Beyond access: Making Indonesia’s education system work

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EXECUTIVE SUMMARY

Indonesia’s biggest challenge regarding education is no longer improving access but improving quality. The Indonesian Government hopes to develop a ‘world-class’ education system by 2025. However, numerous assessments of the country’s education performance suggest that it has a long way to go before it will achieve that goal. Many Indonesian teachers and lecturers lack the required subject knowledge and pedagogical skills to be effective educators; learning outcomes for students are poor; and there is a disparity between the skills of graduates and the needs of employers.

This Analysis explores the reasons behind these problems and the implications for Australian education providers. It argues that Indonesia’s poor education performance has not simply been a matter of low public spending on education, human resource deficits, perverse incentive structures, and poor management. It has, at its root, been a matter of politics and power. Change in the quality of Indonesia’s education system thus depends on a shift in the balance of power between competing coalitions that have a stake in the nature of education policy and its implementation. This barrier to improved educational performance is likely to limit the scope for Australian education providers to develop closer research linkages with Indonesian universities, offer Australian students more in-country study options in Indonesia, recruit greater numbers of Indonesian students, and establish branch campuses in Indonesia.
Over the past few decades, Indonesia has made great strides in improving access to education. Indonesian children are starting school earlier and staying in school longer than they ever have before. But the country has made relatively little progress in improving educational quality and learning outcomes. Assessments of the country’s education system suggest that it is beset by poor quality tuition, poor learning outcomes, inadequate facilities, and disciplinary problems.¹

The country’s results in international standardised assessments of student achievement have been poor relative to other countries including in Southeast Asia. In December 2014, the then Minister of Education and Culture, Anies Baswedan, declared publicly that the country’s educational performance was so poor and violence within the school system so widespread that the country faced an education “emergency”.²

In terms of formal policy and planning, improving the quality of Indonesia’s education system has been a key priority for the Indonesian Government. For more than a decade, Ministry of Education and Culture³ strategic plans have stated that the country needs to produce “smart and competitive” individuals who can compete successfully for jobs and other opportunities in an increasingly globalised economy if the country is to become economically competitive.⁴ Various Indonesian presidents — in particular, President Joko Widodo and his predecessor Susilo Bambang Yudhoyono — have expressed similar ideas in public statements.⁵ A number of recent government education plans have envisaged Indonesia’s education system becoming “internationally competitive” by 2025 and, in particular, having increasing numbers of Indonesian universities in the world’s top 500 universities.⁶

Conventional analyses — particularly those produced by international development organisations such as the World Bank, the Organisation for Economic Co-operation and Development (OECD), and the Asian Development Bank (ADB) — have attributed the poor quality of Indonesia’s education system and its difficulties in improving learning outcomes to its proximate causes: inadequate funding, human resource deficits, perverse incentive structures, and poor management. They have recommended that the Indonesian Government increase education funding, improve teacher training, and reform education administration.

However, the country’s problems with education quality and learning have also been, at their root, a matter of politics and power. Indonesia has not just lacked the financial, human resource, and administrative prerequisites for a high-quality education system but, crucially, the underlying political prerequisites. Making Indonesia’s education system
Beyond Access: Making Indonesia’s Education System Work

‘work’ — in the sense of achieving higher educational standards and better learning outcomes — therefore requires a fundamental shift in the underlying political and social relationships that have shaped the evolution of Indonesia’s education system to date. Only when a shift in these relationships occurs will measures to improve financing, address human resource deficits, improve educational administration and the like yield results.

This Analysis provides a brief overview of Indonesia’s education system and its achievements in relation to access to education, educational quality, and student learning. It examines the proximate causes of Indonesia’s lack of success in promoting educational quality and better learning outcomes as emphasised in conventional analyses of the country’s education system before then offering an alternative, more politically focused explanation. It also considers the implications of the analysis for Australian education providers and future efforts to improve education quality and learning outcomes in Indonesia.

