

HUMAN RESOURCE: TO INCREASING INDONESIAN COMPETITIVENESS ON ASEAN ECONOMIC COMMUNITY

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Abstract: *Human resources is a key factor to increasing competitiveness on free competition in the ASEAN region. Indonesia has the largest population in ASEAN, but it has the lowest of skilled labor human resource. This study aims to explain the role of human resources in increasing competitiveness of Indonesia on the ASEAN Economic Community. This research is an empirical study using secondary data from variety of relevant sources. Assessment conducted on countries in Shouteast Asia. The results of this study indicate that Indonesia has the skilled human resource lowest in the ASEAN-5, only slightly above the the Phillipines and CLMV. This situation results competitiveness of Indonesia is lowest in ASEAN-4. If this is not addressed quickly will have an impact on other aspects, thus aggravating the competitiveness of Indonesia on the future. One important solution for Indonesia is to increase the quantity and quality of our people education.*

Keywords: *ASEAN, ASEAN Economic Community, Competitiveness, Human Resource, Indonesia.*

1. INTRODUCTION

Consequences of the agreement of the ASEAN Economic Community (AEC) will lead appear to competition between countries in the ASEAN region. Formation of AEC is expected to encourage the unity base of ASEAN production that is supported by the free flow on goods, services, labor, and capital (investment), or hereinafter referred to as the single market (Bank Indonesia, 2012). Competition determines how a country can support the performance, such as innovation and cohesive culture. Therefore something a country must to determine the right strategy to win the competition.

Human resources have an important role to improve the competitiveness of a country (Bangun, 2014). The world of work requires skilled human resources to improve the efficiency in winning the global competition. Therefore, the various countries in ASEAN will compete to obtain the skilled human resource to increase competitiveness.

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In era of AEC will open the traffic of skilled human resource, thus the Indonesian human resource demanded to able to compete globally. The number of Indonesia population is the largest in ASEAN, thus a great potential to win the competition in the global market. However, with the number of human resource amounted to 67 per cent of number of Indonesia's population, competitiveness is lowest compared to Singapore, Malaysia, and Thailand, or on a par with the Philippines and Viet Nams (Bangun, 2014). Indonesian human resource will be competition with skilled human resource from neighboring countries. Under these conditions, Indonesia is required to improving human resource quality to win the competition in the ASEAN region.

Indonesia has a great chance to win the competition with countries throughout the ASEAN region. Indonesian human resource have to increased the education to pursue be left behind the human resources of countries in the ASEAN region. Indonesian human resource have to created to have the knowledge and skills to be able to select, manage, and use those resources appropriately in order. Also, to produce the managerial reliable and high professionalism in managing an increasingly competitive business. This study aims to determine the development and capabilities of human resources in Indonesia in the AEC.

2. LITERATURE RIVEW

2.1. Competitiveness

The each country will compete to occupy the top spot on all aspects. Competitive strategy is the search for a favorable competitive position in an industry, the fundamental area where competition occurs (Porter, 1994: 1). Competitive strategy aims to determine the favorable position of the forces of competitors. Therefore, the high competitiveness is imperative for the country to achieve it, because without it harder for countries to survive and compete.

World Economic Forum (WEF) in the Global Competitiveness Report (GCR), (2015) defines that competitiveness is the ability of a country achieve growth of Gross Domestic Product (GDP) per capita is high. The competitiveness of a country is a fundamental factor for determining a country competitiveness. According to the Global Competitiveness Report (2015), the competitiveness of a country is determined by three factors: Basic requirements (consisting of institutions, infrastructure, macroeconomic environment, health and primary education), Efficiency enhancers (consisting of higher education and training, goods market efficiency, labor market efficiency, financial market development, Technological Readiness, market size), and Innovation and sophistication factors (such as business sophistication, and innovation).

2.2. Population and Human Resources

Population can be seen from the side of supply and demand in the development economics, the demand side as a consumers, while side of supply as a manufacturer. The second viewpoint is equally important in economic development for the same contribution to economic growth. A country with a large population has a high growth rate of economy.

Demographic situation in developed countries is relating the positively, population growth will increase the income per capita. This is due to the readiness of the savings increasing the investment to meet the needs of the community. Rapid population growth will be the consumer as a source of national income. Similarly, from the other side, the increase of population will create jobs increasingly widespread with the growth of new producers. Actually, a positive relationship is meant here, population growth is a productive workforce. The surge in population growth has not been accompanied adequacy of capital for investment and lack of skilled human resource and knowledgeable, so that factors of production can not be managed properly. Things like this do not add to output and can not meet people's needs, ultimately lowering the national income. This situation will have an impact on the lack of employment lead to greater unemployment.

For a country that has a amount and a slower population growth will be a challenge in the provision of labor. Not infrequently of developed countries obtain the human resource from other countries the redundant of human resource. As a consequence of this action the lead to high labor costs, so the impact on the reduction of corporate profits.

