

Global Labor Market Developments and Their Relation with HR Management

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Abstract

Globalization has accelerated economic, social, and political integration between countries, creating an increasingly open and competitive labor market. This has encouraged the mobility of labor across countries, both physically and virtually, and expanded opportunities for individuals and companies to participate in the global economy. Technology, especially the digital revolution, artificial intelligence (AI), robotics, and automation, is a major driver of global labor market change. By 2030, more than 80% of global employers expect technology to revolutionize various industrial sectors and create high demand for new skills, such as programming, big data analysis, and technology literacy. Globalization has become a major factor changing the dynamics of labor markets around the world, including Indonesia. This development requires countries to adjust their labor market policies and structures to be able to compete amidst increasingly competitive and liberal global market pressures. One major trend is the implementation of a flexible labor market system, promoted by international institutions such as the World Bank and IMF in response to the incompatibility of rigid labor markets with global economic conditions. The development of the global labor market due to globalization has brought significant changes to the structure, behavior, and policies of the labor market, including in Indonesia. Human resource management is the key to managing these challenges and taking advantage of these opportunities, through adaptive, inclusive, and knowledge-based strategies to create competitive advantage and sustainable economic growth. The evolution of human resource management in the modern era is marked by digital transformation that changes the way organizations manage their workforce, from manual processes to automation and data-driven.

Keywords: Global Labor Market, Human Resource Management, Evolution of Human Resource Management

INTRODUCTION

The development of the global labor market in the last two decades has been marked by major transformations driven by globalization, technological advances, demographic changes, and geoeconomic fragmentation. Globalization has accelerated the economic, social, and political integration of countries, creating an increasingly open and competitive labor market. This has driven the mobility of labor across borders, both physically and virtually, and expanded opportunities for individuals and companies to participate in the global economy. Technology, especially the digital revolution, artificial intelligence (AI), robotics, and automation, is a key driver of global labor market change. By 2030, more than 80% of global employers expect technology to disrupt various industrial sectors and create high demand for new skills, such as programming, big data analysis, and technology literacy. In addition, the transition to a green economy and demographic changes are also shaping the needs and characteristics of the future workforce.

The impact of globalization and technology has caused competition in the labor market to become increasingly tight. Workers must compete with colleagues from various countries who have diverse backgrounds, skills, and experiences. This drives the need for continuous skill improvement to remain relevant in the global market. On the other hand, companies also face the challenge of recruiting, developing, and retaining the best talent from various countries, while managing the

diversity of cultures, regulations, and expectations of different workforces.(Mariska et al., 2024). In this context, human resource management (HRM) has undergone a significant paradigm shift. The practice of HRM is no longer limited to local personnel administration, but has evolved into a strategic and holistic global HRM. Multinational companies are now required to manage HRM effectively in various countries, taking into account cultural differences, employment laws, and social dynamics in each operational area.(Erlina & Fitriyani, 2023).

Global HR management encompasses the process of recruiting, training, developing, and evaluating employees on an international scale. Its main objectives are to align HR policies with the company's global strategy, create an inclusive work environment, and optimize the potential of each employee regardless of country of origin or culture. Key challenges in global HR management include managing cultural differences, adapting to local regulations, and leveraging technology to facilitate communication and coordination of international teams.(Pradana & Perkasa, 2024). Thus, the development of the global labor market requires companies to adopt adaptive, innovative, and responsive HR management practices to global dynamics. Effective HR management is key to improving organizational competitiveness, ensuring productivity, and creating a collaborative and innovative work environment amidst the ever-changing complexity of the global market.

LITERATURE REVIEW

Global Labor Market

The Indonesian labor market in 2025 shows interesting dynamics amidst global economic uncertainty. Although the world is facing economic and geopolitical pressures, the Indonesian labor market continues to show resilience and positive growth. Based on data obtained from the Central Statistics Agency, it is known that in February 2025, the TPT was recorded at 4.76%, down from 4.82% in February 2024. This figure is the lowest since the 1998 monetary crisis, although the number of absolute unemployed increased slightly to 7.28 million people due to faster growth in the workforce. In the past year, an additional 3.59 million people entered the labor market. The trade, agriculture, and manufacturing sectors are the main contributors to the absorption of new workers, amounting to 980 thousand, 890 thousand, and 720 thousand people respectively. The proportion of full-time workers increased from 65.6% to 66.2%, while the rates of underemployment and part-time workers decreased, indicating improvements in the quality of jobs in Indonesia. The proportion of informal workers increased slightly from 59.17% to 59.40%, indicating challenges in formality and employment protection in the Indonesian labor market.(Statistics, 2025).