Overview of Indonesia’s Education System

Indonesia’s education system comprises four levels of education: primary (grades 1–6), junior secondary (grades 7–9), senior secondary (grades 10–12), and higher education. The first two levels constitute ‘basic education’ as that term is used in the Indonesian context. State educational institutions dominate the education system, particularly at primary and junior secondary levels. However, the private sector also plays a significant role, accounting for around 48 per cent of all schools, 31 per cent of all students, and 38 per cent of all teachers. The private sector plays a significant role, accounting for around 48 per cent of all schools, 31 per cent of all students, and 38 per cent of all teachers. It also accounts for 96 per cent of all higher education institutions (HEIs) and almost 63 per cent of higher education enrolments. The state educational system is mostly non-sectarian although it includes some religious (typically but not only Islamic) schools and HEIs. The private educational system, by contrast, is dominated by religiously oriented schools and HEIs, in particular those associated with Indonesia’s two major Islamic social organisations, Muhammadiyah and Nahdlatul Ulama, although it also includes non-religious commercially oriented institutions especially in higher education. Generally, state educational institutions are considered to be of higher quality than private educational institutions although there is great variation among both public and private institutions.
Responsibility for managing the education system has changed significantly over time. Under the New Order, the regime that ruled Indonesia from 1965 to 1998, education was highly centralised. The Ministry of Education and Culture had primary responsibility for managing all levels of the education system with a number of other central government ministries and agencies also playing significant roles. The most important of these was the Ministry of Religious Affairs, which was responsible for funding state Islamic schools and HEIs and regulating matters related to religious education. In 2001, the central government transferred authority over education policy and management to district-level governments in line with decentralisation, although this shift did not extend to higher education. The Directorate-General of Higher Education within the Ministry of Education and Culture continued to coordinate, supervise, and direct all state and private HEIs while the Ministry of Religious Affairs maintained close oversight of the network of religious HEIs. In October 2014, then newly elected President Joko Widodo removed the Directorate-General of Higher Education from the Ministry of Education and Culture and merged it with the Ministry for Research and Technology, creating a new Ministry for Research, Technology and Higher Education. The Ministry of Education and Culture was left with responsibility for managing primary, junior secondary, and senior secondary education. The Ministry of Religious Affairs retained responsibility for religious schools as well as matters related to religious education.

EDUCATIONAL PERFORMANCE

Indonesia has made enormous progress in improving access to education in recent decades. The New Order invested heavily in building new public schools, especially primary schools, and recruiting teachers during the 1970s and early 1980s when it was awash with petrodollars due to the boom in international oil prices. At the same time, it promoted the expansion of the higher education system by facilitating the establishment and growth of private HEIs. Post-New Order governments have continued to construct new schools (albeit at a much slower rate than during the 1970s and early 1980s), focusing on junior secondary and senior secondary schools, and recruit large numbers of teachers. By 2011, the country had over 200 000 schools and three million teachers (Figures 1–3). They have also continued to facilitate the expansion of private HEIs (Table 1).
Note: Data excludes Islamic schools under the jurisdiction of the Ministry of Religious Affairs
Table 1: Number of higher education institutions in Indonesia

