

# Human Resource Development: A Study in ASEAN

Wilson Bangun<sup>#1</sup>

*<sup>#</sup>Doctoral Program in Management Science, Digital Busoness and Law, Universitas Kristen Maranatha  
Jl. Suria Sumantri No. 65, Bandung, Indonesia*

**Abstract** - Human resources are a key factor of production that significantly contribute to individual productivity in a country. Indonesia has the largest population in ASEAN, but its human development index and human capital index are lower than those of Singapore, Malaysia, and Thailand. This study aims to develop a human resource development model based on the global human development index and human capital index. Several indicators are used to measure human resource development, including education, skills, income, and health. This study is qualitative research with utilizes secondary data sourced from the Indonesian Central Bureau of Statistics (BPS RI) and the World Bank. This study will show of progress and overview of human resource development in ASEAN through its indicators. The results show that there has been an increase in the human development index and human capital index, but the increase is very slow. This indicates that the quality and productivity of human resources in Indonesia are still low. Therefore, it is recommended that the Indonesian government develop human resources by improving formal and/or informal education and improving the health of its population through educational scholarship programs and health assistance for the poor. Indonesia needs to increase the number of educational institutions and job training centers to improve knowledge and skills in order to increase work productivity.

**Keywords** - Human resource development, human development index, human capital index, global human capital, Productivity.

## I. INTRODUCTION

Development becomes an indicator that is determined in measuring the welfare of the people. Every country will try to improve the lives of its people through a process of changes in every aspect in a sustainable manner. Development is a process towards a "better" or "more humane" life through three basic components (core values) of development: sustenance, self-esteem, and freedom too. Understanding the term development requires knowing two concepts that people often use interchangeably between economic development and economic growth. Economic development is an effort to improve material welfare that is continuous in the long term which can be seen from the smooth distribution of goods and services (Okun and Richardson). The goals of economic development are reducing or eliminating poverty, overcoming income inequality, and providing jobs in the context of a growing economy (Todaro, 1994). Economic growth is more directed at long-term changes that are slow and steady that occur through increasing savings and population (Schumpeter, 1967).

Towards a superior Indonesia through various indicators of development success achievements including strong investment support, stable inflation, and a solid labor market, stable economic growth since 2005 to 2019, which is around 5 percent, Indonesia's national GDP also increased by US\$ 3,109 and was able to reduce the poverty rate by 9.4 percent from 2000 to 2019.

Indonesia is implementing physical and human resource development towards the aspired superior Indonesia. The current medium-term development plan (2015-2020) focuses on infrastructure development and increasing social assistance programs for education and health care. The government is implementing MRT development, toll road development, fast trains, seaports, airports in various regions in Indonesia. Development is not only seen from the physical side, but another important thing is paying attention to human development.

## II. LITERATURE REVIEW

Humans are the true wealth of a nation. Based on the theory of Classical Economics, labor is a production factor that contributes to the economic growth of a country. Based on several research results, it shows that the labor production factor has a major contribution to Indonesia's economic growth. We know that Indonesia is the country with the fourth largest population in the world and the largest in ASEAN. Indonesia's economic growth should be the best in ASEAN, but it is not, we are inferior to Singapore, Malaysia, and Thailand.

The concept of development can be directed at Human Resource Development which aims to improve the ability (knowledge and skills) to increase individual/group productivity as a contribution to the prosperity of a country's society. Most economists agree that Human Resources (knowledge and skills) are the most important factors determining economic growth, character and speed of a country's social and economic development (Todaro, 1994; Kuznets, 1966; Bauer, 1973; Malthus, 1951; Mill, 1965).

Human Resources are the basic capital of a nation's wealth, while physical capital and natural resources are only passive production factors. A country that does not develop the knowledge and expertise of its people and utilize them effectively in the development and management of the national economy, then the country will not be able to develop (Fredrick H. Harbison, 1973). Developing human skills and knowledge can be achieved through the formal education system (Todaro, 1984). Formation of Human Capital: the process of obtaining and increasing the number of people who have skills, education and experience that determine the economic and political development of a country (Jhingan, 1975).

