

Investment In Improving Human Resources In Improving Indonesia's Development Economy

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Abstract

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Preliminary

The progress of a country is supported greatly by the advancement of Human Resources as an economic, educational, social, political, and scientific driver as well as the economic progress of development. In the presentation "Human Resources Development for Economic Development" Brenda King (Member of the ACP-EU Follow-up Committee) and Eric Osei (London Development Agency) mentioned that the Development Economy is very critical in every country and it is influenced by the government directly through serious investments in Education & Training, Manufacturing Industry, Entrepreneurship & job creation, Physical infrastructure, public services, health, R&D, and investment branding. In some of these indicators, Education and Training is the first and foremost factor that gets a serious role.

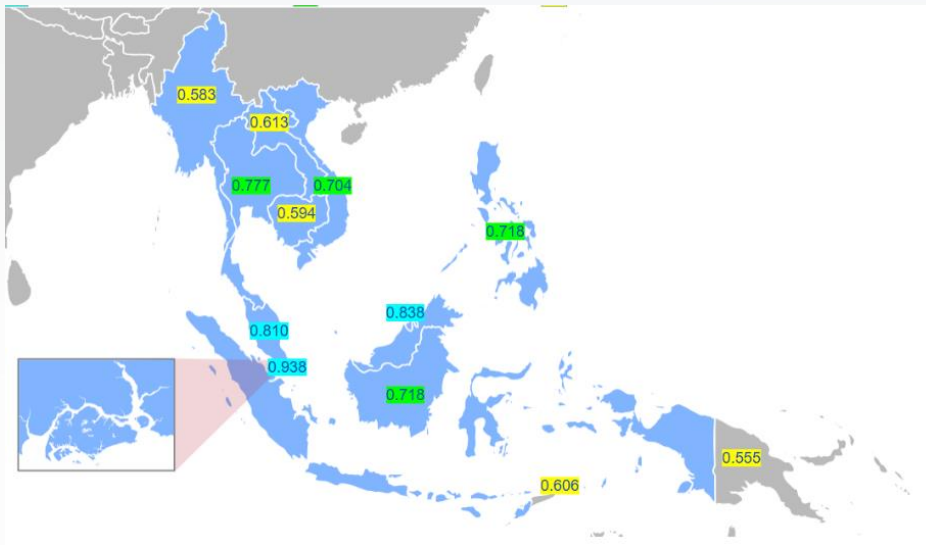


Figure 1.1 Distribution Map of Southeast Asian Countries' Human Development Index
Source: Human Development Index, 2021

Seen on this map that Indonesia with a widespread area is still ranked middle which is ranked 5th in terms of HDI with a lift of 0.718. The above information also shows there is still a lot of potentials that can be developed in Indonesian Human Resources such as diverse cultures, diverse natural resources, strategic location and is the largest island nation should make Indonesia HDI further above the country of Singapore, Malaysia, Thailand whose vast country is smaller than Indonesia.

Theoretical Review

Maddux, Lu, Affinito, and Galinsky (2021) in his book explains that a development economy is a form of the process of increasing total income and per capita income by calculating the increase in the population accompanied by fundamental changes in the economic structure of a country, as well as income equality for the population for a country.

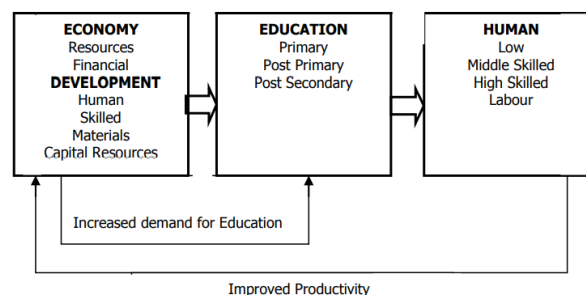


Figure 1.5 the Economic Growth-Education-Human Resources Development
Source: M. Bakare, 2020

The economy of this development cannot be separated from economic growth. Economic development will encourage economic growth, and vice versa, economic growth will launch various economic development processes. In the development economy, the people in the country will act as the main actors and the government will play a role as a guide and supporter of the developing economy. According to [Martin, Stirling, Thorne, and Watt \(2009\)](#), economic development depicts the income level development of the peoples whereas human resource development outlines development of the skills, knowledge and capability of the peoples. Mainly the strategy covers various employee welfare activities that are adopted by the organizations. Various requirements of the personal lifestyles are required to be maintained in order to motivate and satisfy stakeholders. Mainly HR development strategies are including factors like “economic, social, political, cultural, educational, physical, biological, mental and emotional traits of the peoples related to any organization or country economy” ([Zhang, Xu, Zhang, & Yang, 2021](#)). Income is a small part of the managing human resources. Individuals are posing diversified needs, which negotiate employee motivation and satisfaction .However, Qerimi, [Qerimi, Hasani, and Rexha \(2014\)](#) criticized that managements are required to maintain the Human Development Index (HDI) and United Nations Development Program (UNDP). These policies are increasing certain complexity in making smooth transition in employee development and change.