<table>
<thead>
<tr>
<th>Year</th>
<th>State</th>
<th>State Religious</th>
<th>Private</th>
<th>Private Religious</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1994/1995</td>
<td>77</td>
<td>1159</td>
<td></td>
<td></td>
<td>1236</td>
</tr>
<tr>
<td>1995/1996</td>
<td>77</td>
<td>1228</td>
<td></td>
<td></td>
<td>1305</td>
</tr>
<tr>
<td>1996/1997</td>
<td>77</td>
<td>1293</td>
<td></td>
<td></td>
<td>1370</td>
</tr>
<tr>
<td>1997/1998</td>
<td>77</td>
<td>1314</td>
<td></td>
<td></td>
<td>1391</td>
</tr>
<tr>
<td>1998/1999</td>
<td>77</td>
<td>1449</td>
<td></td>
<td></td>
<td>1526</td>
</tr>
<tr>
<td>1999/2000</td>
<td>76</td>
<td>1557</td>
<td></td>
<td></td>
<td>1633</td>
</tr>
<tr>
<td>2000/2001</td>
<td>76</td>
<td>1671</td>
<td></td>
<td></td>
<td>1747</td>
</tr>
<tr>
<td>2001/2002</td>
<td>45</td>
<td>1846</td>
<td></td>
<td></td>
<td>1891</td>
</tr>
<tr>
<td>2002/2003</td>
<td>78</td>
<td>1846</td>
<td></td>
<td></td>
<td>1924</td>
</tr>
<tr>
<td>2003/2004</td>
<td>81</td>
<td>2347</td>
<td></td>
<td></td>
<td>2428</td>
</tr>
<tr>
<td>2004/2005</td>
<td>81</td>
<td>2391</td>
<td></td>
<td></td>
<td>2472</td>
</tr>
<tr>
<td>2005/2006</td>
<td>82</td>
<td>2756</td>
<td></td>
<td></td>
<td>2838</td>
</tr>
<tr>
<td>2006/2007</td>
<td>82</td>
<td>2556</td>
<td></td>
<td></td>
<td>2638</td>
</tr>
<tr>
<td>2007/2008</td>
<td>82</td>
<td>52</td>
<td>2598</td>
<td>494</td>
<td>3226</td>
</tr>
<tr>
<td>2008/2009</td>
<td>83</td>
<td>52</td>
<td>2892</td>
<td>506</td>
<td>3533</td>
</tr>
<tr>
<td>2009/2010</td>
<td>83</td>
<td>52</td>
<td>2928</td>
<td>522</td>
<td>3585</td>
</tr>
<tr>
<td>2010/2011</td>
<td>88</td>
<td>52</td>
<td>3097</td>
<td>557</td>
<td>3794</td>
</tr>
<tr>
<td>2011/2012</td>
<td>92</td>
<td>52</td>
<td>3078</td>
<td>593</td>
<td>3815</td>
</tr>
</tbody>
</table>

Note: Includes full-time and part-time teachers of both sexes

Note: Institutes, Colleges, Academies, and Polytechnics have been included from 2002/2003 onwards
Source: Indonesian Central Bureau of Statistics
These efforts to expand the supply of education have intersected with rising income levels, demographic changes, and government efforts to provide free education, all of which have served to increase the demand for education. The result has been a marked increase in student enrolment rates at all levels of the education system. For example, between 1972 and 2015, the country’s gross enrolment rate (the ratio of total enrolment, regardless of age, to the population of the age group that officially corresponds to the level of education shown) increased from 85 per cent to 105 per cent for primary schools, from 18 per cent to 85 per cent for secondary schools, and from 2 per cent to 24 per cent for HEIs (see Figure 4). Importantly, this growth in enrolment is closely associated with increased female participation in education, improving gender equity in the sector. As Figure 5 shows, the country’s gender parity index (GPI) scores for primary, secondary, and tertiary education all improved significantly between 1972 and 2015. The GPI measures the ratio of girls to boys enrolled at the relevant level of schooling in public and private schools.

