HUMAN CAPITAL IN INDONESIA ON ASEAN

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ABSTRACT

Human resource contribute greatly to Indonesia economic growth. Indonesia has the largest population in ASEAN. Approximately 40 percent of Indonesian human resource are in Southeast Asia. However, Indonesian economic growth is still lagging behind that of Singapore, Malaysia, and Thailand. This study aims to determine the development of human resources in Indonesia against ASEAN. This study aims to determine the increasing of the human capital index through indicators: knowledge, skills, and health. The research method used is descriptive research by analyzing the existence and development of Indonesian human resources towards ASEAN. This study uses data sourced from the World Bank, there are three indicator to measuring Human Capital Index, namely the knowledge, skills, and health. The results of this study indicate that the human capital index of Indonesia are lower than those of Singapore, Vietnam, Malaysia, Thailand, and Phillipines. The development of Indonesian human capital can be done through improving education and the health sector. Indonesia must improve its education and health aspects so that it can catch up with other countries in the world, especially Southeast Asia. Therefore, Indonesia must increase investment in education and health.

Keywords: Human Capital; Human Capital Index; Indonesia; ASEAN

RESEARCH HIGHLIGHTS

• Human Resources are the basic capital of a nation's wealth, while physical capital and natural resources are only passive factors of production (Jhingan, 1983). 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, the country will not be able to develop (Harbison, 1973). To develop human expertise and knowledge can be achieved through the formal education system.

• Human Capital is the process of acquiring and increasing the number of people who have the skills, education and experience that are decisive for the economic and political development of a country (Jhingan, 1983).

• Human Capital Index (HCI) is the measuring population productivity through indicators: knowledge, skills, and health (World Bank, 2019). The Human Capital Index aims to knowing the government policies of a country are to improve the health and education factors of its population so that they have the potential to become the workforce in the future. This indicator is used as a parameter to see the quality of human resources in a country to produce economically. Quality Human Resources will contribute to the economic development of a particular country (Bangun, 2021).
Research Objectives

Several the developed countries dominate the economies of underdeveloped countries (Bangun, 2020). Poverty occurs as a result of the capability deprivation by the modern against the marginalized. This poverty will have an impact on low economic growth, this is the cause of the inhibition of a countries development. Poverty leads to hunger, inadequate nutrition, unavailability of medicines, and inadequate clean water and sanitation facilities. Therefore, the focus on human capital development is education and health. So that human capital investment the process of improving the ability to increase the work productivity as a contribution to the prosperity. Work ability is measured trough knowledge and skills. The work quality is knowing trough work ability. For improving of work quality a country could do trough improving number of skilled human resources is to improving of education aspect. World Bank (2019) designed the Human Capital Index to measure population productivity through indicators: knowledge, skills, and health. The World Bank (2019) designed the Human Capital Index to measure population productivity through indicators: knowledge, skills, and health. This condition shows that Indonesian HCI is lowest in ASEAN. As the purpose of this study is to describe the factors of human capital in Indonesia on ASEAN.
Methodology
This type of research is descriptive research with a qualitative approach. This study aims to describe the factors that shape human capital that occurs in Indonesia compared to countries in Southeast Asia (ASEAN). Various references related to human capital are obtained from various sources which serve as the basis for understanding the concept of human capital. The data used are related to knowledge, skills, and health as indicators to measure the human capital index (HCI). The HCI value is in the range of 0 to 1. The higher the HCI value of a country is closer to 1, the higher the productivity of its population is supported by indicators of knowledge, skills, and health. HCI data for Indonesia and countries in Southeast Asia are obtained from data provided by the World Bank and the World Economic Forum. Then an analysis was carried out to find out clearly the comparison between Indonesian HCI with ASEAN.

Results
The data of Global HCI (GHCI) show that Indonesia is ranked 65th out of 130 countries in the world. Similar to the World Bank version, Indonesian position is worse than the five ASEAN countries and better than the other three ASEAN countries. However, the World Economic Forum (WEF) version places that position of Indonesia higher than Brazil, which is one of the BRICS member countries.

The increasing importance of the role of human resources in the development requires increased investment to improve the quality of Indonesian human resources. One of Indonesian development missions is the development of human resources. Therefore, Indonesian government must prepare for the development of human resources from an early. Otherwise Indonesia will lag behind other countries in the world and ASEAN.

Indonesian human capital are not increase in education or skills. This situation is also accompanied by people who do not have the ability to keep up with all-digital technological developments in the industrial era 4.0.

Education is very important to pay attention to raise the mobility of the marginalized from powerlessness. The gap between capable and marginalized people in Indonesia is very high. Human Resource Development in Indonesia is a hope to minimize this gap.

Findings
Indonesia HCI value of 0.53, this means that Indonesians born now until the age of 18 years old later can only reach 53 percent of their total maximum productivity potential. Data shows that Indonesia is ranked 87th of 157 countries or number 6th in ASEAN. The data of World Bank (2019) show that Indonesia's human capital index increased from 0.53 in 2018 to 0.54 in 2020. This condition shows that Indonesian HCI is at number 6 in ASEAN after Singapore, Vietnam, Malaysia, Thailand, Philippines. This condition shows that investment in human capital in Indonesia has been weakening in recent years.
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References


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