

Human Capital Development Challenges During the COVID-19 Pandemic

Eva Nadya^{1*}, Maryam², Filia Hanum³, Kasmaniar⁴, & Arsyad⁵

¹Student of Accounting Program Study, Faculty of Economics, Universitas Serambi Mekkah, Indonesia

²Accounting Program Study, Faculty of Economics, Universitas Serambi Mekkah, Indonesia

^{3,4,5}Management Program Study, Faculty of Economics, Universitas Serambi Mekkah, Indonesia

*Correspondent Author: Eva Nadya, Email: neva83594@gmail.com

Abstract

The concept of human capital and strategic human resource management are critical to ensure success. Human capital is crucial to increase assets and give long-term advantages to both an enterprise and a country. However, the COVID-19 pandemic which began in early 2020 and still continues today is the reason behind the issues of health deterioration and low life expectancy rates. Similarly, the quality of learning suffered severe disturbance during the pandemic. As a result, this situation is critical for the overall development of human capital in Indonesia. The government's challenging task in the future is to develop a plan to ameliorate the situation in different affected areas such as health, education, and employment. This article examines various literature and supporting data that are relevant to the role of human capital in development in a country, current conditions, obstacles, achievements, and strategies that must be implemented in the framework of recovery from disruptions caused by the global economic crisis and the COVID-19 pandemic, both of which disrupted the overall economic order. This report also illustrates how Indonesia's situation improves human capital while also highlighting its successes.

Keywords: Human Capital, Strategic Management, COVID-19 Pandemic, Human Development

1. Introduction

In the past decade, human resources, particularly human capital, have played an essential role for both specific institutions and the nation as a whole. This crucial function is essential for sustaining a competitive advantage and maximizing productivity. Therefore, knowledge and communication play a crucial role in the concept of human capital (Birasnav et al., 2011). This essential idea can be transformed into a large quantity of information, creativity, technical abilities, and organizational experience. Thus, human capital possessed by the labor force becomes a productive asset (Koch & McGrath, 1996).

Perspectives on research and learning are difficult to articulate. Similarly, regulating human resources is the most demanding task when compared to managing other organizational resources. Because human resources are the rarest and most complex resources in a knowledge-based economy. As a result, managers focus their strategy on the organization's tangible characteristics, such as technology and the use of physical and financial resources. Other realities include the current characteristics of the global economy, the rise of events such as the global economic crisis, and technological growth that continues to accelerate in step with the times. Globalization makes advantage of contemporary technology to create new and diverse products (Eakin & Lemos, 2006). This condition does not necessarily give the organization a competitive edge on its own. So, for businesses to get the competitive edge they want, they need to focus on other important things, like human and intellectual capital (Bontis, 2001). Additionally, it affects improving organizational survivability.

Since the early of 2020, the COVID-19 pandemic has ravaged the globe. Numerous nations have been impacted by its devastating effects. Rich and poor nations are fighting against the COVID-19. This epidemic has also had a negative impact on the development of human capital, as nearly all activities in nations around the world have been paralyzed and the economy of countries around the world have been severely weakened (Hamouche, 2021). Meanwhile, every country on the planet is striving to combat and minimize the number of COVID-19 and its derivatives. At the same time, the most critical task that must be performed is economic recovery.

This literature review contributes to the role of human capital in a country's development, current conditions, obstacles, successes, and strategies that must be implemented in the context of a good recovery against disruptions caused by the global economic crisis and the COVID-19 pandemic, which simultaneously disrupts the global economic order. This study also demonstrates how Indonesia's condition boosts human capital and concurrently its accomplishments.

2. Method

This research is a literature review that examines numerous sources pertaining to human capital issues and the difficulties associated with the COVID-19 pandemic in Indonesia. In addition, there is a discussion on human development and its limitations, as well as the position of Indonesia's human development index in comparison to that of other ASEAN nations. This analysis was supported by the data from the United Nations Development Program Human Development Index in 2020, the Centre for Statistics (BPS) in 2020, and the World Bank in 2018 and 2020. In addition, this study examined relevant literature, case studies, and expert opinions concerning the discussion of credible national and worldwide literature. In addition, this study described the connections between studies and pertinent prior research pertaining to human development and its obstacles during the COVID-19 epidemic.

