

CHAPTER I :

INTRODUCTION

A. Background

ASEAN Economic Community is an integration program whose main target is to eradicate or minimize the economic barrier among ASEAN member states. This program has been established in 2015. To guide the establishment of AEC 2015, the AEC blueprint was adopted in 2012 and served as a master plan by underlining a strategic schedule of priority action to be undertaken by ASEAN member state. One of the major projects of the Association of Southeast Asian Nations is the establishment of an ASEAN Economic Community, which aims to integrate Southeast Asia's diverse economies.

ASEAN has been emerging as the hub of both the production networks and the trade agreement networks in East Asia¹. The ASEAN Economic Community (AEC), in particular, is a new and innovative initiative to deepen the degree of economic integration within the hub, while enhancing connectivity through the spokes to countries and regions outside ASEAN. ASEAN economic community is the program held by the ASEAN member and obtained to all member of ASEAN, AEC has ratified on 2015, several initiative have been undertaken to bring the region closer to the goals of the AEC 2015.

¹ Soesastro, H. (2008). *Deepening Economic Integration in East Asia: The ASEAN*. Chiba: ERIA Research Project Report 2007.

The ASEAN Trade in Goods Agreement (ATIGA), in force since May 2010, has led to significant tariff elimination among ASEAN countries, has contribute addressing non-tariff measure in the region. The ASEAN Comprehensive investment Agreement (ACIA), which came into effect in March 2012, Articulates member states' commitments in terms of liberalizing and protecting cross-border investment activities while embracing international best practice in the treatment of foreign investor and investment. The last is the ASEAN Framework on service (AFAS), signed in 1995, and has eased restriction to cross border service trade in various sectors such as business service, construction, health care maritime transport, telecommunications, tourism and financial service.

Construction service is one of strategic sector in order to achieve national development, that strategic position seen from the certain criteria. The development of construction service become public agenda that important to discuss because the global development are rapidly change in globalization and liberalization context. In Indonesia, architects industry is included as one of sub-sector of creative economy,

According to Zachman² Architecture is that set of design artifacts, or descriptive representations, that are relevant for describing an object, such that it can be produced to requirement as well as maintained over the period of its useful life. Meanwhile the definition of architects according to Royal Architectural Institute of Canada is:

² John A. Zachman <https://www.zachman.com/resources/ea-articles-reference/327-the-framework-for-enterprise-architecture-background-description-and-utility-by-john-a-zachman>

The most basic definition of an architect is a professional who is qualified to design and provide advice - both aesthetic and technical - on built objects in our public and private landscapes.³

Based on the explanation above it can be concluded that Architects as a profession is someone who plans, designs, and reviews the construction of buildings. To practice architecture means to provide services in connection with the design of buildings and the space within the site surrounding the buildings which have as their principal purpose human occupancy or use.

IAI (*Ikatan Arsitek Indonesia*) is a professional association which provides Indonesian architects opportunities to exchange information in order to increase or maintain standards of architectural education, professional practice and qualifications. IAI is the biggest architect's organization in Indonesia. The purposes of IAI are to push Indonesian architects to be more competitive on knowledge and skill aspects on modern architecture era.⁴

Indonesia is already to become ASEAN architect members but IAI find it is difficult about this Agenda. According to Head of IAI, Munichy B Edrees⁵ Indonesian architects are not ready to face AEC. In terms of human resources

³ *Royal Architectural Institute of Canada*. Retrieved from :
<https://www.raic.org/raic/what-architect>

⁴ *Ikatan Arsitek Indonesia*. Retrieved from :
<https://www.iai-jakarta.org/organisasi/keanggotaan/manfaat-dan-tujuan>

⁵ Varia.id : Hanya 54 Arsitek Siap Hadapi MEA
<http://www.varia.id/2015/01/07/hanya-54-arsitek-siap-hadapi-mea/>

Indonesian architects registered as member of IAI (*Ikatan Arsitek Indonesia*) is quite sufficient. IAI usually gives a license to the architects as the form of Architects professionalism and acknowledgement from the society, national industry or international industry. Architects have to qualify the requirements as a proof to become skilled labors.

B. Research question

How the strategies of *Ikatan Arsitek Indonesia* (IAI) in order to response toward ASEAN Economic Community (AEC) and maintaining Mutual Recognition Agreement (MRA)?

C. Theoretical Framework

The author requires theories and concepts that will be used as the basis of this research. In this case is about Indonesian architects organization facing the challenges of ASEAN economic communities, the author uses Neoliberalism theory, organization theory and human resources competencies concept to analyze the case.

