



Development Transformation: Strategy for Economic and Social Progress in Indonesia

Karina Tri Ayudiasari

Al-Ghifari University, Bandung, Indonesia
karinaayudia12@gmail.com

Resa Rosialani

Al-Ghifari University, Bandung, Indonesia
resarosialanirosialni@gmail.com

Muhammad Abdan Shidqi Khoerizza

Al-Ghifari University, Bandung, Indonesia
maskdan88@gmail.com

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Abstract

Development transformation is often formulated through economic policies in many ways prove success. This can be illustrated, among others, in Singapore, Hong Kong, Australia and other developed countries. Economic policies in these countries are generally formulated conceptually, involving consideration of social and environmental aspects and supported by responsible political mechanisms so that every economic policy can be explained in a transparent, fair manner and accordance with planning principles. In the social aspect, not only are people's aspirations taken into consideration, but also the existence of social institutions (social capital) is also maintained and even their function is improved. Meanwhile, in terms of the environmental aspect, the aspect of the function of preserving natural capital is also given great attention for the benefit of humanity. Of all that, the most important thing is that decision-making is also carried out very cleanly from various lobbying behaviors that have nuances of deficiencies (moral hazard) that are fulfilled by certain interests (vested interests) from mere profits (rent-seeking). In this way, the results of development can be enjoyed by the entire community fairly across (transcending) boundaries of space (inter-region) and time (inter-generation), national development can also be interpreted as deliberate economic, social, and cultural transformation through policies and strategies toward the desired direction. Transformation in economic structure, for example, can be seen through an increase or rapid growth in production in the industrial and service sectors, so that their contribution to national income becomes greater. On the other hand, the contribution of the agricultural sector will become smaller and inversely proportional to the growth of industrialization and economic modernization. Social transformation can be seen through equal access to socio-economic resources, such as education, health, housing, clean water, recreational facilities, and participation in the political decision-making process.

Keywords: *Transformation, Development, Economic Progress, Progress of Indonesia.*



1. INTRODUCTION

Transformation can be interpreted as changes that occur in various aspects of life such as the structure and function of society, social aspects, religion, as well as religious values, and others. It reflects evolution or shifts in critical elements of social life.

Transformation comes from the basic word "transformation" which means change or transfer. In a general context, transformation refers to the process or result of changing an entity from one form or condition to another. Transformation in general encyclopedias refers to the process of shifting concepts from exact sciences to social sciences and humanities, which means this term refers to changes in form, both physical and non-physical, including changes in traits and other attributes. Transformation is a concept that refers to changes or shifts that occur in a system or object. Some definitions of transformation according to transformation experts are "the process and phenomenon of changing shape in changing circumstances" (Arthur, 2006), and transformation is "the process of changing shape or change of form" (Silvetti & Silvestri, 2015).

The occurrence of this change (transformation) is not without cause but is influenced by several factors. This is caused by cultural accumulation, contact with other cultures, religions that adhere to other religions, heterogeneous populations, social chaos, and social change itself. And change involves populations, technology, religious figures of all religions, cultural values, and social movements. According to (Antoniades, 1990). Transformation is a process of gradual change so that up to the ultimate stage, change is carried out by responding to the influence of external and internal elements which will direct changes from previously known forms through a process of repeatedly doubling or multiplying.

Massive infrastructure development throughout Indonesia is a strategic step to encourage economic growth, reduce regional disparities, and improve people's quality of life. With adequate infrastructure, it is hoped that Indonesia can overcome the middle-income trap and move towards developed country status. Therefore, development is a process of change that involves various aspects of society, including politics, economics, defense infrastructure, and culture. The main goal of development is often to improve the welfare and progress of society as a whole. Portes defines development as economic, social, and cultural change. Like Portes, according to Deddy T. Tikson, national development can be defined as conscious economic, social, and cultural change in the desired direction through policies and strategies. Development refers to efforts and processes that aim to increase society's per capita income in the long term. This involves various aspects such as economic growth, increasing welfare, and improving infrastructure to achieve these goals (Sukirno, 1995).

Developmental transformation in public services is the key to increasing efficiency and public satisfaction (Utami, 2023). The government's focus as a public service provider needs to be strengthened to achieve this goal. Basic issues such as justice, resource sustainability, and community participation are important aspects that need to be considered to ensure inclusive and sustainable development.