3. Results and Discussion

3.1 Human Capital

Human capital is a very important part of how an organization or country grows and changes. This important role needs to be kept up and improved over time so that it can keep going. Human capital is usually thought of as the knowledge, skills, and health that people gain over the course of their lives. This role gives him a chance to show what he can do to make a positive and useful contribution (Chen & Huang, 2009; Wright et al., 1994). Human capital continues to grow, and its function can reduce poverty and illiteracy, and produce a prosperous and prosperous community. Therefore, it is essential to invest in people by providing nutrition, health care, decent education, skills, and employment (World Bank, 2018).

The effects of ignoring the growth of human capital have a big effect on how a country changes and how its economy grows. Because of this, countries won't be able to keep their economies growing without the important role of human capital. Having a workforce that is ready for more skilled jobs in the future is almost impossible. Also, it will be hard to compete successfully in the global economy.

The human capital index measures how much health and education affect the productivity of the future work force. Each country can use it to figure out how much they lost because they didn't have enough human capital. Also, how quickly can they turn a loss into a gain if they act quickly now (World Bank, 2018).

Human capital is property, equipment, and financial capital. Physical capital's

share in developed countries' GDP has fallen dramatically since the last century. Human capital has grown. Increased human capital in GDP generated the knowledge economy. This capital is used to produce goods and services. Human capital is not a simple input because it plays a complex function in producing products or services. Human capital can adapt or moderate itself and other stimuli, demonstrating innate talent (Valverde et al., 2013). Human capital refers to knowledge, education, job competence, and psychometric evaluation (Heijde & Van Der Heijden, 2006; Namasivayam & Denizci, 2006).

The concept of human capital is rooted in the economics literature (Dakhli & De Clercq, 2004; Mathur, 1999). Human capital is not physical capital or financial capital. In reality, this capital has been defined as one's knowledge, abilities, creativity, and health (Lawton & Rajwani, 2011; Pasban & Nojedeh, 2016). Some experts believe that human capital, physical capital, and financial capital are different aspects of capital, but the difference stems from the fact that individuals cannot be separated from their skills, health, and values, while they can be separated from assets and property. Therefore, the most sustainable and biodegradable capital is human capital. Formal education and training are vital tools for increasing production capacity (Roco & Bainbridge, 2002). Furthermore, consider human capital investment as a criterion for educational enrollment. There are several definitions of human capital, each emphasizing a particular aspect of human capital.

According to the new definition of human capital, it consists of a person's traits, life skills, knowledge, creativity, invention, and energy, which they use to their profession (Faggian et al., 2006). Human capital is the investment of human resources to increase their efficiency. In fact, the cost of this investment is reserved for future use. Therefore, learning organizations choose to invest in individuals, because people are valuable human capital with different qualities (Widarni & Bawono, 2021). In general, organizational capital is the unified collection of qualitative characteristics, such as education, skills, and culture, that provide value to the firm (Lawton & Rajwani, 2011; Pasban & Nojedeh, 2016).

3.2. Indonesia's Human Capital Position in ASEAN Countries

The Human Development Index (HDI) is an indicator that measures the quality of human life development achievements. In 1990, the United Nations Development Program (UNDP) created an index emphasizing the significance of the role of persons and their resources in a country's development (UNDP, 2020). In general, this index comprises of average achievement metrics for three major dimensions: human growth, lifespan and healthy living, knowledge, and a reasonable level of living. People's life expectancy is used to calculate the dimensions of longevity and healthy living. Meanwhile, the average length of schooling for residents aged 25 and up, as well as the predicted duration of schooling for inhabitants aged 7 years, are used to calculate the knowledge dimension. Meanwhile, adjusted real spending per capita can be used to quantify this aspect of a fair standard of living. Since 2010, Indonesia's HDI estimations have steadily increased. However, decreasing development due to the COVID-19 epidemic that has devastated Indonesia and spread throughout the world may provide problems to regional national HDI growth in 2020. Slowing rise in HDI was generally affected by slower growth in life expectancy and education. Furthermore, it was followed by a decline in real expenditure per capita as a result of the slowing of economic growth.

