor, R. (2015). *Economics for Cambridge International AS and A level*. Oxford University Press.
- Durotoye, A. (2014). The MINT countries as emerging economic power bloc: Prospects and challenges. *Developing Country Studies*, 4(15), 99–106.
- Economic Times. (n.d.). What is gross national product? Definition of gross national product, gross national product meaning. *The Economic Times*. <https://economictimes.indiatimes.com/definition/gross-national-product>
- European Central Bank. (n.d.). *The growing importance of emerging economies*. https://www.ecb.europa.eu/pub/pdf/other/mb201010_focus01.en.pdf
- Fanbasten, N., & Göstas Escobar, A. (2016). *Determinants of foreign direct investment: A panel data analysis of the MINT countries* (Bachelor's thesis, Uppsala University). DiVA Portal. <https://www.diva-portal.org/smash/get/diva2:939333/FULLTEXT01.pdf>
- Financial Times. (2023, November 6). Indonesia's economy is being transformed by a nickel boom. *Financial Times*. <https://www.ft.com/content/66a490e3-9268-4d8d-b7df-d2f901cd0fde>
- Fiscal Data. (2023). Fiscal data explains the national debt. *U.S. Treasury Fiscal Data*. <https://fiscaldata.treasury.gov/americas-finance-guide/national-debt/>
- Ho, Y., & Jiao, C. (2023, September 6). Tesla unlikely to pursue Indonesia plant soon, Panjaitan says. *Bloomberg*. <https://www.bloomberg.com/news/articles/2023-09-06/tesla-unlikely-to-pursue-indonesia-plant-soon-panjaitan-says>
- Imansyah, M. H., Jensen, R. C., & West, G. R. (2004). Economics and finance in Indonesia. *Economics and Finance in Indonesia*, 5(3), 123–141. <https://www.lpem.org/repec/lpe/efijnl/200408.pdf>
- Isihak, S. R. (2018). Determinants of foreign direct investment in fast-growing economies: Evidence from the BRICS and MINT countries. *Financial Innovation*, 4(1), Article 26. <https://doi.org/10.1186/s40854-018-0114-0>
- International Monetary Fund. (2001). *Global trade liberalization and the developing countries: An IMF issues brief*. <https://www.imf.org/external/np/exr/ib/2001/110801.htm>
- Junaidi, J. (2022). The effect of corporate governance, integrated quality management, and social responsibility on competitiveness and operational performance. *Golden Ratio of Marketing and Applied Psychology of Business*, 2(2), 73–91. <https://doi.org/10.52970/grmapb.v2i2.187>
- Kapsos, S., & Bourmpoula, E. (2013). *Employment and economic class in the developing world* (ILO Research Paper No. 6). International Labour Office.
- Katadata. (2020, January 15). Menakar daya pikat investasi Indonesia. *Katadata.co.id*. <https://katadata.co.id/analisisdata/5e9a57af99d9a/menakar-daya-pikat-investasi-indonesia>
- Keep, M. (2023, December 22). *Public finances: Key economic indicators*. UK Parliament, House of Commons Library. <https://commonslibrary.parliament.uk/research-briefings/sn02812/>
- Kenton, W. (2023, September 12). MINTs: Overview, requirements to be included, and history. *Investopedia*. <https://www.investopedia.com/terms/m/mints-mexico-indonesia-nigeria-turkey.asp>
- Lavin, T. (2015, April 29). GDP. *Bloomberg*. <https://www.bloomberg.com/view/quicktake/gdp>
- Li, Y., Zhang, X., & Chen, Y. (2022). Development of the digital economy, transformation of the economic structure, and leaping of the middle-income trap. *China Political Economy*, 5(1), 25–42. <https://doi.org/10.1108/CPE-09-2022-0012>
- Learn Economics. (n.d.). Characteristics of developed, developing and emerging economies. *Learn Economics*. <https://www.learn-economics.co.uk/Characteristics-of-developed-developing-and-emerging-economies.html>
- Lee, D., & Mokhtar, F. (2022, August 18). Tesla must make cars locally, not just batteries, Indonesia's Joko Widodo says. *Bloomberg*. <https://www.bloomberg.com/news/articles/2022-08-18/tesla-must-make-cars-locally-not-just-batteries-jokowi-says>
- Maesaroh. (2022, October 12). Indonesia pernah diterjang tiga resesi, mana yang terburuk? *CNBC Indonesia*.