In contrast to the conditions experienced by developing countries, it has a rapid population growth so that the availability of a large workforce. For example, Indonesia has a large population growth rate of nearly five per cent per year, the workforce is a competitive advantage because of the low wage levels. However, that the problem here is the suitability of the quality of its human resources with the needs of the job.

Blueprint based AEC (Bank Indonesia, 2012), workers classified as skilled labor is referred to as the human resources of skilled and unskilled. In general, skilled human resources are defined as workers who have the knowledge, expertise or specialized skills in the formal education of high school graduates to university or equivalent to it. For the type of work that requires a high capability, the company will have difficulty obtaining qualified workers in areas or countries, amounting to a large population but have the knowledge and skills are low. Except for the type of work on the products missal, such work was not concerned about the high level of education and skills. The most appropriate way to solve such problems is to improve education and training to balance the development of these technologies.

3. METHODOLOGY

This research was conducted in the member countries of ASEAN. This study was conducted to determine the development of competitiveness and existence human resources in Indonesia, then compare it with other ASEAN countries. The study used secondary data obtained from the GCR to determine the sequence of competitiveness, and the data of population and human resources obtain from Central Bureau of Statistics of Republic Indonesia (Biro Pusat Statistik Republik Indonesia/BPS R.I.), and a partly of the World Bank.

4. RESULTS & DISCUSSION

Table 1 shows that the competitiveness of Indonesia is in fourth position among countries in the ASEAN region (no data for Brunei Darussalam). WEF puts the competitiveness of Indonesia under Singapore, Malaysia, and Thailand. The change of Indonesia competitiveness in ASEAN rose 15 highest ranking from 2008 to 2012. GCR, (2015) shows that the Innovation and sophistication factors contributed the least to the competitiveness of Indonesia. There was a slight increase on skilled human resource as a cause of the increasing in the competitiveness of Indonesia in 2012 (Bappenas, 2012).

Table 1
Ranked Competitiveness in the countries of the ASEAN region, 2008 and 2014
(no data for Brunei Darussalam, Lao PDR and Myanmar)

<i>No</i>	<i>Country</i>	<i>2008</i>	<i>2012</i>	<i>2014</i>	<i>Alteration</i>
1	Singapura	5	2	2	3
2	Malaysia	21	25	20	1
3	Thailand	34	38	31	3
4	Indonesia	55	40	34	21
5	Filipina	71	65	52	19
6	Vietnam	70	65	68	2
7	Kambodia	109	85	95	14

The negative impact of economic globalization lead to competition in the employment, if the quality of Indonesian human resources are not raised quickly, then the Indonesian human resource opportunities will be taken by foreign workers. Efforts need to be done so that Indonesia be a “winner” in the AEC in 2015 is improve the skilled human resources.

According to the BPS R.I, (2015), the labor force is a section of the population aged 15 years and over who can be employed at one or more specific areas of work. In this context the workforce in question is human resources is the largest number in ASEAN. Number of Indonesian human resources in line with the increase in the number of penduduk. Indonesia’s total population of 224.48 million

in 2005 to 252.81 million in 2014 or increased by an average of 1.58 percent per year (World Bank, 2015).

Figure 1 shows that the population increase was followed by number of human resources, in 2005 amounted to 106.38 million increased to 120, 29 million in 2014 (World Bank, 2015). The increase amounted to 13.91 million, or 13.08 percent, an average of 1.64 percent per year, it could be predicted that 50 years later the number of Indonesia's human resource amounted to 202.29 million. International Labor Organization (ILO), (2014) released that the total labor force was estimated at 125.3 million in February 2014, an increase amounted to 5.2 million compared to August 2013, or 1.7 million compared to February 2013. The labor force participation rate is estimated at 69.2 percent and the number of people who work in February 2014 reached 118,2 million.

