

“Higher Education as an Instrument for Structural Change in Indonesia”

An Open Forum with

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On March 16th, USINDO hosted an Open Forum on higher education in Indonesia with Dr. Anies Baswedan as special guest speaker. USINDO Co-Chair Emeritus Ed Masters moderated the event.

When Dr. Baswedan asks his students to name Indonesia’s most important asset, it is often the nation’s *natural* resources that are named. Rarely has a student named Indonesia’s *human* resources. This reflects how Indonesians view themselves and is a mindset Dr. Baswedan is trying to change.

When Indonesia gained its independence in 1945, the illiteracy rate was 95%. Indonesia had only 5 universities, 92 high schools, and 322 middle schools for a population of 70 million. The country’s education system was practically starting at zero. By 2010, the illiteracy rate dropped to just 6%. Today the country has no less than 165,000 elementary schools and approximately 3,500 universities.

The proliferation of primary schools was the result of President Suharto’s leadership during the New Order regime, which focused on establishing elementary schools in every village.

During this period, there was also a massive recruitment for teachers to fill these schools. However, in order to meet the necessary recruitment targets, training was jeopardized, resulting in low standards for teacher quality. Thus, although the quantity of schools has expanded significantly over the years and should be commended, the quality of education remains a challenge.

In order to fill the teaching gap left by this rapid school construction, the government implemented an often overlooked initiative in the 1950s called *Pengerahan Tenaga Mahasiswa*, or Student Mobilization Program. This program recruited university students to serve as volunteer teachers in remote areas.

They started the program with only 8 teachers but within 10 years, they were able to cover 161 districts with 1,418 volunteer teachers. The result was that by the 1960's, the children of your average Indonesian family could enter university and by the 1970's, this class began entering the job market. By the 1980's, an Indonesian middle class began to emerge. For this class, this is "to whom the promise of independence has been paid". They are well educated, protected, and have reached better socio-economic conditions. Education has served as an escalator for upward mobilization over the last three decades because of simple interventions like this in education.

The Indonesian middle class has grown significantly, with some estimates placing as high as 103 million people as middle class (2010 est.). Comparing this trend to the trend in growth of students attending university, almost all

members of the Indonesian middle class are graduates of higher education. This demonstrates how important it is to ensure Indonesian higher education is accessible to all. It does not only enlighten individuals, but facilitates economic mobility.

Indonesia is one of the few countries that will have a demographic bonus in the near future. Today's youth, if educated and able to participate in the market, will be a great asset to Indonesia. But if they do not receive education and training, it will become problematic.

Today there are 165,000 elementary schools but only 43,000 junior high schools and just over 25,000 high schools. Thus it is clear that not everyone will have access to secondary education. For example, every year 5.3 million Indonesians enter first grade but only 2.2 million students will graduate from high school. Thus 3.1 million students per year drop out of school before reaching high school. If you calculate this over ten years, the demographic bonus Indonesia is experiencing is going to become a problem. This bottleneck must be addressed now. The government realizes this is an issue and is starting to address it.

Interestingly, dropout rates from university are relatively low, unlike more developed countries where secondary education is mandatory. Most of the dropouts will happen prior to college. For those that can gain access to tertiary education, they often stay. Indonesia must also increase access to higher education. While levels of primary school enrollment are similar in all economic quintiles, university

enrollments in the top 20% of the population are significantly higher than all other quintiles.

Education serves not only to educate individuals, but to transform classes. Yet the rising cost of tuition has made it increasingly difficult for students from poor families to access higher education, especially if they are academic underperformers.

For the poor, their economic circumstances also predispose them to underperform because of factors such as lack of facilities to study, proper nutrition, books, etc. Thus the escalator that has for the past three decades elevated the poor into the middle class cannot function as before. This is creating a greater divide between the upper and lower classes, and the risk is that the poor will stay poor.

Paramadina University implemented a scholarship program for high scoring students from poor families. This program invited the private sector to provide scholarships through an innovative business model that treats donations as investments.

Companies donate Rp. 100 million for a four year education, which is paid in the first year. The school will only spend Rp. 15-20 million per year, investing the difference so that by the end of the fourth year, there is a yield of Rp. 30-40 million. After five years, the program is sustainable and no longer requires funding.

This model has received significant support from the private sector. Fasli Djalal, the former Vice Minister of Education, was so impressed by this

program that he called together other Rectors and asked Paramadina to present the program. It is the first model in Indonesia of its kind and has been adopted elsewhere.

In order to recruit more low-income students, Paramadina also started to evaluate the cost of education differently by calculating costs per unit – such as the total cost for one classroom – rather than per student. After some analysis, they were able to determine the optimal number of students per class. When there are extra seats in a class, they invite students from poor families to fill those seats.

Regarding distribution of universities, most are in Java. West Java and Jakarta alone boast 790 universities; metropolitan Jakarta itself has over 300 higher education institutions. Thus for those attending school in the outer islands, they must choose between going to a big city or to Java. There must be more equitable distribution of universities across the archipelago.

Greater demand leads to the establishment of a greater number of schools; and demand, especially for private schools, is created by the middle class. Thus, the bigger the middle class, the more higher education institutions will emerge.