1. Theory of Neoliberalism

Neoliberal existed in 1980s as one of perspective of international relations. Robert Keohane and Joseph Nye are the experts who ignite the thinking. Globalization, investment, and trade liberalization are the results of an idea of neoliberal. In its practice, public industries shifted to the private ownership in which

eventually the private will come into their victory since there are many changes in policies. Neoliberal is going to be more dominant and marginalizing the role of state. Neoliberal wants a declining of state's role as well as the movement of free market and believes that such systems can bring the country towards peace and prosperity. Deregulation, liberalization and privatization are their main concepts of this perspective. Gilpin asserts that in developing countries, deregulation, privatization and other reformations has decreased the role of state in economy. It can be said that neoliberal perspective has changed state-dominated toward market-dominated.⁶

During post-World War II, developed countries who dominated world governments, developed and implemented a set of rules, institutions, and procedures that governed all the aspects and systems of international economic relations management in view of regime of international commerce that has begun since this time. This period called as the Bretton Woods System in which this period is based on three political foundations, such as the power concentration in small number of countries, the existence of a common interest of those countries, and the presence of dominant power runs a leadership role⁷.

2. Theory of organization

⁶ Winarno B. : *Pertarungan Negara VS Pasar*. Yogyakarta: Media Pressindo.

⁷ Kindleberger: *The World in Depression, 1929-1939*. Berkeley: University of California Press.

To answer the research question the author would like to use Theory of Organization. Organization according to Dr. M. Makmur, MS on his book “*Dasar-dasar Teori dan Konsep Organisasi*” can be categorized into two aspects namely static and Dynamic. The definition of static organization are as an institution or as tool it means that organization is institution of a group collaborating to achieve the goals, as an administrative and management institution which maintaining administrative matters to their members and also as a tool to achieve the goal of its organization. Organization is seen as a network for job with formal characteristic like structure of organization which contain several element such as headquarters, regional council, and branch and etc. organization also seen as hierarchy stream and describe clearly about authority, it means that all of decision or power are hold by the highest level of the system that give complete authority on its organization.

Meanwhile organization on dynamic definition focuses on the activity held by the organization and also aspects which related effort to achieve the goal. Hierarchical Structure means that each level controls the level below and is also controlled by the level above. Management by rules means that the rules allow decision made a high levels to be executed consistently to lower levels. Organizational by functional specialty means that work is done by the specialties and people are organized into business units based on type of work or the skills they do. Purposely Impersonal means it expected to treat all employees and all costumers equally. Employment based on technical. Qualification means that an individual are hired on their qualifications rather than on any personal connections they may have.

To analyze the phenomenon the writer would like to use theory of competencies of human resources

3. Concept of Human Resources Competencies:

According to Armstrong and Baron on Wibowo⁸, competencies are behavioral dimension behind the competence performance. It is also known as behavioral dimension because it is to explain about how people behave when they do their work properly. Another explanation about the competencies is already explained by Lyle Spencer and Signe Spencer on Moehleriono⁹, competencies are fundamental characteristic related to individual performance on their work or the basic characteristic of each individual that have causal relation or cause-effect which becomes criteria referenced effective or good performance or good result in job or situation. Based on the definition above, there are some basic thought, there are:

- Basic characteristic competency is part of the personalities and plugged into individual and also has predicted behavior on any situation.
- Causally relation competency is competency causing or that can be used as predicting tool of each individual performance, if some

⁸ Wibowo 2007: *Manajemen Kinerja*. : Jakarta PT. Raja Grafindo Persada page : 87-91

⁹ Moehriono 2010: *pengukuran kinerja berdasarkan kompetensi* :Ghalia Indonesia

individuals have high competencies he or she would have a high performance as the output.

- Criteria reference means that the competencies for real could be used as predicting tool for individual performance that is a good performance, has to be measured and specific.

Spencer on Wibowo¹⁰ also stated that competencies are a fundamental basic characteristic of each individual and it is also indicated how to behave in the way of thinking, how to equate the situation and how to encourage for a long period of time.

Then Wibowo¹¹ stated competency is an ability to perform, to do task or to execute based on the skill and knowledge it is also supported by how to behave on that job, which means that competencies show us about the skill or knowledge characterized by professionalism on the certain job as their flagship on that work.

From the explanation above it can be concluded that competencies are the ability to execute or to perform the job or assignment based on knowledge, skill and it is also supported by behavior that can be characteristic of each individual.

According to Werther and Davis on Sutrisno¹², human resources are the employees that are ready, capable and steady to achieve the goals of organization. On the other hand, Mangkunegara¹³ stated that the competencies of human

¹⁰ ibid

¹¹ Ibid

¹² Sutrisno 2012 : 4

¹³ Mangkunegara 2012 : 40

resources are the competency which is related with knowledge, skill, ability, and the behavioral characteristic that influencing directly to the performance itself.

The competencies of human resources according to Perrin on Mangkunegara¹⁴ are:

1. Mastering the technology.
2. Having the wide scope of the organization's vision.
3. Having the ability to anticipate any situation.
4. Having the ability to give knowledge about Human resources.