The Alternative Development theory sees development as an effort to improve the quality of life and human nature, not just economic growth. This approach emphasizes sustainability, social justice, and reducing inequality in the development process. Development is a process directed at achieving conditions that are considered "better" for society. The vision of a "good society" can be influenced by political policies, citizen participation, and the values upheld in a society. The normative approach to development emphasizes establishing the goals and meaning of development, by focusing on values and norms that are considered ideal for achieving progress and welfare of society. (Pieterse, 2010) emphasizes the importance of participation and the centrality of human attention in



development. Widespread consensus in society is considered the key to success, with human development considered the most appropriate goal and measure.

2. METHOD

Research methods are scientific methods, steps, or ways of obtaining information for research purposes that have certain purposes and uses. As stated by (Sugiyono, 2013) this research focuses on developing countries, namely Indonesia. This research uses a qualitative approach. Qualitative research methods are research methods that are based on the philosophy of postpositivism (more precisely, phenomenology). used to study scientific conditions, where the researcher himself is the instrument, qualitative data collection and analysis techniques emphasize meaning

Qualitative research methodology aims to analyze and describe phenomena or research objects through social action). The attitudes and perceptions of people as a whole, individual or group. Methods commonly used in qualitative research such as. Grounded Method, Grounded is a research method that is applied by collecting information in the field and in formulating problems, establishing hypotheses, and making research conclusions. Therefore, this research relies heavily on the experience and reliability of the researcher. The qualitative descriptive method is a method whose aim is to describe completely and in-depth the social reality that is the object of research and various phenomena that occur in society in such a way that the characteristics, essence, character, and patterns of the phenomena under study are depicted. by the characteristics, character, nature, and patterns of the phenomena studied. detail One of the ethnographic research methods, ethnography is a science that studies the culture of a particular society (Anggito & Setiawan, 2018).

This research tries to describe the daily lives of certain groups of people in such a way that their lives are depicted as a whole about them with the cultural aspects of the community to be studied according to Sanjaya (2015). By using library research methods, this research can begin with the results of observations of existing phenomena, in this case, the Indonesian economic development strategy. Information and data collection techniques are applied through observation and library research. Meanwhile, the type of research used is descriptive, because the researcher wants to analyze and explain clearly the changes from Indonesia's strategic development to economic development. The technique used in data collection is literature research. This literature review was compiled from several publications, books, and regulations, and informative media content related to the research focus and topic.

Data analysis refers to the steps used by (Miles et al., 2014) which consist of three simultaneous activity streams including data collection; data reduction; evidence and inference/verification. To improve researchers' ability to assess the accuracy of research findings and convince readers of the (Creswell W. John, 2018) validity of the research they conduct, they must use different validation strategies). For this reason, this research uses three strategies in validating data which include continuous observation, and triangulation. According to Patton (1990), triangulation is the use of several methods or data sources in research to strengthen the validity and trustworthiness of research results. Meanwhile, Denzin (1978) defines triangulation as the search for truth through the convergence of several different approaches. Triangulation was also described. As the use of several techniques in data collection to test the validity of findings and discussions with colleagues.



3. RESULT AND DISCUSSION

By accelerating infrastructure development more evenly throughout the country, of course, we hope to build strong connectivity between regions, reduce logistics costs, reduce disparities, improve the quality of life of the community, and eliminate economic disparities between regions in Indonesia, which in the end will increase power. competitiveness and encourage economic growth. to reach developed countries (Siahaan & Pardede, 2022).

In economics, infrastructure is a form of public capital consisting of government investment. Infrastructure in this case includes roads, bridges irrigation, and others (Mankiw, 2003). At the same time, according to the Routledge Dictionary of Economics (1995), Land helps move the wheels of economic activity and community activities by providing, for example, transportation and other supporting services.

Apart from that, infrastructure is also community social capital (social overhead capital) or capital goods which are the basis or important resource for meeting community needs and are indirectly useful in efforts to produce or increase production.

The Need for Change

Becoming increasingly clear that change is needed is an important first step. However, our ability to take corrective action is still hampered by a series of interrelated interests that are supported and validated by our institutions, technologies, values, and actions in response to natural and social realities.

