

Indonesian Universities: Rapid Growth, Major Challenges

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Presentation to the ANU Indonesia Update Conference, September
21, 2012.

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1. Introduction

A very large system undergoing rapid change and transformation.

HEI' s: from 2,000 students (1945) to 5.2 million at present.

Essentially a creation of the second half of the 20th century; much of the growth since the 1970s.

Historical legacy: a laggard compared to much of Asia.

Very rapid growth, driven by:

- Supply-side: large cohorts, graduating from primary and secondary schools.
- Demand-side: rapidly rising incomes, crossing a threshold.
- A more 'credentialed' labour market, eg, for teachers, pegawai negeri.
- Some deregulation of the private sector.

1. Introduction (cont)

Very large quality variations: from 5-7 'elite' universities, to rudimentary 'colleges' .

Private sector and funding the main source of growth.

Contested philosophies:

- Markets v/s regulation
- Egalitarian ideals v/s unequal outcomes
- A hesitant embrace of globalization.

Main focus of this presentation: the university sector.

Much of Indonesia's higher education actually takes place in 'sekolah tinggi' , academies, polytechnics, etc.

A substantial number of these institutions are not under the Ministry of Education and Culture.

See Table 1.

TABLE 1 *Indonesian Higher Education Institutions, by Type, 2009/2010*

Type	MONE ^a			MORA ^a		
	Public	Private	Total	Public	Private	Total
University	48	412	460	6	87	93
Institute	6	47	53	14	26	40
Advanced school (<i>sekolah tinggi</i>)	2	1,314	1,316	32	409	441
Academy	0	1,015	1,015	0	0	0
Polytechnic	27	140	167	0	0	0
Total	83	2,928	3,011	52	522	574

^a MONE = Ministry of National Education; MORA = Ministry of Religious Affairs.

Source: Ministry of Higher Education, *Higher Education Statistics, 2009/2010*.

2. Overview and Context

History matters!

1960, 1.6 years of schooling, 68% of the population aged 15+ had no or incomplete primary education (Barro-Lee).

(Philippines: 4.2 years, 25.6%; Thailand: 4.3 years, 36.9%).

Very limited support for universities, 1945-66.

Hence, although rapid growth in tertiary enrolments, GER's (see Figure 1), not surprisingly Indonesia still lags on enrolment ratios (Figure 2).

In spite of the increased emphasis on education, Indonesia does not invest heavily in higher education. About 1.2-1.3% of GDP.

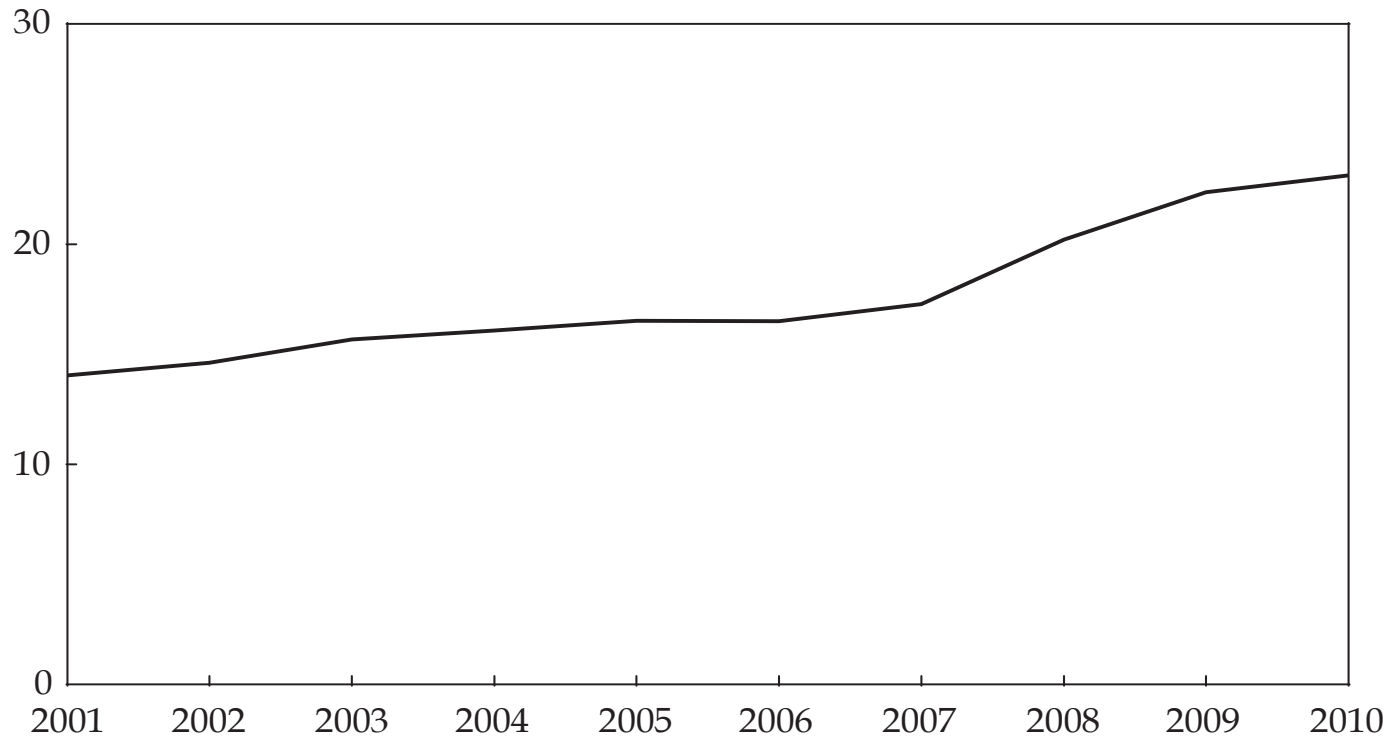
And about $\frac{3}{4}$ of the fairly modest expenditure is in the private sector.