- <https://www.cnbcindonesia.com/market/20221012140255-17-379180/indonesia-pernah-diterjang-tiga-resesi-mana-yang-terburuk>
- McDougall, M. (2024, January 9). Investors warn governments about high levels of public debt. *Financial Times*. <https://www.ft.com/content/33f85fd6-55ec-45a1-a1b6-69a845726d58>
- OECD. (n.d.). *National income: Gross national income*. OECD Data. <https://data.oecd.org/natincome/gross-national-income.htm>
- O'Neill, J. (2014). The MINT countries: Next economic giants? *BBC News*. <https://www.bbc.com/news/business-25551100>
- Oxford Poverty and Human Development Initiative. (n.d.). *Global multidimensional poverty index*. <https://ophi.org.uk/multidimensional-poverty-index/>
- Osinubi, T. T., & Ajide, F. M. (2022). Foreign direct investment and economic complexity in emerging economies. *Economic Journal of Emerging Markets*. <https://journal.uui.ac.id/JEP/article/view/24306>
- Papatheodorou, A., & Pappas, N. (2009). Growth, inequality and poverty in emerging and transition economies. *Transition Studies Review*, 16(4), 979–992. <https://doi.org/10.1007/s11300-009-0116-8>
- Priangani, A. (1970). Perkembangan BRICS (Brazil, Russia, India, China and South Africa) dalam kancah ekonomi politik global. *Jurnal Kebangsaan*.
- Purwanti, T. (2022, April 27). Cerita lengkap pertemuan Luhut CS bersama Elon Musk. *CNBC Indonesia*. <https://www.cnbcindonesia.com/market/20220427113037-17-335275/cerita-lengkap-pertemuan-luhut-cs-bersama-elon-musk>
- Quiros-Romero, G., & Reinsdorf, M. B. (2020, May 18). *Measuring economic welfare: What and how?* International Monetary Fund. <https://www.imf.org/en/Publications/Policy-Papers/Issues/2020/05/18/Measuring-Economic-Welfare-What-and-How-49438>
- Research Guides. (n.d.). *MINT: Sources of economic information—Introduction*. Library of Congress.
- Sarjono, H., Raharja, R. R., Armelia, K. A., Sindhikara, K., Aulia, R., & Silviya, I. (2025). Kanye West's Adidas era: Influence on branding, consumers, and market response. *Golden Ratio of Marketing and Applied Psychology of Business*, 5(2), 371–378. <https://doi.org/10.52970/grmapb.v5i2.984>
- Sapkota, N. (2022). Exploring the linkage between human capital and economic growth: Evidence from a panel of 141 countries. *Economic Systems*, 46(4), 100999. <https://doi.org/10.1016/j.ecosys.2022.100999>
- Sen, A. (1999). *Development as freedom*. Oxford University Press. <http://www.c3l.uni-oldenburg.de/cde/OMDE625/Sen/Sen-intro.pdf>
- Sprott Asset Management. (2022, March 22). *Nickel: A battery metal powering the EV revolution*. Sprott ETFs.
- Syaifuddin, S. (2025). Understanding the dynamics of collaboration and partnerships: A qualitative inquiry into enhancing competitiveness through strategic alliances and business networks. *Golden Ratio of Marketing and Applied Psychology of Business*, 5(1). <https://doi.org/10.52970/grmapb.v5i1.66>
- Uduak, A., Salisu, I., & Asongu, S. A. (2014). Determinants of foreign direct investment in fast-growing economies: A study of BRICS and MINT. *EconStor*. <https://www.econstor.eu/handle/10419/123616>
- United Nations Development Programme. (2023, November 28). *Human development index*. Human Development Reports. <https://hdr.undp.org/data-center/human-development-index#/indices/HDI>
- UNCTAD. (2017). *World investment report 2017: Investment and the digital economy*. United Nations Conference on Trade and Development. <https://unctad.org/webflyer/world-investment-report-2017>
- Valliere, D., & Peterson, R. (2009). Entrepreneurship and economic growth: Evidence from emerging and developed countries. *Entrepreneurship & Regional Development*, 21(5–6), 459–480. <https://doi.org/10.1080/08985620802332723>
- Vishnava. (2023, November 22). Budget deficit: Definition, advantages, and latest news. *ClearTax*. <https://cleartax.in/glossary/budget-deficit/>
- Wijayanti, H. T., & Sriyanto, S. (2024). Exploring the impact of fintech innovation on financial stability and regulation: A qualitative study. *Golden Ratio of Finance Management*, 5(1), 21–33. <https://doi.org/10.52970/grfm.v5i1.423>