In short, the competencies of human resources are the abilities of any individuals related to knowledge, skill and behavioral characteristics which can directly influence the performance to achieve the goals.

Factors that influencing the competencies of human resources

Michael Zwell on Wibowo¹⁵, reveals that there are several factors that can influence the qualification of the competencies of each individual, they are:

1. Faith and the Value

Faith about the individual itself or about the other would be important to shape the behavior. Because faith are the factor that can be influencing the result of the execution that has been done. Value are is the consideration or skill to estimate something, so individuals

¹⁴ ibid

¹⁵ Op.cit Wibowo 2007 : 120

have to valuing before execute something whether they are capable or not to do a job.

2. Skills

Skills have important role on competencies, Skill can be learned, practiced and also repaired. One of the example skill is writing, writing can also be repaired with instruction, practiced and feedback, when someone repaired their skill about writing or another skill, that person will increasing the qualification on writing competencies. The development of specific skill can be related to competencies would give positive impact to organizational term and also individual competencies.

3. Experience

Skill from lots of competencies require experience to organize people, problem solving and etc. For example, a person that has never been interacted to big and complex organization will find it hard to improve their organizational intelligences to understand the dynamical authority and influence to environment.

4. Personal characteristic

In terms of personality there are a lot of factors which are hard to be changed. However, personality does not mean to be unchangeable. In fact, individual personalities can be changed in

accordance to time. People respond and interact with authority and the environment.

5. Motivation

Motivation is a factor on the competencies which is changeable. Individual competencies can trigger by giving an encouragement, for example is on the organization. Appreciating to the organizational members and giving the acknowledgement that will give positive thought to all of organizational members. Competencies affecting to the orientation of the result, the improving competencies will improve the performance and also contribution to organization also improves.

6. Organizational culture

The competencies of human resources depend on organizational culture which are

- a. Doing a recruitment and member's selection, to consider who is better between employees or members who are listed to recommendation list based on their performance.
- b. Doing awarding system to communicate to all members about how organization appreciate the competencies
- c. Doing decision influencing the competencies on empowering initiative and also motivate the employees.

- d. Having organizational philosophy are about vision, mission and all the values which related to competencies
- e. Giving the information to members about how many competencies which required.
- f. Committing to train and developing to members about how important about sustainable development.
- g. Having organizational process which develop leader directly affect to leading competencies.

On the development of AEC, IAI pushes their member to compete on international level with increasing socialization about how important to be certified or to be registered as ASEAN Architects is.

The ASEAN Architect Council (AAC) has an authority to confer and withdraw the title of ASEAN Architect (AA). This authority may be delegated in writing from time to time by the ASEAN Architect Council (AAC) to the authorized Monitoring Committee (MC) in each participating ASEAN Member Country. Members of the ASEAN Architect Council (AAC) shall comprise one appointed representative from each Monitoring Committee (MC) of the participating ASEAN Member Countries.

The functions ASEAN Architects Council are;

1. Facilitating the development and the maintenance of authoritative and reliable registers of ASEAN Architects (AAR)
2. Promoting the acceptance of ASEAN Architects in each participating ASEAN member country as possessing general technical and professional competence that is substantially the same to that professional architects registered or licensed in the country of origin;

Developing, monitoring, maintaining and promoting mutually acceptable standards and criteria for facilitating practice by ASEAN Architect (AAs) throughout the participating ASEAN member countries.

D. Hypothesis

From the background and theoretical Framework, the hypothesis of the writer how are strategies of IAI to face ASEAN Economic Community? Is *Ikatan Arsitek Indonesia* (IAI) has to encourage the member to increasing the qualification of member in order to increase the level of competition both in domestic or international level in order to response toward ASEAN Economic Community (AEC).

E. Scope of Research

In this undergraduate thesis the writer will make a limitation regarding the scope of the time which is the condition of Indonesian Architects from 2011 when

the ASEAN economic community blueprint was signed until when Indonesia started to prepare to face AEC through President Instruction end of 2016.

F. Research Methodology

This thesis will employ a qualitative method of analysis and utilize secondary data sources obtained by conducting library research, finding journals, articles, official statements, and also other source of information related with issue of Indonesia, IAI and AEC

G. Purpose of research

The purpose of this undergraduate thesis are

1. To know the roles of IAI in terms of producing ASEAN Architects
2. To know the reasons why Indonesian Architects are not ready to face AEC
3. As a final requirement of undergraduate degree

H. Section of research

Chapter I will describe about the background to the problem, research question, theoretical Framework, hypothesis, purpose of research, research methodology, the scope of research and systematic of writing.

Chapter II will be about what IAI (*Ikatan Arsitek Indonesia*) is and also the comparison between IAI and several Architect organizations in ASEAN members.

Chapter III will examine the ASEAN Economic Community, prospect, and challenges.

Chapter IV will be analysis on the IAI strategies to face AEC.

Chapter V will be the conclusion that summaries the result of the research.