See Figure 3.

So, the key policy issue: what can be achieved with expenditure equivalent to 0.3% of GDP?

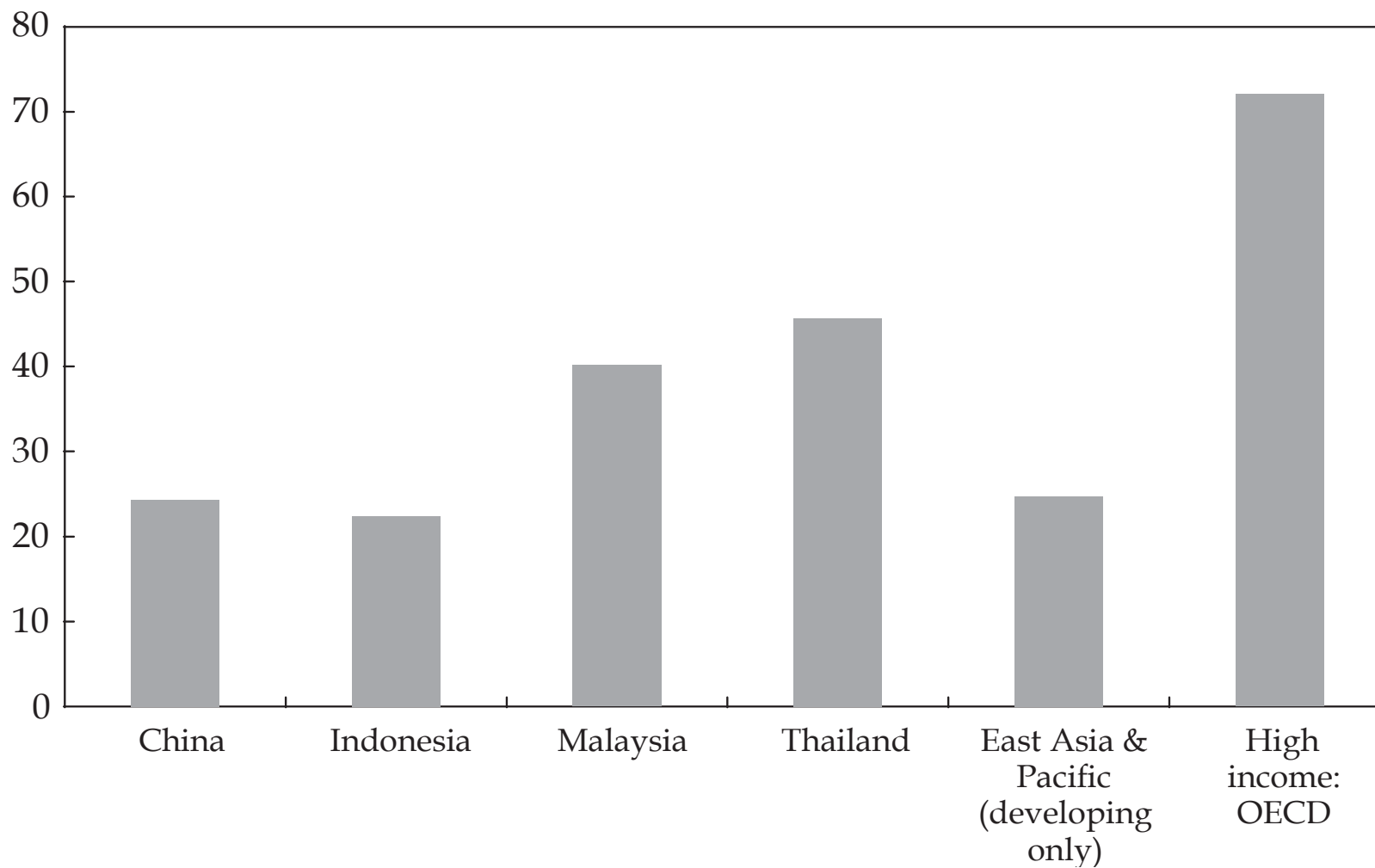
NB: fuel and other subsidies in 2011 4% of GDP!