Note: Gross enrolment rates can be greater than 100 if students enrol early or late or repeat a grade
However, this dramatic improvement in access to education has not been matched by improvements in educational quality and learning outcomes. The few studies of student achievement in primary and secondary school conducted during the New Order suggested that achievement levels were low, improved little if at all over time, and compared poorly to other countries. Indonesia’s performance in international standardised tests of student achievement from 1999–2015 suggest little has changed in these respects since the fall of the New Order. In the most recent iteration of PISA (Programme for International Student Assessment) in 2015, 42 per cent of Indonesian 15 year olds failed to meet minimum standards in all three areas covered by the test: reading, mathematics, and science. At the same time, as Figure 6 shows, Indonesia’s scores on PISA, TIMSS (Trends in International Mathematics and Science), and PIRLS (Progress in International Reading Literacy Study) have improved little over time. This trend has served to cement Indonesia’s place towards the bottom of the list of assessed countries in these tests and behind neighbouring countries such as Malaysia, Vietnam, and Thailand.
Higher education outcomes have been no better. Recent assessments of the country’s higher education system suggest that it continues to produce graduates who lack the skills employers need, in particular, those required for professional and managerial roles.\textsuperscript{13} Nor does it “provide the necessary research needed to support innovation”.\textsuperscript{14} The quality of research and teaching in Indonesia’s higher education system — even at the country’s best institutions — is generally regarded as poor relative to both global standards and those of neighbouring countries in Asia.\textsuperscript{15} According to the World Bank, Indonesian researchers published 16,139 scientific papers between 1996 and 2011, an average of 1000 papers per year, placing the country in 63rd position globally and 11th place within the region.\textsuperscript{16} At the same time, as a study of the education system in Indonesia noted, “few researchers based at Indonesian HEIs produce research papers without international cooperation, which suggests limited research capacity”.\textsuperscript{17} It is more difficult to judge the quality of teaching at Indonesian HEIs but Ministry of Education and Culture accreditation results provide some insight. In 2012, only 23 per cent of state university undergraduate degree (S1) programs and 4.5 per cent of private university undergraduate degree programs received the maximum grade of A.\textsuperscript{18}

With poor-quality research and teaching, few Indonesian universities have ranked in the top 500 in global league tables (see Table 2).
Table 2: Indonesian universities in the top 500 world rankings

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>QS World University Rankings</strong></td>
<td>University of Indonesia (310)</td>
<td>University of Indonesia (358)</td>
<td>University of Indonesia (325)</td>
<td>University of Indonesia (277)</td>
</tr>
<tr>
<td></td>
<td>Institute of Technology, Bandung (461–470)</td>
<td>Institute of Technology, Bandung (431–440)</td>
<td>Institute of Technology, Bandung (401–410)</td>
<td>Institute of Technology, Bandung (331); Gadjah Mada University (401–410)</td>
</tr>
<tr>
<td><strong>Times Higher Education World University Rankings</strong></td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>na</td>
</tr>
<tr>
<td><strong>Academic Ranking of World Universities</strong></td>
<td>0</td>
<td>0</td>
<td>na</td>
<td>na</td>
</tr>
</tbody>
</table>

Sources: QS, Times Higher Education and ARWU websites

In sum, Indonesia has had great success in getting children into school and keeping them there, at least until the end of the compulsory basic education period (the end of junior secondary school). However, it has had much less success in ensuring that these children receive an education. The country’s education system has been a high-volume, low-quality enterprise that has fallen well short of the “internationally competitive” system Ministry of Education and Culture plans anticipate will emerge in the near future.

PROXIMATE CAUSES OF POOR EDUCATIONAL QUALITY AND LEARNING OUTCOMES IN INDONESIA

In explaining the poor quality of education and learning outcomes in Indonesia, most analysis — in particular, that of international development organisations such as the World Bank, the OECD, and the ADB — points to the effects of four main factors.

The first is the level of government spending on education. Although the New Order government invested heavily in expanding the school system during the oil boom, it cut education spending significantly following the collapse of international oil prices in the mid-1980s. By 1995 it was spending barely 1 per cent of GDP on education, far less than other lower middle-income countries and comparable neighbouring countries (Table 3). Government spending on education has grown markedly since the fall of the New Order and, in particular, since 2002 when the national constitution was amended to require the central and regional governments to spend at least 20 per cent of their respective budgets on education. However, while education spending is now at a level similar to other lower middle-income countries, it is still less than comparable neighbouring countries.
This low level of government investment has undermined education quality in a variety of ways. For example, it has encouraged the growth of low-quality private educational institutions to absorb demand for education not met by public schools and HEIs; limited the state’s ability to pay teachers competitive salaries and, therefore, reduced incentives for high-quality school/HEI graduates to pursue teaching careers; made it difficult for the state to ensure that adequate teaching supplies, textbooks, and facilities are available at the institutional level; and limited the ability of Indonesian HEIs to support research.