Human Resource Development, the components that serve as guidelines for measuring human quality, namely the Human Development Index (HDI) and Human Capital Index (HCI) (Figure 1).



Figure 1. Human Development Component.

Therefore, human factors are very important to consider for development. There are two measuring instruments that serve as guidelines for measuring human quality, namely the Human Development Index (HDI) and the Human Capital Index (HCI). Human Development Index (HDI): introduced by UNDP in 1990 and published periodically in the annual Human Development Report (HDR) which explains how people can access development results in obtaining income, health, education, and so on. This index will measure the quality of human life through measuring instruments of income, health, and education.

Since 1990, the Human Development Report has published a human development index that defines prosperity more broadly than Gross Domestic Product (GDP). The United Nation Development Programme (UNDP) defines human development as a process of determining and expanding one's choices (HDR 2014). The goal of development is to create and adapt to the environment to achieve prosperity. In addition, the quantity and quality of humans will be needed to achieve human development. The HDI aims to measure the achievement of human development through three indices, namely, life expectancy, education (literacy rate and average years of schooling), and the standard of living index, calculated by a simple average. The Human Development Index (HDI) is a measurement by comparing three components, namely, (1) life expectancy, (2) literacy, and education, and (3) standard of living. The three components are a unity in an index that is calculated by a simple average: life expectancy index, education index (literacy rate, and average years of schooling), and a decent standard of living index. Measurement applies to all countries around the world, used to classify a country into a developed country, a developing country or an underdeveloped country. HDI can be used to measure the success of efforts to build the quality of human life of a country or region. Measurement can also be used to determine the impact of economic policies on quality of life. HDI can be used to measure the

achievement of human development, namely developed countries, developing countries, and underdeveloped countries. Measurement can also be used to understand the impact of economic policies on quality of life.

A new idea about development places humans as the subject or center of development. In this case, the United National Development Program (UNDP) defines human development as a process to determine and expand its choices. To meet human needs through the development process from various aspects such as the development of relevant facilities and infrastructure. It can be said that the purpose of development is to create and adapt it to the environment to achieve human welfare. Of course, inseparable from achieving its goals, the quantity and quality of humans will be needed so that it is very related to human development.

Overall, determining the ranking in the HDI classification for countries that agree to it is divided into three large groups, namely, (1) low HDI, with figures ranging from 0.00 to 0.50; (2) medium category, with values ranging from 0.51 to 0.79; and (3) high category, with values ranging from 0.80 to 1.00. It should be noted that the HDI measures the level of human development in relative terms, not absolutely. Figure 1 shows the HDI in countries in the United Nations (UN) region.

Life Expectancy at birth is a projection measured from the People's Welfare indicator. The life expectancy index contains two types of data used in the calculation, namely children born alive (ALH) and children still alive (AMH), based on UNDP provisions, the upper limit is set at 85 years and the lower limit is 25 years. The education component is measured by two indicators, namely, literacy rate (Lit), and average years of schooling (mean years school/MYS). The literacy rate is the average population aged 15 years and over obtained from the ability to read and write from Latin letters and other letters. The average length of schooling indicator is the average number of years spent by the population aged 15 years and over, calculated with data on the level/class currently/ever passed and the highest level of education. The calculation for these two indicators, for the average length of schooling and for reading and writing. Based on the agreement, member countries set the maximum limit at 100 and the number zero for the minimum, meaning that a condition of 100 percent describes the entire population aged 15 years and above being able to read and write, and the number zero for the opposite condition.