Empirical Finding

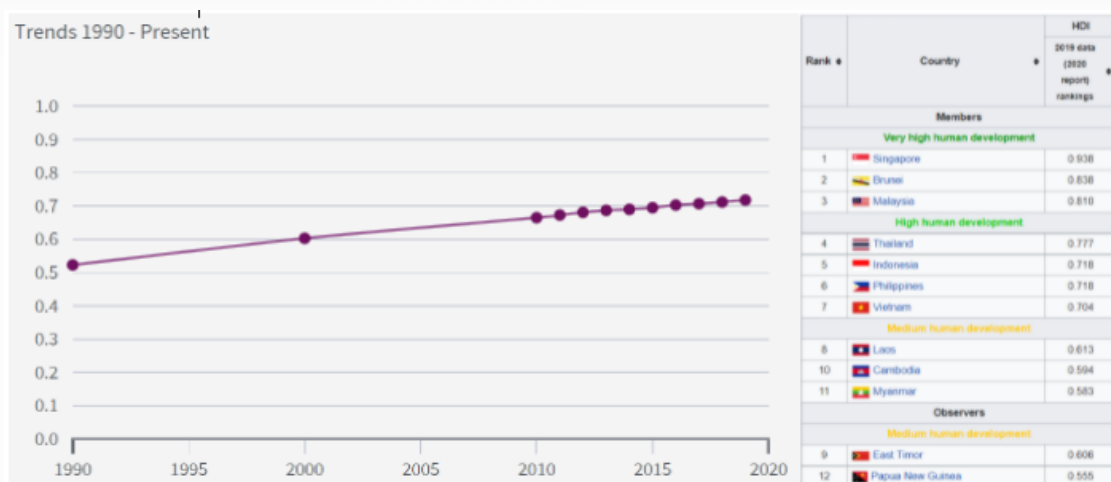


Figure 1.2 Indonesia HDI Growth Chart 1990-2020
Source: Human Development Index, 2021

The comparison of 1990-2000, 2000-2010, and 2010-2020 in [figure 1.2](#) are clear that there is a slowdown in the improvement of HDI Indonesia which is directly proportional to the rapid technological advances in Indonesia. Therefore, there needs to be a serious hr improvement plan for Indonesia to have better development than HDI because it will increase the economic potential of significant development. HDI is directly proportional to the economic condition of the country judging by the development of GDP, for example, are Singapore ([figure 1.4](#)) and Indonesia ([figure 1.5](#)).

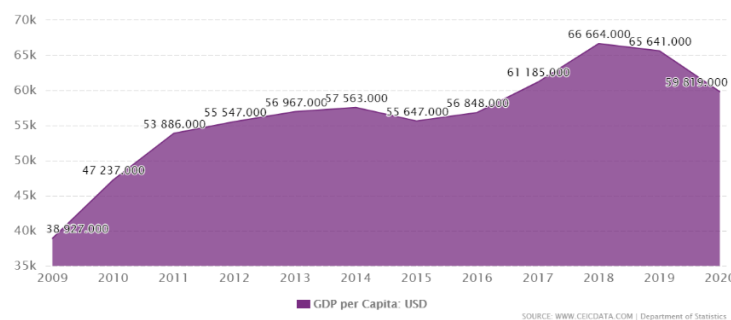


Figure 1.3 GDP growth and HDI value of Singapore
Source: Human Development Index, 2021