The second factor is the quality of Indonesian teachers and lecturers. Prior to 2005, most Indonesian teachers had low-level qualifications with less than 40 per cent holding a four-year bachelor’s degree. At the same time, many teachers lacked the basic subject knowledge and pedagogical skills to be effective educators. In 2012, the central government introduced a competency test for teachers to assess their subject knowledge and pedagogical skills. The almost three million teachers who took the test in 2015 scored on average 53.02, below the designated target of 55. The enactment of Law 14/2005 on Teachers and Lecturers led to the introduction of a teacher certification program that linked generous pay rises to improvements in qualifications and skills. However, numerous studies have shown that this program has had little, if any, positive impact on teacher subject knowledge or pedagogical skills or, indeed, student learning.

The situation has been much the same in higher education. According to the World Bank, more than one-third of Indonesia’s academic labour force has a bachelor’s degree or less. Only about 10 per cent have PhDs. This imbalance is more pronounced in private than public HEIs but is a feature even of the country’s top universities. Domestic production of masters and PhD graduates has “grown steadily”

### Table 3: Government spending on education, selected years, % of GDP

<table>
<thead>
<tr>
<th>Region</th>
<th>1995</th>
<th>2004</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>East Asia and the Pacific (IDA and IBRD countries)</td>
<td>2.43</td>
<td>2.74</td>
<td>4.12</td>
</tr>
<tr>
<td>All lower middle-income countries</td>
<td>4.09</td>
<td>3.29</td>
<td>3.40</td>
</tr>
<tr>
<td>Malaysia</td>
<td>4.35</td>
<td>5.92</td>
<td>5.47</td>
</tr>
<tr>
<td>Thailand</td>
<td>3.14</td>
<td>4.03</td>
<td>4.12</td>
</tr>
<tr>
<td>Philippines</td>
<td>3.03</td>
<td>2.56</td>
<td>2.65</td>
</tr>
<tr>
<td>Vietnam</td>
<td>na</td>
<td>4.87</td>
<td>5.65</td>
</tr>
<tr>
<td>Indonesia</td>
<td>1.00</td>
<td>2.74</td>
<td>3.35</td>
</tr>
</tbody>
</table>

Notes: (i) 1999 figure; (ii) 2012 figure; (iii) 2009 figure; (iv) 2008 figure
Source: World Bank, World Development Indicators
in recent years but has been “too small to provide the amounts of human capital needed for an increased critical mass of qualified instructors and professors”.

The third factor is reward/incentive systems that discourage Indonesian teachers and lecturers from delivering high-quality teaching and, in the case of university academics, high-quality research. Teacher and academic appointments have tended to be made on the basis of loyalty, friendship, and familial connections rather than merit; promotions have tended to occur automatically after staff have met particular administrative requirements rather than on the basis of a track record in delivering high-quality research and teaching; and terminations have been rare even when staff performance is poor. At the same time, low salaries at both public and private educational institutions have encouraged teachers and academics to take on extra work, sometimes of a non-academic nature. The result has been widespread absenteeism in both the school and higher education systems. Recent analysis suggests there has been a significant reduction in absenteeism rates among school teachers over the decade from 2003 to 2013, but that on any given day 10 per cent of teachers are still absent when they are scheduled to be at work.