Comparison of the development of the human capital index, especially in Southeast Asian countries, Indonesia is in sixth position (World Bank, 2020). Singapore leads the human capital indicator, which has a value of 0.88 in general (on a scale of 0-1).

Singapore is recognized as one of the best in the world for the quality of learning and education. Furthermore, health-care quality has improved, resulting in a long-life expectancy. Indonesia will be surpassed by Singapore in 2020.

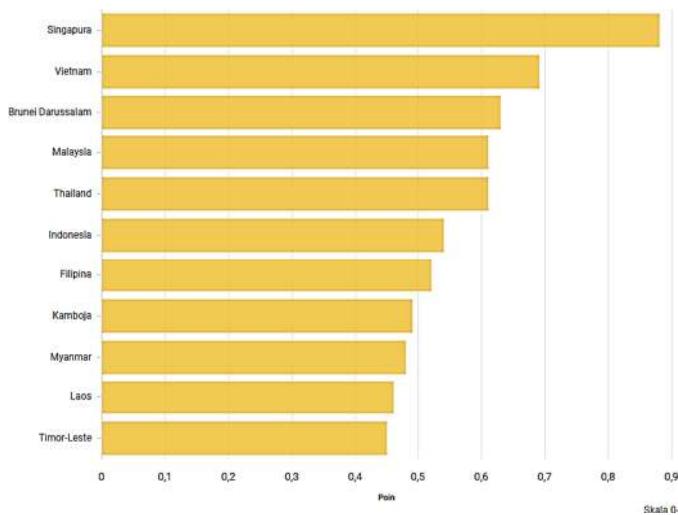


Figure 1. Human Development Index in ASEAN 2020

Source: (World Bank, 2020)

In 2020, Singapore will surpass Indonesia, with human development index being 0.54 points, which is the same as the HDI in 2018. The HDI value for Indonesia is 0.69, which puts it below Vietnam. Also, Brunei Darussalam and Malaysia have an HDI of 0.63 and 0.61, respectively. Thailand, on the other hand, is one step above Indonesia and is in fifth place with

0.61 points. Also, the World Bank says that Singapore has the highest human capital index value of any country in the world. HDI World Bank's data from 174 countries shows that changes in a country's health and education systems have a big impact on the productivity of the next generation of workers. This number is calculated based on a number of factors, such as the death rate and stunting of children under five, the amount and quality of education, and the ability to survive as an adult.

In the upcoming year, it will be difficult for the government to enhance aspects such as education, health, and a reasonable level of life. Consequently, it is a challenge for the government to improve it in the following years.

3.3. Human Capital Development in Indonesia and Its Achievements

The COVID-19 pandemic has wreaked havoc on nations around the world for longer than the past two years. The disturbance of the normal course of human life is also impacted by this pandemic. As a result, the epidemic has seriously impeded human development. There will be a slowing in HDI growth as a result of the pandemic's effects in numerous nations around the world. Even signs of a decrease brought on by the pandemic have been observed. Despite the fact that Indonesia is not exempt from this pandemic, we should be grateful that Indonesia's HDI in 2020 only expanded more slowly than it did the year before. During the COVID-19 pandemic, the issues of decreasing HDI growth were mostly brought on by sluggish increase in life expectancy and education, as well as decreased real expenditure per capita as a result of the slowdown in economic growth.