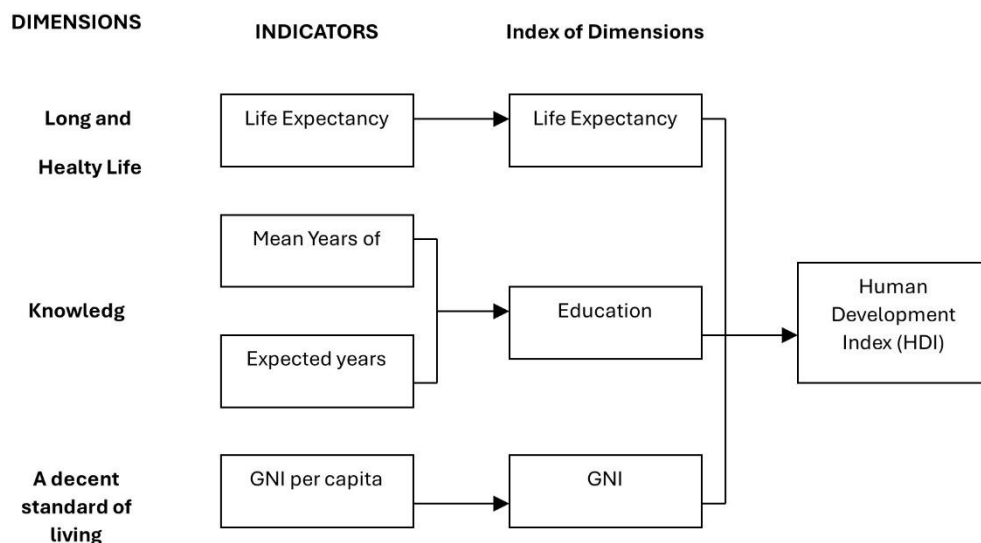


Figure 2. Dimension and Indicators of HDI.

The components of a decent standard of living are measured using an adjusted average real consumption indicator. To measure this component, UNDP uses the adjusted real GDP per capita indicator, the reason for this is the difficulty of obtaining other better indicators for comparison purposes between countries. Regulation of the Minister of Manpower and Transmigration Number 13 of 2012, states that Decent Living Needs (KHL) are the standard needs of a single worker/laborer to be able to live decently physically for one month's needs

### III. RESEARCH METHOD

This study was conducted using a descriptive method by comparing human resource development in Indonesia with countries in Southeast Asia (ASEAN). Human resource development includes three components,

including: Human Development, human capital, and global human capital. For each component, an index is calculated through each indicator, so that a comparison of human resource development in Indonesia with ASEAN can be known. Sources of data from the Republic of Indonesia Statistics Bureau and the World Bank. Then processed through a predetermined formula, then poured into a chart.

#### IV. RESULT AND DISCUSSION

Comparison of HDI is a picture of the existence of a country's development, useful for improving low aspects for future development progress. Comparisons are usually made with countries of the same class, one region, the same category, even at the world level, aiming to determine the level of development in a country. In the ASEAN region, Indonesia's HDI at the world level decreased from 0.728 (ranked 107) to 0.629 (ranked 122) in 2010 and 2019, or was ranked fifth in ASEAN after Singapore, Malaysia, Thailand, and the Philippines. Overall, the HDI in every country in the ASEAN region decreased except Singapore which increased from rank 25 in 2010 to rank 18 in 2019.

Based on the data shown by the Human Development Report, UNDP, 2013 along with its indicators, it shows that the development of Indonesia's Human Development Index from 1980 to 1990 increased from 42.2 to 47.9, included in the low category, then increased again to 52.6 in the medium category. In its development, Figure 4.1 shows that Indonesia's Human Development Index increased slowly from 2010 by 66.53 to 79.62 in 2019, which is in the medium category. The development of Indonesia's Human Development Index over a period of 32 years increased by 0.21 or 49 percent, an average of 1.53 percent per year from 1980 to 2012. Among the Human Development Index indicators, life expectancy increased by 12.2 years, average length of schooling increased by 2.7 years and school expectations increased by 4.6 years, while per capita income increased by 225 percent or an average of 7 percent per year.