The fourth factor is poor government management of public educational institutions, in particular excessive government control over their activities. Under the New Order, public educational institutions were formally units within the bureaucracy rather than separate legal entities and their staff were classified as civil servants. They had virtually no managerial or financial autonomy. Decentralisation transferred authority over public schools to district governments but did not change their formal legal status as part of the bureaucracy. In recent years, the central government has endeavoured to give public schools and HEIs greater financial and managerial autonomy including by changing their legal status and, in the case of schools alone, designating some as ‘international standard’. However, for reasons that are outlined below, these endeavours have largely failed. A lack of autonomy has meant that public schools and HEIs have been subject to “too many restrictions and binding rules … to develop at a reasonable pace and in keeping with changing local needs and circumstances”.

THE POLITICAL ECONOMY OF EDUCATIONAL QUALITY AND LEARNING OUTCOMES IN INDONESIA

The poor performance of Indonesian educational institutions cannot just be explained by the proximate causes outlined above. It also reflects the way that a range of elite actors, including bureaucrats, political leaders, and business people, have often stymied efforts to improve the quality of the education system. Former President Suharto’s New Order was dominated by an alliance of bureaucratic officials and their corporate
Becky's clients. Unconstrained by the rule of law, these officials were able to sell access to state facilities, licenses, concessions, credit, and positions to enrich themselves and generate resources for patronage purposes. They also spawned the emergence of major domestic business conglomerates, many owned by family or friends of senior bureaucratic figures, the competitiveness of which rested on their political connections. This alliance of forces maintained its political and social dominance under the New Order by securing control over parliament, the bureaucracy, and the courts; restricting opportunities for independent organisations; promoting economic development; lubricating patronage networks; and harshly repressing dissent.

The onset of the Asian Financial Crisis in 1997 weakened the economic base of this alliance by precipitating widespread corporate bankruptcy, increasing the country's public debt, undermining sources of government revenue, and forcing the government to negotiate a rescue package with the International Monetary Fund. The implosion of the New Order system saw its principal patron, President Suharto, resign from office. However, these developments did not eliminate the role these forces played in politics and business. As Professor Vedi Hadiz has argued, bureaucrats and their corporate allies have been “able to reinvent themselves through new alliances and vehicles” such as political parties. While democratisation has led to increasing separation between political and bureaucratic authority (most obviously manifest in empowered national and regional parliaments) and opened up spaces for new actors to influence policymaking, the bureaucratic and corporate forces that dominated the New Order have largely maintained instrumental control over the state apparatus.

These elements have had little interest in the development of a high-quality education system producing strong learning outcomes. Their interests have been the development of an education system that helps them to accumulate resources, distribute patronage, mobilise political support, and exercise political control rather than one that produces “smart and competitive” Indonesians capable of competing for jobs and other economic opportunities in the global economy. Their focus has accordingly been on expanding the scope or reach of the education system rather than improving its quality. They have also had an interest in limiting the public funding consumed by the education system to ensure that government resources are concentrated in areas of public spending (such as infrastructure) that offer them better opportunities to accumulate rents.

One illustration of this has been a general lack of interest by major business groups and their representative organisations, the Indonesian Chamber of Commerce (KADIN) and the Indonesian Employers’ Association (APINDO), in matters related to education and especially education quality. Indonesian businesses have long complained of difficulty in recruiting skilled local workers to fill professional and

[The] focus has been on expanding the scope or reach of the education system rather than improving its quality.
management positions. However, their lobbying efforts have tended to focus on promoting more flexible labour regulations and securing various forms of government largesse rather than on education quality.\textsuperscript{35}

In 2012, McKinsey Global Institute issued a report on the Indonesian economy that shifted the focus by calling for a range of measures to improve the quality of Indonesia’s education system including, among other things, raising “the standard of teaching with an emphasis on attracting and developing great teachers”.\textsuperscript{36} It proposed that the government should increase teacher remuneration, recruit teachers from the top tier of graduates, and improve teacher distribution. Given McKinsey’s prominent position within the business sector, this report may indicate that there has been a change in the business community’s approach to education issues. But such pronouncements have been the exception rather than the rule.