Additionally, regional human development inequalities and accomplishment statistics from prior years have been adjusted. The HDI successes and disparities at the provincial level are relative, vary across all provinces, and are slowing down in growth in

2020. The inequalities tended to be lower in areas where previous development accomplishments were similar.

Indonesia must improve its human resources rapidly. This must be done or economic development and inequality will become worse. If the government does not pay attention, citizens' conditions will improve. The pressure to improve HR is high. This must be done to solve some major issues, including: 1) Most Indonesians lack skills (low skills); 60% of the workforce is high school-educated or less, which affects Indonesia's performance; 2) potential jobs that have expanded in recent years were filled with workers with irrelevant expertise (skill mismatch); 3) current job opportunities are not filled by skilled people (Nagel, 2018).

3.4. Impact of Human Capital Development Obstacles in the COVID-19 Era

Over the course of more than two years, the COVID-19 pandemic has spread to every nation on earth. Similarly, Indonesia, a country with a sizable population, has been severely affected by this pandemic. Significant disruptions to the order of human life and the accomplishment of human development are also caused by this disease. HDI growth slowed in a number of countries throughout the world. As a result of COVID-19'S restrictions on human activity and migration, several nations have even witnessed a major fall in their HDI growth (Badan Pusat Statistik, 2020).

COVID-19 also had an impact on Indonesia's HDI growth, but the rate of growth in 2020 has decreased marginally compared to the previous year. Slowing HDI growth during the COVID-19 pandemic was caused, among other things, by a decline in life expectancy and education. Furthermore, as a result of the slowing of economic growth, the government's actual per capita expenditure fell. Indonesia's HDI growth in 2020 was significantly slower, increasing by only 0.03 percent, substantially less than the previous year's rise of 0.74 percent.(Badan Pusat Statistik, 2020). Indonesia must understand IT, technology, and international markets to meet huge changes. Changing Indonesia's low-potential workforce into high-quality workers takes time.

Humans are actors, executors, and connoisseurs of development by fostering an atmosphere of freedom and openness (Dale, 2013). As a result, development actors must first fully understand the issue before coming up with novel solutions. The ability to choose and get information mastery is a necessary skill. In addition, a higher degree of education is one approach to acquire more knowledge and abilities that suit the current needs. The ability to gain knowledge is a valuable tool when looking for or developing chosen alternatives. The goals to be attained can be developed based on that.

It takes diligent labor over time to reach the required level. Advanced technology and human resources that can absorb knowledge are required for quality resources. In addition, cultivate a strong work ethic and competitive spirit. The following stage is to develop positions that fit those qualifications.

4. Conclusions

Human capital is critical to the development of society, improvement of life quality and income, expansion of knowledge, skills, and productive capacity, economic growth, and poverty reduction. The outcomes of the Indonesian government's attempts to improve the quality of human capital, particularly in education, health, and the millennial generation strive to constantly increase human capital. The government devotes 20% of its budget to education, training, and skill development.

In ASEAN countries, Indonesia has a lower human capital development index than Singapore which has a human capital development index of 0.54 points (this HDI value is the same as the previous year). With an HDI value of 0.69, Indonesia is still below

Vietnam. Brunei Darussalam (0.63 points), Malaysia (0.61 points), and Thailand (0.61 points) are one level above Indonesia (in fifth place) with a value of 0.61. The human capital index value in Singapore is the highest of all. Based on the HDI survey results for 174 countries, it is clear that changes in a country's health and education affect and shape the productivity of its workers for the next generation. This value is based on the following factors: the death rate and height of children under five, the amount and quality of education, and the ability to stay alive as an adult. Since early 2020, when the COVID-19 pandemic started, Indonesia's health and life expectancy have been getting worse. During the pandemic, there were also big changes in how well people learned. In the coming years, the government will have to work hard to make a plan to improve this situation in areas like health, education, employment, and others.

The COVID-19 pandemic has made people all over the world realize how important it is to invest in building up the ability to prepare for and respond to a pandemic. Strengthening the national health sector is a top priority for Indonesia. This will continue to be done by improving health facilities, helping medical staff, and giving out vaccines. Aside from health, the momentum to improve Indonesia's HDI score needs to be followed up with a stronger education system so that Indonesia's people are better prepared to face global challenges in the future.

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