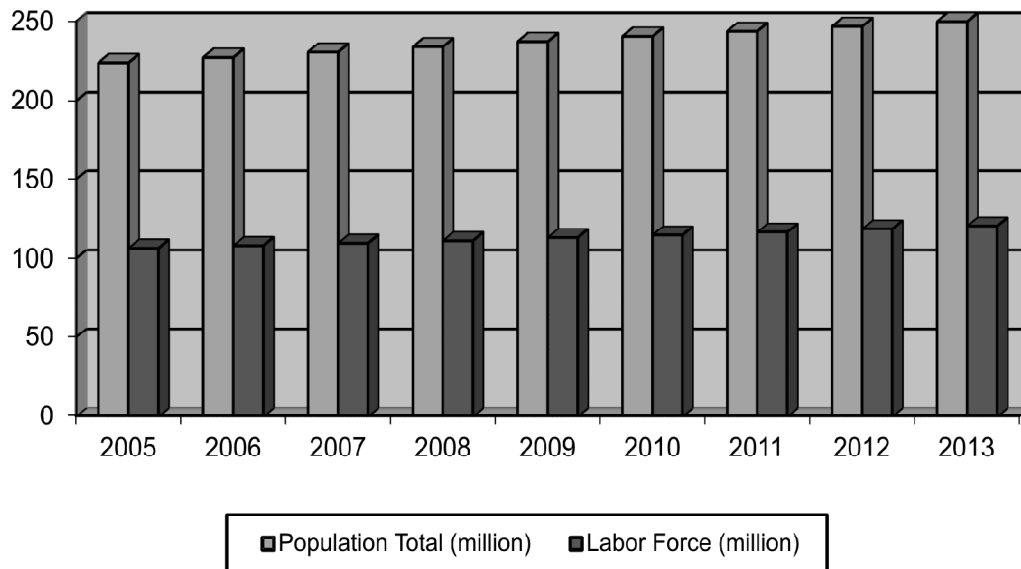


Figure 1: Population and Indonesian Labor Force

Figure 2 shows that development of human resources from 2004 to 2014. Indonesia has the skilled human resources are relatively small to manage natural resources are abundant. Unskilled human resource educated of junior high school (Sekolah Menengan Pertama/SMP) decreased by 0.80 percent from 2004 to 2014. Then, unskilled human resource educated of primary school (Sekolah Dasar/SD) experienced a big drop are the amounted 12.30 percent from 2004 to 2014. In general, the composition of human resources during the years 2004-2014 is still dominated by junior high school and primary school though the trend continues to decline.

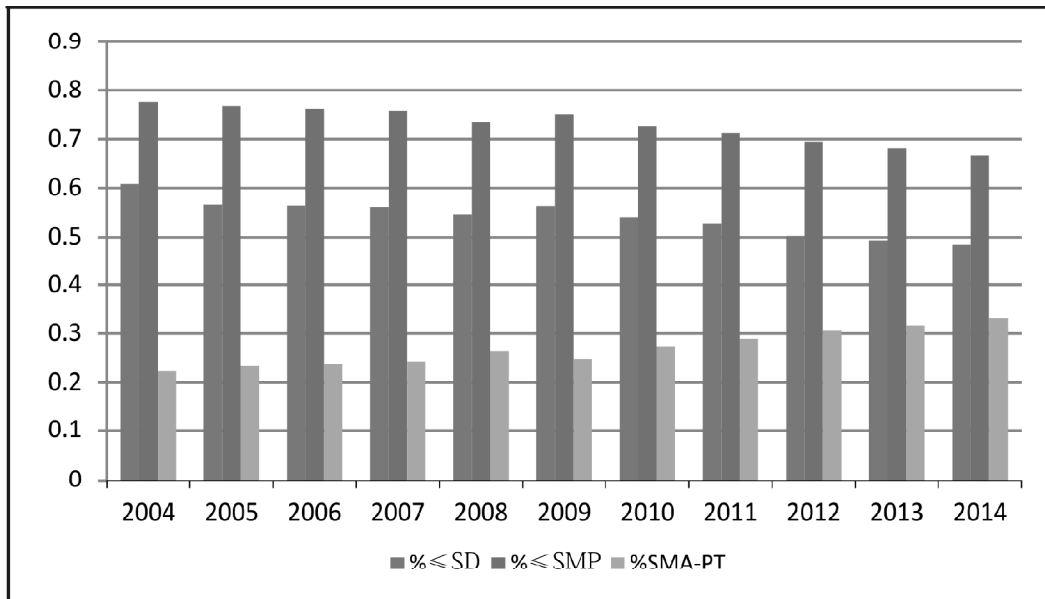


Figure 2: The Level of Education of Indonesia Human Resource

Generally, the unskilled human resource declined from 77.7 percent in 2004 to 66.9 percent in 2014. Conversely, skilled human resources increased amounted to 10.79 percent from 2004 to 2014. The proportion of less educated human resource has decreased, while the proportion of human resource increased. This trend is supported by government policy implemented through the nine-year basic education program as well as easy access to education, the number of human resources educated elementary and secondary schools are expected to decline. Instead of human resources had educated of universities are expected to continue to increase, this situation is expected in the structure of human resources in the next few years will be increased compared to previous years (Setkab 2014). Therefore the government of Indonesia must prepare human resources educated senior high school (Sekolah Menengah Atas/SMA) upward through a twelve-year education program.

5. CONCLUSION

AEC implementation, demanding of Indonesian has the skilled human resources to improve the efficiency in winning the competition on AEC. Indonesia must prepare skilled human resources to continuous. Indonesian has the skilled human resources is the lowest in the ASEAN-5, it has only 33.1 percent. Indonesia is still a shortage of skilled human resources in large quantities. Feared, key positions in Indonesia occupied by skilled human resources from neighboring countries. To overcome these shortcomings, the Indonesian government should issue a education

program twelve years, and provide assistance to the poor citizen, free of charge for the cost of education for elementary school to high school. Moreover, the acceleration of informal education, the Indonesian government needs to implement a training program for people who work in the informal sector, particularly for the agricultural sector. Therefore, governments need to establish or increase the number of institutions or public vocational training centers.

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