Indonesia’s education system has instead become part of the larger ‘franchise’ structure that was established under the New Order regime and which has endured into the post-New Order period, the key feature of which is the purchase of government positions in exchange for access to the rents they could generate.\textsuperscript{37} Prior to the New Order, local community members such as parents played a central role in the management of Indonesian public schools. Early in the New Order period they were pushed aside in favour of bureaucrats who bought their positions at schools in exchange for the opportunity to make money through corruption and fees or were given them as a payoff for support to higher political or bureaucratic officials.\textsuperscript{38} Similar dynamics have been at work in public HEIs. Ambitious teachers or academics have accordingly focused on securing senior administrative positions that provide opportunities to supplement their income through corruption or consulting and outside teaching work, rather than upgrading their qualifications, improving the quality of their teaching, or producing traditional research outputs.\textsuperscript{39}

At the same time, schools and HEIs have become vehicles through which political elites have mobilised votes at election time and exercised control.\textsuperscript{40} Under the New Order, teachers and lecturers who had civil servant status were required to support the ruling Golkar Party, and both take and teach compulsory courses in the state ideology, Pancasila. Teachers were also required to be members of the Indonesian Teachers Union (PGRI), the sole recognised teachers’ trade union.

The collapse of the New Order saw the removal of some of these requirements. However, the PGRI has remained the dominant institution for teacher representation and has remained closely connected to government, especially at the regional level. At the same time, Indonesia’s transition to democracy resulted in fervent competition for teachers’ votes, given their large number and a widespread assumption that one teacher’s vote is worth several because of their family and
social networks. So intense is this competition that it is not uncommon for teachers who back losing candidates in elections for regional head to be ‘punished’ by being moved to isolated parts of a region. As Kompas has reported:

In a number of regions, teachers and school principals have begun being involved as members of candidates’ success teams in regional head elections. If the supported candidate wins, the school principals’ terms will be extended. On the other hand, school principals who support losing candidates are directly transferred to remote areas or demoted for no apparent reason.

Another reason for the poor performance of Indonesian schools and HEIs has been the role played by public actors including progressive NGOs, student organisations, independent teacher unions, parents’ groups, and nationalist intellectuals concerned about education. These groups have promoted an education agenda that combines rights-based approaches to development, a concern to protect the state school sector from market-oriented reform, and nationalist perspectives. Their key policy concerns have been to promote citizens’ rights of access to education, ensure equality, and build national identity and resilience through the education system — although the relative emphasis placed on these elements varies. The transition to democratic rule increased the scope for these forces to influence government policy by removing key obstacles to political organisation, opening up new entry points into the policymaking process, and creating an incentive for politicians and political parties to promote redistributive policies for electoral reasons.

To the extent that the Indonesian Government has sought to enhance education quality in the post-New Order period it has done so primarily through the adoption of reforms aimed at enhancing corporatisation, accountability, and competition in the education sector. During the New Order, government technocrats and their allies in the donor community exercised little influence on education policy. However, the Asian Financial Crisis increased their leverage by increasing the Indonesian Government’s need for foreign aid and private investment. This allowed technocrats to introduce a range of education reforms that emphasised more autonomy for educational institutions, academic freedom, and openness to investment by foreign educational institutions. These reforms were, however, fiercely resisted by both those parts of the bureaucracy and corporate sector that were profiting from the old system as well as the public actors mentioned above, newly empowered by Indonesia’s transition to democracy. This clash between reformers and those forces resistant to change left the country without a viable strategy for improving the quality of the education system.