Globalization has become a major factor that has changed the dynamics of labor markets around the world, including Indonesia. This development requires countries to adjust their labor market policies and structures to be able to compete amidst increasingly competitive and liberal global market pressures. One major trend is the implementation of a flexible labor market system, promoted by international institutions such as the World Bank and IMF in response to the incompatibility of rigid labor markets with global economic conditions. This system reduces the role of government and provides greater flexibility to corporations in managing their workforce. However, the implementation of this flexibility also poses challenges, such as the loss of social security and worker protection, as well as negative impacts on unemployment rates in several countries.(Siregar, 2024). In addition, technological developments and digitalization, especially the industrial revolution 4.0, have brought fundamental changes to the global labor market. Automation, robotization, and the use of artificial intelligence are replacing routine and repetitive jobs, while creating the need for new, more digital and complex skills. These changes pose major challenges for the workforce, including the need for increased competency and the risk of unemployment due to industrial transformation.(Adha et al., 2020).

International trade and foreign investment also affect the demand and supply of labor, with closer economic integration driving structural change from agriculture to industry and services. Urbanization and economic modernization also change employment patterns and demand for skills in the labor market.(Wijayanto & Ode, 2019). In Indonesia, this change is reflected in the significant transformation of the labor market over the past decades. Globalization, technological developments, and demographic changes require the Indonesian workforce to adapt to remain competitive in the global market. A thorough analysis of the conditions of labor demand and supply is essential to formulating policies that support sustainable and inclusive economic growth.

Evolution of Human Resource Management in the Modern Era

The era of digitalization and the industrial revolution 4.0 presents new challenges and opportunities for HR Management. Technological advances such as artificial intelligence (AI), data analytics, and automation will change the functions of organizations and also the mechanisms in HR Management. The presence of big data and analytics, HR Management can collect and analyze employee data more comprehensively to make the right decisions, such as in performance management, recruitment, and employee retention. However, digitalization also brings its own challenges. The shift towards automation and AI makes some jobs obsolete, while on the other hand the need for new, more complex skills arises. Modern HR Management must be able to navigate these changes by facilitating reskilling and upskilling for employees to stay relevant amidst technological changes. In addition, changes in work patterns such as remote working and hybrid working triggered by the COVID-19 pandemic also require HR Management to adapt to new ways of managing employees, including in terms of mental well-being, motivation, and engagement.(Latriani et al., 2024).

The evolution of HR Management in the modern era is a response to major changes in the global business environment, especially those triggered by advances in digital technology, globalization, and changing workforce expectations. In the past, the role of HR Management focused more on manual administrative functions, such as employee data management, payroll, and conventional recruitment processes. Human resources were viewed merely as a tool to run company operations, without much attention to individual development and empowerment. As technology advances, HR Management has undergone significant transformation. Digitalization has changed almost all aspects of HR management, from recruitment, training, performance evaluation, to compensation management. The use of software, artificial intelligence (AI), and cloud-based applications allows administrative processes to be carried out faster, more efficiently, and more accurately. The recruitment process can now reach candidates globally through online platforms, while employee training and development can be carried out flexibly through e-learning and digital learning management systems.

In addition to operational efficiency, digitalization also encourages HR Management to play a more strategic role in the organization. The use of data and analytics in HR Management is an important tool for data-based decision making, talent development planning, and risk identification in HR management. Predictive analytics helps companies monitor employee performance in real-time and make adjustments according to business needs. This transformation also brings changes to the employee work experience. If previously the HR Management approach tended to be generic, now companies are increasingly emphasizing the personalization of the work experience. Technology allows the customization of development, welfare, and training programs based on individual needs. A more personalized and flexible work experience, such as flexible working hours and online collaboration, is becoming an important part of the modern HR Management strategy.

However, the evolution of HR Management in the digital era also presents new challenges, such as the need to adapt to technology, data security, and management of increasingly complex organizational cultures. HR managers are required to develop digital competencies, build an inclusive work environment, and ensure a balance between technology adaptation and employee welfare. Thus, the evolution of HR Management in the modern era not only increases efficiency and productivity, but also strengthens the strategic role of HR in driving innovation, competitiveness, and organizational growth amidst dynamic changes in the business environment.(Gunawan et al., 2025).

RESEARCH METHODS

This research was conducted by library research. Library studies are conducted by using relevant and available reading sources, related to the topic to be developed, by reviewing, reading and studying documents related to the problem being studied.