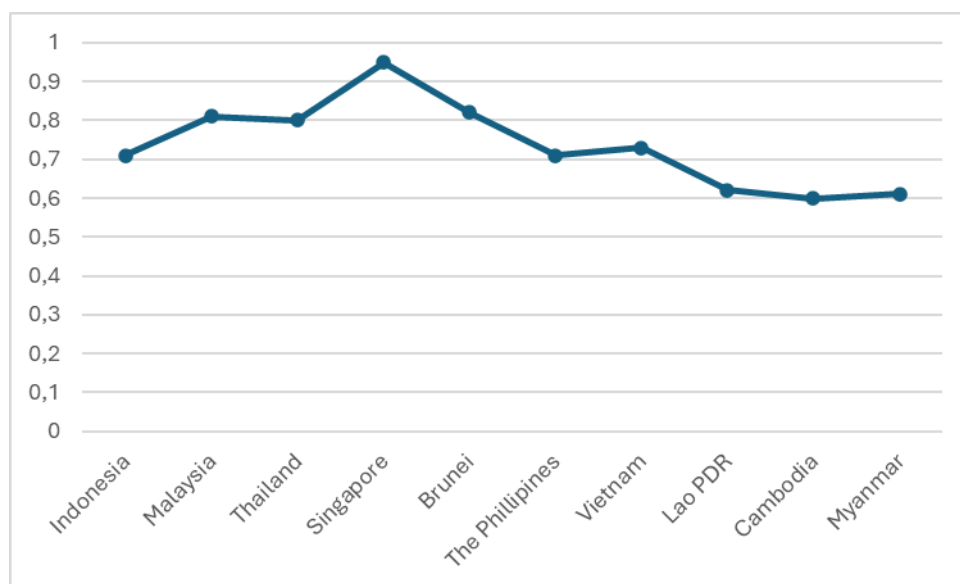


Figure 3. ASEAN HDI, 2024

World Bank: measured through indicators: knowledge, skills, and health – of the productive population. In general, the Human Capital Index shows how a country's government policy improves the health and education factors of its population so that they have the potential to be a workforce in the future. This indicator is used as a parameter to see the quality of a country's human resources to produce economically. Quality Human Resources will contribute to economic development in a particular country.

Based on these indicators, Indonesia has an HCI value of 0.53. This means that Indonesians born now until the age of 18 can only achieve 53 percent of their total maximum productivity potential. This figure shows that Indonesia is ranked 87/157 or 6<sup>th</sup> in ASEAN. This requires the Indonesian government to improve its education and health aspects in order to catch up with other countries in the world, especially Southeast Asia. Otherwise, it is feared that Indonesia will have difficulty competing amidst the current pace of global competition. In this position, the World Bank assesses that Indonesia is experiencing a weakening investment in human resources over the past few years. Therefore, Indonesia must increase investment in education and health.

Indonesia has low skilled human resources (Bangun, 2022), this condition results in an inability to innovate to keep up with the demands of digital technology in the industrial era 4.0. If this situation is not fixed immediately, it will have an impact on greater poverty levels. Therefore, modern society always oppresses marginalized people like this. Many developed countries dominate the economies of underdeveloped countries.