FIGURE 1 *Indonesia's Tertiary Gross Enrolment Ratio*
(%)



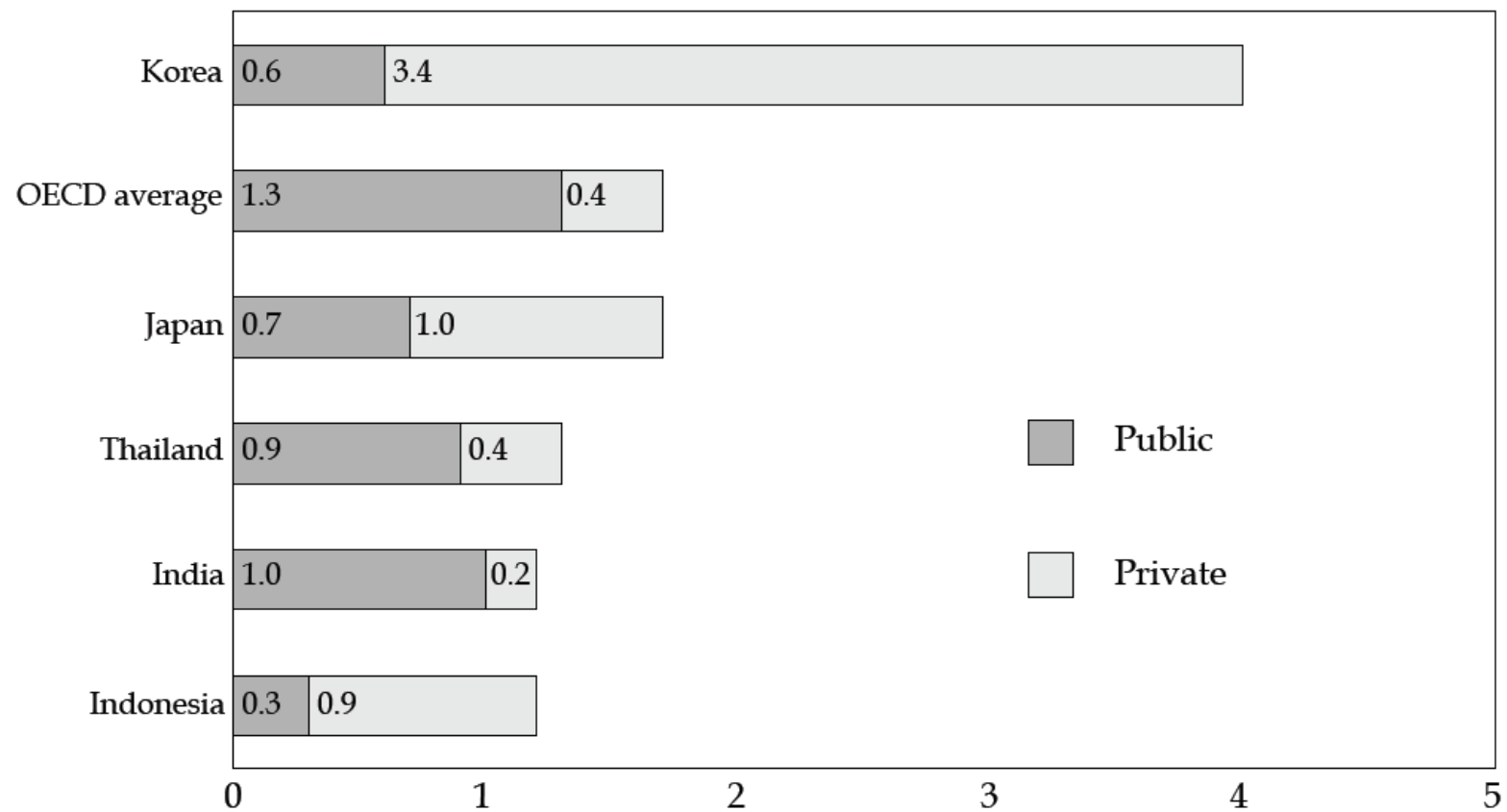
Source: World Bank, World DataBank, Education Statistics, <<http://databank.worldbank.org/data/home.aspx>>.