Development Planning

Regarding the meaning of development planning, according to Bintoro Tjokromidjojo, the benefits of planning are:

1. In planning there should be activity requirements and guidelines for implementing activities aimed at achieving development goals.
2. Planning allows you to evaluate problems during the implementation period.
3. Planning allows you to choose different alternatives to the optimal path and choose the optimal path combination.
4. Can use plans to create a priority scale. The plan provides measurement tools for monitoring and evaluation.
5. Use and allocate limited development resources more efficiently and effectively.
6. Planning can encourage sustainable economic development and growth. 6 With planning, financial stability can be achieved in the face of economic conditions.

Voluntary Action

Most of the institutions that we rely on in solving economic and social problems are the result of a growth-oriented development vision and are therefore not suitable to oppose that vision. Although this system is ultimately very important in the process of change (transformation), at this stage it acts more as a barrier than as a facilitator.

Insightful world leaders, driven by a new vision unconstrained by conventional prejudice and ideology, play an important role in paving the way toward innovative and inclusive global solutions. Mikhail Gorbachev is an example of a valuable major contribution he provided in creating new opportunities for East-West cooperation during this time of transformation. However, such leaders are too few.



Moreover, leaders can only create the conditions that make this possible. Ultimately, only societies themselves will take advantage of the opportunities available to transform their institutions to better serve their needs, as societies in Eastern Europe are doing today.

Our concepts and approaches to development must transform as rapidly and profoundly as the changes in political and economic institutions currently affecting Eastern Europe. Voluntary national action will play a key role, given that the changes required are deep, broad-based, and personal. This action not only includes organizational activities but also the efforts of all individuals who dare to seek change in established institutions in society.

Infrastructure Development

By optimizing infrastructure development according to demand, we will increase the competitiveness of the Indonesian economy and encourage economic growth. Strengthening technology adoption: Adopting the latest technology in various sectors such as manufacturing, tourism, and Islamic finance will help Indonesia become a developed country with high income. Increased Competitiveness: Modern and efficient infrastructure increases the competitiveness of a region or country on a global scale, attracts investment, and supports industrial development. Improved Quality of Life: Adequate public infrastructure, such as parks, walking paths, and sports facilities, can improve residents' quality of life. The importance of infrastructure development is the key to achieving sustainable economic development and improving the welfare of society as a whole.

Improving the Quality of Human Resources

The development of quality education, health, training, and skills development, as well as the development of digital capabilities such as understanding digital and cyber technology, will improve the quality of human resources and in turn increase the competitiveness of the Indonesian economy, as well as create human resources that are superior, resilient and able to face challenges in various fields.

Recovery of the Business World

Encouraging economic recovery and industrial development will help improve people's welfare create more jobs, increase production, and increase the private sector's contribution to economic growth. Technological innovation and supporting policies can stimulate industrial growth, while skills training can increase the competitiveness of the workforce. Thus, various economic sectors can contribute positively to global economic recovery.

Structural Reform

The government needs to carry out structural reforms that are in line with the transition from the traditional sector (agriculture) to the modern sector (manufacturing and technology), improve governance, and reduce the level of corruption by introducing policies of transparency, accountability, and community participation. Structural reforms can help Indonesia face challenges and exploit the potential for better economic growth in the long term.

Village Development

Village development and village economic management help improve the quality of life of village communities and create new jobs, increase equitable access to education by improving the quality of schools and public health to improve basic health services and strengthen the health system in the community, as well as strengthening the local economy through empowering small business actors. and intermediate.



Monitoring and Evaluation

Indonesia must carry out continuous monitoring and evaluation to assess the effectiveness of its development strategy and modify the implementation of the strategy if necessary. Several challenges need to be overcome, such as the Industrial Revolution 4.0, changes in resources, and urbanization which causes a labor surplus. By implementing these strategic steps, Indonesia can achieve sustainable economic and social progress.

Optimistic About Indonesia Moving Forward

We will make sustainable infrastructure development one of the pillars of our vision for a developed Indonesia in the second term of our government, and we will continue to build sustainability. President Jokowi's strategic steps towards infrastructure development must be evaluated. , plantations, fisheries, tourism, etc. must continue to be supported to accelerate the sustainability of their implementation. Considering that sustainable infrastructure development plays an important role in the economic sector, it is believed that this strategic step can contribute to improving community welfare. This is supported by the World Bank (1994) which states that an average increase in infrastructure stock of 1% affects income growth. Gross domestic product (GDP) is 1%. This means that the more comprehensive the infrastructure that is built, the greater the potential for increasing GDP.