RESULTS AND DISCUSSION

The development of the global labor market in the era of globalization is characterized by several major trends:

1. There has been a major shift from agriculture to industry and services, driven by urbanization and economic modernization. This is changing employment patterns and increasing demand for new skills relevant to technological and economic developments.
2. The industrial revolution 4.0 and digitalization have fundamentally changed the way of working. Routine and repetitive jobs tend to be replaced by automation, while there is a high demand for workers with digital and adaptive skills.
3. International trade and foreign direct investment are increasingly opening up access to the global labor market, creating new opportunities but also increasing competition between workers from different countries.
4. Globalization increases labor mobility, both in the form of international migration and the exchange of experts between countries, which has an impact on the dynamics of labor supply and demand in the countries of origin and destination.
5. Changes in the structure of work and technology pose new challenges, such as inadequate social protection and wage inequality across sectors and regions.

Changes in the global labor market require HR (Human Resources) management to transform and adopt more adaptive and inclusive strategies. Here is a discussion of the relationship(Situmorang et al., 2024) (Pradana & Perkasa, 2024):

1. **Challenges of Human Resource Management in the Era of Globalization**
 - a. Global companies face challenges in managing a workforce across cultures, languages, and social norms. HR management needs to build an inclusive and collaborative work culture.
 - b. HR must be able to adopt new technologies and ensure employees have relevant digital skills. This requires investment in continuous training and development.
 - c. Competition to recruit and retain top talent is getting tougher globally. Recruitment, selection and retention strategies are becoming crucial.
 - d. Knowledge management integration is essential to ensure the transfer of knowledge and innovation across global organizations, improving productivity and decision making.
2. **Opportunities and Strategies of Human Resource Management**
 - a. HR needs to design training programs that prepare employees to face global dynamics, such as foreign language proficiency, digital skills, and cross-cultural understanding.

- b. Companies must be able to manage workforce diversity to create a harmonious and productive work environment.
 - c. HR policies must pay attention to workers' social protection, especially in the face of uncertainty due to changes in job structures and technology.
 - d. International HR needs to encourage collaboration and knowledge exchange between company branches in different countries, leveraging the competitive advantages of global diversity.
3. Implications for Indonesia
- a. Indonesia as a developing country with a large population faces similar challenges and opportunities. The transformation of the labor market requires policies that encourage investment in education, skills training, entrepreneurship promotion, and the development of adaptive social protection systems.
 - b. Companies in Indonesia must also adopt international HR management practices to remain competitive in the global market, including talent management, diversity, and knowledge-based innovation.

Human Resource Management (HRM) has undergone significant transformation in the modern era, mainly influenced by the advancement of digital technology and changing organizational needs. Some of the main outcomes of HRM evolution include (Gunawan et al., 2025) (Sucianti et al., 2024):

1. The use of digital technologies such as HR software, automation, and artificial intelligence has transformed the recruitment, training, and performance evaluation processes into faster, more efficient, and more data-driven real-time processes. Digitalization enables more efficient and transparent HR management. For example, the recruitment process that used to take a long time can now be done online with algorithms that help objectively select candidates. Performance evaluations have also shifted from subjective annual appraisals to ongoing assessments based on real-time data, which accelerates employee feedback and development.
2. Modern organizations are moving towards more flexible and decentralized structures, so HR management must adapt to dynamic, collaborative and team-based work models. Although technology provides many conveniences, challenges arise in terms of resistance to change and the need for training to master new systems. The complexity of digital systems requires HR managers and employees to continue learning and adapting in order to maximize the benefits of technology in HR management.
3. HR today leverages data and analytics for more accurate and strategic decision-making, including in talent development planning and data-driven performance management. The HR management approach focuses on personalizing the employee work experience, with development and well-being programs tailored to individual needs, increasing engagement and productivity. Historically, HR has evolved from personnel management focused on administrative and compliance aspects, to strategic HR management that views people as the organization's primary asset. This evolution reflects a changing view of the workforce, from being a mere factor of production to a subject with motivations, needs, and strategic contributions to the organization's success.
4. HR management is no longer just an administrative function, but a strategic partner in achieving organizational goals through talent management and the development of an adaptive organizational culture. HR managers now have a broader role, not only managing administration but also developing HR strategies that support business goals. They must be able to manage diversity, build an inclusive organizational culture, and improve employee engagement and well-being through a personalized and technological approach.

CONCLUSION

The development of the global labor market due to globalization has brought significant changes to the structure, behavior, and policies of the labor market, including in Indonesia. Human Resource Management is the main key to managing challenges and taking advantage of these opportunities, through adaptive, inclusive, and knowledge-based strategies to create competitive advantages and sustainable economic growth. The evolution of HR management in the modern era is marked by digital transformation that changes the way organizations manage their workforce, from manual processes to automation and data-driven. The role of HR Management has evolved to be more strategic with a focus on personal employee development and adaptation to changes in the dynamic business environment. Despite the challenges of technological adaptation, this evolution opens up great opportunities to increase the effectiveness, engagement, and productivity of the workforce in modern organizations.

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