FIGURE 2 *Tertiary Gross Enrolment Ratios in Selected Countries, 2009*
(%)



Source: World Bank, World Data Bank, Education statistics, <<http://databank.worldbank.org/data/home.aspx>>.

FIGURE 3 *Public and Private Spending on Tertiary Education as a Share of GDP (%)*



Source: World Bank (2010: 11, figure 2.3, citing UNESCO, *World Education Indicators 2007*). Figures reflect estimates for 2004-05. Indonesian figure is from 2009 budget.

2. Overview and Context (cont)

Lessons from international best-practice

(Relevant for Indonesia to benchmark, for aspirational targets.)

Leading universities are internationally connected, eg, with international faculty of 30+%, students 20+%.

‘Little internal mobility of students and faculty encourages inbreeding.’

Relevant to Southeast Asian examples – Singapore, Malaysia.

Universities are expensive.

The US is not a global leader by accident.

The rising Asian success stories – eg Singapore, China – invest heavily.

High-quality university governance: autonomy from govt; incentives for high performance in teaching and research; a strong academic culture.

Arms-length, independent review process for everything – appointments, promotions, resource allocation.

“The bedrock of university quality in the US is peer review.”

2. Overview and Context (cont)

The current structure & recent trends

A mixed system: under the Ministry of Education and Culture: public institutions (20% of total enrolments), private (56%); under the Ministry of Religious Affairs (11%); and the Open University (13%).

Enrolments increased from about ¼ million to 5 million, 1975-2010.

60% of the growth in the private sector. See Figure 4.

Moreover, the state sector is increasingly ‘privatized’ in its funding.

A small group (5-7) ‘elite’ public universities, and a similar number of private. None yet in the international rankings, eg, the Asia top 100.

The rest offer very basic tertiary education.

Public universities: more PhD’s, more research, wider course offerings.

Private universities: have grown quickly since PP60/1999; at the top end, offer good quality, market-attuned vocational courses. Little private philanthropy.

Average cost/student/year about half public unis (2009).

<5% of funds from govt.

Figure 4: Tertiary Enrolments

Institutional Type	Enrolment					
	1975	1985	1995		2005	2010
Public institutions	131,226	458,429	853,242		1,067,560	1,470,439
Private institutions	118,900	759,134	1,450,162		2,243,761	2,739,929
Others	70,000	303,458	373,387		557,038	612,325
Total enrolment	257,126	1,521,021	2,676,791		3.868.359	4,822,693

2. Overview and Context (cont)

Performance Indicators

Building on relatively weak educational foundations (TIMMS, PISA, etc).
As noted, universities largely absent from international rankings.
Limited evidence suggests research productivity by international standards still very low. Eg, academic research on Indonesia.

Students drawn disproportionately from wealthier families – almost one-third come from the top quintile families, just 2% from bottom quintile.
Public universities little better than private in this respect.
See Table 2.

Gender disparities present, but not as pronounced as those by socio-economic status.

The spatial concentration is probably inevitable, with higher quality institutions concentrated mainly in Jakarta, Yogyakarta, Bandung.

Very limited international connections: in 2007, 5,360 international students (mostly Malaysia & TL); Malaysia had > 48,000 that year.

Table 2: Tertiary Students by Parental Income (%)

Parents' income	Q1	Q2	Q3	Q4	Q5	
Public institutions	29.88%	47.33%	16.15%	4.30%	2.34%	100.00%
Private institutions	34.52%	52.05%	10.85%	1.25%	1.34%	100.00%

Table 3-10: Distribution of students by parent's income [SPMB, 2007 and UWM, 2010]

2. Overview and Context (cont)

Governance and Incentives

Academic salaries & conditions:

In public universities, academics earn most of their income off-campus. Salary structures are complex, much not performance-related; strong incentives to take on admin duties.