By continuing to encourage infrastructure development that is centered on collaboration with the national economic production base, regional economic development can be encouraged and regional connectivity can be smooth. It is hoped that the speed of product distribution will be smoother. In this way, the prices of goods will become more competitive, affordable, and economical, thereby further strengthening the competitiveness of regional economic products and the growth of new business centers in various regions.

Apart from that, sustainable economic infrastructure development is also very necessary to transform from a consumption-based economy to an investment-based economy. Network connectivity reduces logistics costs and facilitates productive investments in various regions. This creates an increase in productivity and creates a multiplier effect, or even a larger multiplier effect, along with increasing investment, thus supporting the development of the manufacturing industry so that it does not always depend on exports of natural raw materials.

We hope that the acceleration of sustainable infrastructure development in Indonesia will bring greater benefits, balance development, accelerate economic growth, and create new jobs. Indonesia's economic policy must continue to focus on more inclusive and quality economic development, thereby ultimately reducing poverty, reducing inequality, and increasing employment opportunities to overcome the problem of unemployment. The acceleration of infrastructure development is not without reason. For example, development economist Rosenstein-Rodin has long championed the importance of large-scale infrastructure development as a pillar of economic development, which has come to be known as the Big Push Theory.

Several research findings state that the results of infrastructure development act as a catalyst between the production process, markets, and final consumption, thereby contributing to economic growth as shared social capital. From a macroeconomic perspective, the availability of infrastructure services affects the marginal productivity of private capital, while from a microeconomic perspective, the availability of infrastructure services reduces production costs.

We are sure that various financing innovations will continue to be carried out to ensure that infrastructure development continues even though the APBN faces financial constraints, in particular by designing a more "flexible" financing system. Entrepreneurship that develops creative finance



must become mainstream finance. Apart from State-Owned Enterprises (BUMN), the private sector is also expected to actively participate in infrastructure financing. It is hoped that the spirit of cooperation will be further enhanced to accelerate sustainable development infrastructure. That way, the effectiveness of existing infrastructure can be immediately seen by the public.

The development of the infrastructure financing system as a form of innovation must continue to be encouraged by measurable risk management, such as through the Limited Concession Scheme (LCS) pattern. The model in question is project financing through private sources, based on granting concessions for government/BUMN infrastructure assets that are already operating to related private parties. Project preparation should be further developed by international standards in the form of a pre-feasibility study document or outline business case (OBC). It also determines the funding model, investment value, return on investment, and financial benefits achieved. This includes relief provided by the government and anticipated investment risks.

Apart from that, it needs to continue to be encouraged to develop cooperation in the form of concessions for mature and profitable BUMN projects. For example, the strategy of selling banknotes and bonds based on profits from these assets, or selling ownership of infrastructure projects. The development of various creative financing options is very necessary to reduce the burden on the APBN while reducing BUMN's dependence on state capital participation (PMN). You can consider securitizing your assets by carrying out asset securitization. For example, by releasing some of their rights or issuing bonds against productive assets. That way, BUMN gets more funds to carry out new infrastructure projects.

These various financial innovations aim to further develop infrastructure development that has begun in the private sector. The money can be used to build other infrastructure. Therefore, various indirect comments accusing the government of selling state-owned assets carelessly are completely baseless. Because, the essence of asset securitization is only to sell future profits, not assets. We believe that implementing a financing strategy using creative financing models will increase the sustainability of infrastructure development throughout Indonesia, create economic integration, and reduce logistics costs in Indonesia. I hope this can be reduced locally and the economy will improve. We can develop fairly and reduce price differences while increasing the competitiveness of the Indonesian economy.

4. CONCLUSION

We hope that the extraordinary sustainability of this infrastructure development will be increasingly guaranteed to accelerate the transformation of the Indonesian economy, make a positive contribution to accelerating equitable development and progress in national economic productivity, as well as guaranteeing the Indonesian economy. We want all regions to be an important part of this infrastructure development. regional and global production. chain. Functions to coordinate development and economic justice in all regions of the Republic of Indonesia, ensuring Indonesia's vision of progress through the pillars of sustainable infrastructure development can bring Indonesia to become a developed country by 2045. In addition, deregulation and debureaucratization must be considered to reduce high economic costs and increase competitiveness, such as through the implementation of online single submission (OSS). Therefore, the government has taken several steps to encourage the supply side to continue to comply with established guidelines, including through infrastructure development, implementing agrarian reform, developing the capacity and quality of human resources, and providing social assistance.



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