Chapter 47
Economic Impact and Current Results of Urbanization:
The Case of Indonesia

Raeni Dwi Santy
Indonesia University of Computer, Indonesia

Refi Mayasari Buhari
Pratama College, Indonesia

ABSTRACT

The growth of the urban population in Indonesia is commonly fast due to permanently inclinig urbanization flows. This chapter considers the most important factors of Indonesian urbanization and its positive and negative effects in current conditions to discover directions for modernization of the governmental role in regulation and control of urbanization processes. Special issues of this chapter are concentrated around the problem of urbanization's role in development of Indonesia (national and regional level), national labor and internal migration policy, and niveling disbalance between urban and rural areas. Finally, this chapter includes special conclusions and reccommendations for modernization of national and regional programs oriented to optimise internal conditions of urbanization development in Indonesia that are based on the best achievements of international experience and use local Indonesian features of urbanization.

INTRODUCTION

The world faces a demographic problem in developing countries which are increasingly vulnerable. It is estimated that the world population has reached 7 billion. It will continue to increase until it reaches 9 billion. It is estimated that 70% of the world population will live in cities. (http://thepresidentpostindonesia.com).

Indonesia is a developing country in the world which faces demographic problems that grows from year to year. Starting from the rapid population growth that is sometimes not balanced with the provision of community life facilities to the problem of urbanization. Urbanization is a process of migration of rural

population to urban. In other words, urbanization is the process of urban community. The definition of urbanization shows that the villagers know more about city. Many villagers left the area and moved to the city, whether they move to the nearest city or to the city that is far from the village where they live.

High level of urbanization in Indonesia (tab. 1) usually occurs after Eid Mubarak every year. Rural communities that are already employed when they wanted to get back to work to the city, generally often brings their friends from the village to work together in the city that hopes of getting better livelihood than in the village. The President of Indonesian Trade Union Confederation, Said Iqbal said, the urbanization moments after Eid Mubarak coincides with the recruitment period of new employees in a number of companies. (Republika, Saturday, August 10, 2013).

Urbanization is a serious problem for the big cities in Indonesia. Urbanization in Indonesia is an issue that is not only related to the demographic problem, but also has a big role in economic growth. According to UN estimates, Indonesia will be one of the countries that will face the problem of urbanization in the world. (UNDP, 2010).

According to data submitted by Yap Kioe Sheng in a discussion forum at ESCAP in Bangkok, urbanization in Southeast Asia in the year 2010 reached the index 41.8%. It means that approximately 41.8% of population already lives in urban areas. In Singapore, the index had reached 100% because the city is already an urban country. In Malaysia it reached 72.2%, Philippines 48.9% and Indonesia 44.3%. (http://thepresidentpostindonesia.com).

According to BPS projections, urbanization in Indonesian will reach 68% in 2025. While the UN estimates that Indonesia will face additional urban population of 92 million.

Cities in Southeast Asia face problems of slums which are already quite large; the slum population is 72 million. According to data from UN-HABITAT, 2010, Southeast Asian countries which have the largest slum population (in 2005) was Indonesia 28 million and the Philippines 22 million, compared to Vietnam 9 million; Myanmar 7 million and Thailand 2 million.

If the estimates above are true then Indonesia will face the problem of urbanization on a large scale and will be increasingly critical, if it is not handled effectively in the period of 2013 to 2025. The development of Java Island already indicates the increasing transfer of population to the cities; it is coupled with the existence of handling and governance issues of the cities which are getting heavier.

The movement to urban has two expectations, which hopes to get a job and hopes to earn higher incomes than those which are obtained in the rural areas, thus rural-urban migration reflects an imbalance between village and city, therefore the direction of movement of the population also tends to city

Table 1. Dynamic of urbanization (UNDP, 2010)

Country	Urban as % of Total Population	Country	Urban as % of Total Population
Singapore	100.0	Myanmar	33.6
Brunei	75.7	Lao PDR	33.2
Malaysia	72.2	Vietnam	30.4
Philippines	48.9	Timor Leste	28.1
Indonesia	44.3	Cambodia	20.1
Thailand	34.0	Southeast Asia	41.8

Related Content

Supply Chain Finance Assistance for Small and Medium-Sized Enterprises Using Cognitive Web Services

Yingnan Yeand Jinghui Xiu (2023). *International Journal of e-Collaboration (pp. 1-22).*

www.irma-international.org/article/supply-chain-finance-assistance-for-small-and-medium-sized-enterprises-using-cognitive-web-services/316662

Scenarios for E-Collaboration are Only Part of the Story

Lydia M.S. Lau (2008). *Encyclopedia of E-Collaboration (pp. 547-553).*

www.irma-international.org/chapter/scenarios-collaboration-only-part-story/12478

Technology-Shaping Effects of E-Collaboration Technologies: Bugs and Features

M. Lynne Markus (2005). *International Journal of e-Collaboration (pp. 1-23).*

www.irma-international.org/article/technology-shaping-effects-collaboration-technologies/1926

Digital Disempowerment in a Network Society

Kenneth L. Hacker, Shana M. Masonand Eric L. Morgan (2009). *E-Collaboration: Concepts, Methodologies, Tools, and Applications (pp. 858-872).*

www.irma-international.org/chapter/digital-disempowerment-network-society/8835

Using Web Services in Business-to-Business Integration

Frank Goethals, Jacques Vandenbulckeand Wilfried Lemahieu (2004). *E-Collaborations and Virtual Organizations (pp. 61-97).*

www.irma-international.org/chapter/using-web-services-business-business/8896