The quantity, distribution and quality of public education has not been the concern of the middle class in Indonesia. Why? Because most of the middle class does not use public health and education services. Many in the middle class are sending their children to private schools, which have greatly proliferated. They

do not push for change because they are not the recipients of these services.

This is very different from the 1970's or earlier when the middle class all sent their children to public health centers and schools. Hence, the challenge of low quality education has not received enough attention. Additionally, polls show that satisfaction rates of health and education services in Indonesia are high but this can be misleading. Satisfaction is high not because quality is high, but because expectations are low.

Indonesia must tackle the challenges of providing more equitable access to education, and providing a better quality education, if it is to elevate the poor into a growing middle class.

Q: The US under-invests in its education. Have any particular countries served as a model for your programs?

A: Indonesia has not greatly invested in its education system until recently. Five years ago, only roughly 8% of the budget was allocated to education but today, investment has jumped to 20% of the budget. This has both been a blessing and created problems because there was no indication in the law on how to distribute funds. Not all of it reaches the Ministry of Education and now it is difficult to pull back the funding.

On the second point, I do not think Indonesia uses any specific country as a model but it should increase its cooperation with the international community to share knowledge and improve education. The US has prioritized engagement on the issue of education in Indonesia. This reflects the

strategic importance of education for the country as a whole.

Q: Please expand on your role working with Fulbright and other exchange programs and how you see these programs helping the education system in Indonesia.

A: Exchange programs create new perspectives of one's native country. It is very important and should continue, not only in terms of numbers, but in terms of expanding recruitment outside Java. We could perhaps change the focus from a pre-departure orientation to a post-program orientation for students returning home. They need tools that enable them to more effectively share the knowledge they gained from their experience overseas.

Q: Are there any strategies for teachers going to rural areas to teach students with disabilities?

A: Paramadina has adopted a new teaching method and trained teachers to better equip them to work with students with disabilities. Perceptions are also changing so that students with disabilities are encouraged to participate in school.

Q: How is the government coordinating efforts between public and religious schools?

A: Coordination between the two could be improved. Private and public schools are expanding, and almost all of this is coordinated under the Ministry of Education. Schools with a more traditional, religious curriculum are still managed by the Ministry of Religious Affairs.

Q: What are the certification requirements for the various levels of education, especially the private universities?

A: There has been a significant and positive transformation in quality assurance in managing higher education institutions. Technology is used to evaluate and standardize programs. Individuals are also now restricted from teaching simultaneously at several universities because professors are required to input their information into a computer system that does not allow duplicate entries across institutions.

Badan Akreditasi Nasional is the body that governs accreditation. The issuance of severe penalties for assessors that accept kickbacks, as well as the schools from which the assessor is deployed, has improved the accreditation mechanism. The negative consequence of standardization is that there exists less room for creativity. It is still challenging to improve K-12 education but at the university level, we are making progress.

Q: What are the effects of decentralization on education, especially in places like Papua?

A: Decentralization has presented a challenge to improving education. There have been gains where teachers are deployed in the remote areas. It is important to educate these populations. The issue is competence and training of the local government. This has not been taking place as well as it should be, especially in Papua, which is uniquely complex and challenging. This is exacerbated by the presence of vast natural resources.

Q: How can Indonesia generate more awareness about its progress in the education sector?

A: Indonesia needs to better promote itself, especially to the United States. It is good to send Indonesian students to the US, but it is more effective to have American professors teach in Indonesia for several months, then come home to tell the story of Indonesia. The Indonesian Embassy should also invite journalists to Indonesia and think creatively about promoting the country. Peace Corps will have an impact, but until now, media coverage of the program has been more limited than expected.

Q: What are the three most important variables to address to fix the education problem in Indonesia?

A: The first factor is to ensure equitable access to quality education. The second is in regards to teacher training. We must improve the quality of instruction. We must also consider teacher welfare – pay is currently insufficient to support teachers. Distribution is also an issue – the student-teacher ratio in Indonesia is 18-1. There are enough teachers, but they are not distributed equally. Third, we need to improve the quality of higher education, especially in research. We can do this by increasing investment in education. One of the biggest costs is the initial investment of land and buildings. The government can ameliorate this by facilitating land acquisition by the private sector by lending land to companies for 30-50 years, and allowing the outright purchase of land at the end of the period.

Q: Do you have plans to expand the length of service for participants in this program beyond one year?

A: We cannot solve all of the nation's education problems. The idea is to address a specific area but have a big impact. We call it social acupuncture. It is the responsibility of all those who are educated to improve the system - that is the message we are trying to send. An example of how the program has engaged the middle class is the partnership with Garuda. Because teachers must go to remote and difficult to access regions, the program asked Garuda to open a frequent flyer account to which all Indonesians can donate their miles. This can be used to pay for teachers to reach these regions. We are creating innovative ways to engage Indonesians.

Chapter 1: Fundamental Change in Education. 1.1 Structural changes in the economy: the growth of a knowledge society. 1.2 The skills needed in a digital age. 1.3 Should education be tied directly to the labour market? 1.4 Change and continuity.Â knowledge management: this is perhaps the most over-arching of all the skills. Knowledge is not only rapidly changing with new research, new developments, and rapid dissemination of ideas and practices over the Internet, but the sources of information are increasing, with a great deal of variability in the reliability or validity of the information. Thus the knowledge that an engineer learns at university can quickly become obsolete.