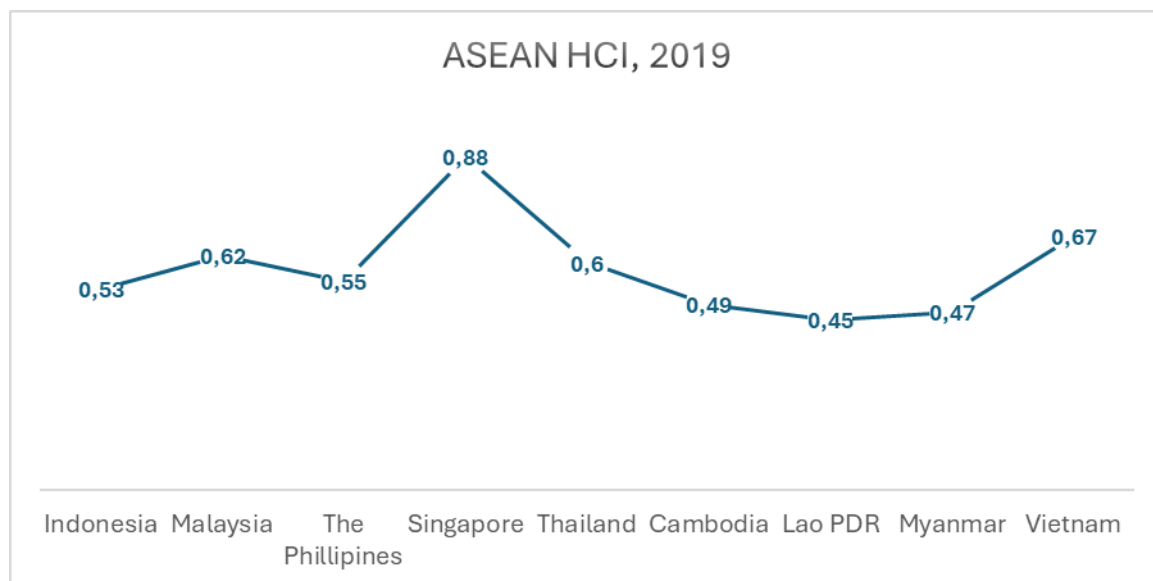


Figure 4. HCI of ASEAN, 2019.

There is another version that measures how human resources contribute to a country's development, namely the World Economic Forum (WEF) version which publishes a similar index in its publication "Global Human Capital Report" (GHCRC). In the Global Human Capital index, Indonesia is ranked 65th out of 130 countries. Similar to the World Bank version, Indonesia's position is worse than five ASEAN countries and better than three other ASEAN countries. The difference is, the WEF version places Indonesia higher than Brazil, which is one of the BRICS member countries.

## V. CONCLUSION

Humans are the true wealth of a nation. Based on the theory of Classical Economics, labor is a production factor that contributes to the economic growth of a country. Based on several research results, it shows that the labor production factor has a major contribution to Indonesia's economic growth. We know that Indonesia is the country with the fourth largest population in the world and the largest in ASEAN. Indonesia's economic growth should be the best in ASEAN, but it is not, we are inferior to Singapore, Malaysia, and Thailand. Therefore, the human factor is very important to pay attention to for development. In this webinar, talking about Human Development, it also includes human resource development. Therefore, there are two measuring instruments that are used as guidelines for measuring human quality, namely the Human Development Index (HDI) and the Human Capital Index (HCI)

## ACKNOWLEDGMENT

I want to thanks the Dean of the Faculty of Law and Digital Business at Maranatha Christian University for financial support in publishing this research. I would also like to thank my wife and sons: Nita Sitepu, Christian Deswinta Bangun, dan Soni Eduardo Bangun for their moral support in completing this research.

## REFERENCES

- [1] Bangun, Wilson. (2021). *Pembangunan Sumber Daya Manusia: Teori dan Kasus di Indonesia dan Negara-negara ASEAN Lainnya*. Jakarta; Rajawali Pers.
- [2] Bangun, Wilson. (2020). Employee Production Factor in Economic Development (A Study in Indonesia). *Journal of Computational and Theoretical Nanoscience*, 859–863.
- [3] Bangun, Wilson. (2021). Competitiveness and Human Resource of Indonesian on ASEAN Economic Community. *Review of International Geographical Education Online*, 1445-1452.
- [4] Biro Pusat Statistik Republik Indonesia, 2020.
- [5] Harbison, F. H. (1973). *Human Resource as the Wealth of Nation*. . Oxford: Oxford University Press.

- 
- [6] Human Development Report, 2013, The Rise of The South Human Progress in a Diverse World. Publish For The United Nation Development Programs.
- [7] Jhingan, M. L. (1983). *The Economics of Development and Planning*. New Delhi: Vicas Publishing House.
- [8] T.W. Schultz (1961). *Investment in Human Capital*. AFR.
- [9] Todaro, Michael P (1994). *Economic Development*. Indonesian. Jakarta: Bumi Aksara.
- [10] World Bank. (2019). <https://www.worldbank.org>
- [11] World Economic Forum. (2017). *Global Human Capital Report*. <https://weforum.o>.