‘Full professors get paid less than managers of hamburger joints.’

(Though beginning of some reforms – dosen inti, etc.)

Limited support resources, eg, libraries, conferences, sabbaticals, ‘seminar culture’, etc.

Promotion: heavily seniority-based; the complex ‘KUM’ system; senior levels require Ministry approval.

Very little inter-institutional mobility. Very few jobs openly advertized, open to outsiders.

Virtually no peer review activities; very few competitive grant facilities.

3. Major Policy Issues

University Autonomy and the 'BHP' Case

DIKTI's reform aimed at providing greater autonomy for the elite universities declared unconstitutional by the MK in March 2010.

A setback for reform; based on spurious reasoning, that the Constitution stipulates that education is to be publicly provided, free. So private providers and fees considered 'unconstitutional'.

Behind the decision a deeper philosophical debate.

A revised draft law with similar orientation was approved by the DPR in July 2012. But likely to encounter the same opposition.

Result is that private universities face an uncertain regulatory & legal environment, while public universities remain financially constrained, directed to lift standards and international rankings while admitting more students from lower socio-economic groups without the enabling funding.

3. Major Policy Issues (cont)

Incentives for Academic Quality

A system that is reforming very slowly.

Very few Indonesian academics publish in international journals:

- Little recognition within their institutions.
- English language proficiency still quite weak.
- Limited access to international journals, networks, conferences, etc.

Many Indonesian publishing outlets: PDII-LIPI estimate more than 7,000 journals.

But very few are properly accredited, peer reviewed, etc.

Plagiarism a serious problem.

‘Dosen Inti’ schemes have had little impact so far; deeper reforms needed.

Academic promotion systems need major reform.

Academic salaries not competitive.

The lack of progress reinforces Indonesia’s very heavy reliance on short-term foreign consultants.

3. Major Policy Issues (cont)

Accreditation and Quality Control

The National Accreditation Agency for Universities (BAN-PT) was established in 1994.

Advisory board of 13 senior academics advises the Minister.

In practice, most study programs of both public and private universities, let alone other HEI's, have not been accredited, owing to the shortage of well-qualified assessors and funding constraints.

Thus most students are graduating from 'non-assessed programs' .

It is arguably not currently feasible to attempt to credibly accredit the thousands of course offerings in the country. In the interim – which may be a decade or longer - the market is de facto the effective arbiter of quality.

Note also the recent decision of DIKTI that all graduates (including S1) are required to 'publish' some academic output. For S2 and S3 students, in a peer-review outlet. Unlikely to be achieved, since very few professionally peer-reviewed outlets currently exist in Indonesia.

3. Major Policy Issues (cont)

The Challenge of Equity

Govt program of Bidikmisi (Beasiswa Pendidikan untuk Mahasiswa Miskin) for poor students, commenced in 2010.

No tuition fees, Rp600,000/month living allowance; universities to admit 20% of students from poor groups. Currently about 50,000 students in the scheme.

Evaluation: still too early to discern impacts; possibly some increase in participation from poor students, but no clear trend.

Some difficulty in identifying the poor students, and finding the numbers who meet the minimum admission requirements.

Eg, the UNPAD case.

Moreover, Bidikmisi essentially an unfunded requirement.

Alternatives:

A national merit-based scholarship scheme?

Student loans through the banking system have produced mixed results.

A HECS-style scheme?

(4) Summing Up: the Reform Agenda

No quick fixes! Long gestation periods. Need to plan for Indonesia in 2020++.

More funding needed, both public and private.

Heavy reliance on foreign researchers (Sudarno, Econlit).

Some general principles:

i) The more the training is narrowly vocational, the less the case for public funding.

ii) Public funding should be contestable, transparently allocated, genuine arms-length review.

iii) Major internal reforms of state universities needed: greater autonomy; mobility encouraged; excellence in teaching and research recognized; much improved staff and resources, in exchange for higher productivity.

iv) Role for govt: improve the effectiveness of the system – benchmarking, etc; avoiding complex regulations.

v) Interventions might include high-quality, credible quality assurance; broader curriculum development; opportunities for staff upgrading; generous research grants, tailored to national development needs.

vi) Much greater international engagement, at all levels.

vii) More attention to equity issues; generous merit-based scholarships; contingent loans (eg HECS) may be a distant possibility as the quality of tax administration improves.

TERIMA KASIH BANYAK!