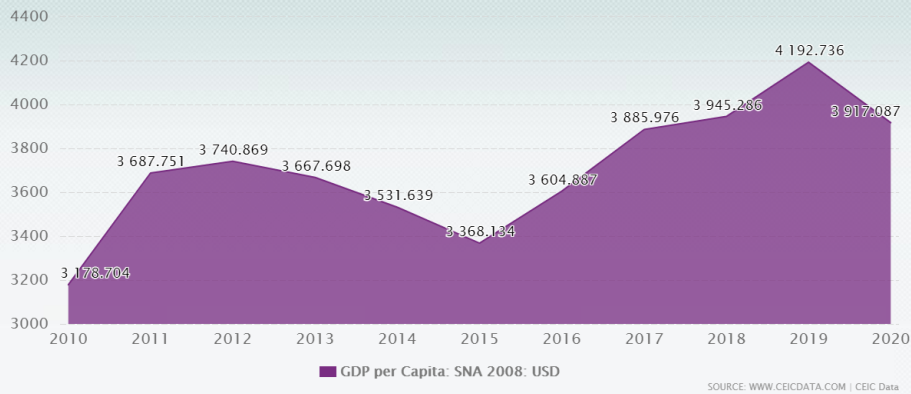


Figure 1.4 GDP growth and HDI value of Indonesian
Sumber: Human Development Index, 2021

The Government Work Plan (RKP) year 2020 as the first year of implementation of RPJMN 2020-2024 takes the theme "Improvement of Human Resources (HR) for Quality Growth". "Human capital is the determinant of growth and the key to global competitiveness. To be qualified and competitive, human resources must be educated, skilled, characterful, healthy, and productive," said Minister Bambang. "These Five National Priorities are supported by the Ministry or Institutions through the determination of Priority Programs, Activities and Projects, and supported by the Local Government through programs and activities of Regional Devices according to the division of Mandatory Affairs and Electable Affairs" explained Minister Bambang. One of the fundamental challenges facing Indonesia in the world of work, especially labor-intensive industries is the low quality of labor. In fact, in the era of industry 4.0 that demands stiff competition, this country needs skilled human resources (HR) with a qualified level of education in order to compete with other countries. Based on industrial technical data, out of the 128 million job structures created in Indonesia, the number of competent people in their fields is only 40 million workers (33 percent). It is understandable if it refers to as many as 55 million workers as only graduates of elementary school (SD), followed by 16 million other workers who graduated from junior high school (SMP). A large number of unedited workers was ultimately correlated with the resulting product. If a job is done by skilled personnel then the quality of the product will certainly be better. This is where the problems facing Indonesia's labor-intensive industries, the majority of which are driven by unskilled workers because they are only predominantly low-educated.



Figure 1.6 Open unemployment rate 2019-2020
Source: Databoks, 2021

Open unemployment rates with a university education background have increased the most among others. This condition will cause the supply and demand of workers in Indonesia will be

increasingly disrupted so that there need to be real steps from 3 parties, namely the Government, Educational Institutions, and Companies.

Concluding Comments

The conclusion line of this discussion is human development is a major and important factor in improving the Economic Development of a country and it is the shared responsibility of both the Government, Education and Industry Players (Companies) to form a superior human resources improvement ecosystem.

Three Lead Actors will perform their respective roles as follows:

Government

According to the World Bank Implementing, Good Governance is a way of power used in managing various social and economic resources for community development and also the practice of applying the authority to manage various affairs in the implementation of the state politically, economically, and administratively at all levels. Good Governance has 8 main characteristics. It is participatory, consensus-oriented, accountable, transparent, responsive, effective and efficient, fair and inclusive, and follows the rule of law.

Empirical evidence published in the 2011 journal Ottverik Mattias in "Good Governance and Human Development: The Case of China and India" and Sebudubudu [Sebudubudu \(2010\)](#) "The impact of good governance on development and poverty in Africa: Botswana - A relatively successful African initiative" states that Good Governance has a positive influence on HDI (Human development index).

Education

Improving the vocational element even more in learning activities and restructuring the curriculum so that the involvement of learners in the industry is more real and more varied. examples of activities:

1. Certified internship.
2. Build an integrated Information System related to labor needs and forecasting of industrial development.
3. Curriculum updates to better meet the needs in the industry or company.

Industry or Company Players

Industry Players are an important factor in providing jobs for the community. In helping to improve the quality of HDI / HDI Indonesia industry players through the Association or independently contribute as follows:

1. Develop curriculum recommendations on areas of work that require an educated and skilled workforce.
2. Innovation competition on the problems faced in the industrial sector for students, students, or the public.

In the context of Human Resource Management Science it is very important to view human beings as subjects that can develop and have a lot of potential and how to expand their potential with motivation and a supportive ecosystem. As a cover of this discussion I would like to quote a saying that "A person who feels appreciated will always do more than what is expected".

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