One example of the impact of this deadlock was the Education Legal Entities (Badan Hukum Pendidikan) Law in 2009. This law, which was the product of a World Bank-funded project called Managing Higher...
Education for Relevance and Efficiency, changed the legal status of all schools and HEIs in Indonesia to autonomous bodies called ‘educational legal entities’. The underlying philosophy of the law was that educational institutions needed not just academic freedom but also managerial and financial autonomy in order to improve educational standards and quality. Well-connected elements — specifically the owners of private HEIs — mobilised in opposition to the law because of fear that the change in legal status would mean they had less control over their HEIs and the revenues they generated. Public groups — especially university student organisations, human rights and anti-corruption NGOs, independent teacher associations, and parents’ groups — also mobilised against the law. In their case, the concern was that greater autonomy for public HEIs and public schools would entail higher fees at these institutions and reduced access for the poor. They argued that the law promoted the ‘commercialisation’ or ‘privatisation’ of education.48 In 2010, these groups, working in alliance with an organisation representing corporate owners of private HEIs, successfully challenged the law in the Constitutional Court resulting in its annulment.49

The government responded to this decision by enacting a new higher education law two years later that offered a broader array of options in terms of the legal status of HEIs. Since the enactment of this new law, eleven public HEIs have been granted a change in legal status to ‘legal entity’, roughly akin to the education legal entities created by the 2009 law. However, efforts to promote better education quality and learning outcomes through changes to the legal status of these institutions were otherwise effectively stymied.

A second case that illustrates the political obstacles to technocratic and donor efforts to promote better education quality and learning outcomes was the government’s policy on ‘international standard schools’ (Sekolah Bertaraf Internasional) introduced in 2009. Under this policy, schools designated as ‘international standard’ were required to, among other things: follow curricula used in OECD or other developed countries; use information and communication technology (ICT) and English in the delivery of these curricula; and only enrol students who have met minimum academic requirements.50 In exchange for fulfilling these requirements, schools were granted generous routine and additional funding and given permission to charge fees in contrast to regular schools that had to adhere to the government’s policy of free basic education. The objective of the policy was to create a small set of high-quality schools delivering a world-class education to the country’s best and brightest. In practice, however, it created a two ‘caste’ educational system in which only those with the ability to pay gained access to an international standard education, threatening equity.51

The policy on international standard schools attracted opposition from a range of public groups including anti-corruption activists, education activists, trade unionists, and parents. In 2012, lawyers at Indonesia...
Corruption Watch, a Jakarta-based NGO active in relation to the issue, with support from other NGOs and parents’ groups launched a case challenging the constitutionality of the establishment of the schools. In January 2013, the Constitutional Court ruled in their favour, ending the international standard schools policy.

Perhaps most importantly, political resistance to reform also derailed efforts to implement a new teacher certification program in a way that served to enhance teacher quality. This program was established following recommendations by a World Bank–Bappenas Task Force in the late 1990s that the government link future pay raises for teachers to improvements in teacher skills and knowledge and PGRI demands to introduce new legislation in order to improve teacher welfare. As noted earlier, the program entailed generous pay rises for teachers who could demonstrate competency with regards to subject knowledge and pedagogical skills but has thus far had little, if any, positive impact in this respect or in terms of student learning.

One of the reasons for its limited impact is that the competency component of the program was effectively removed in the face of fierce opposition from the PGRI and independent teacher unions which saw this component as a threat to increased pay for many of their members — something they saw as a ‘right’. Led by the PGRI, they lobbied the national parliament — which had control over the budget for implementation of the competency tests — to have this element of the model thrown out, presumably threatening to mobilise the teacher vote against politicians who stood in their way. A compromise system that involved preparation of teacher portfolios and a 90-hour training program proved to be problematic in practice as corrupt behaviour on the part of teachers, education agency officials, and staff at teacher education institutions undermined both forms of assessment.

IMPLICATIONS FOR AUSTRALIAN EDUCATION PROVIDERS

These political dynamics and their effects have important implications for Australian education providers, especially universities and vocational education and training (VET) providers, both of which are heavily engaged in international education. In recent decades, Australian universities and VET providers have sought to improve the quality of their offerings, enhance competitiveness, and maintain financial viability. They have done this by, among other things, attracting international students, creating new overseas study opportunities for Australian students, forging international research linkages, and establishing overseas campuses. However, political obstacles to improved education quality and reform in Indonesia impose constraints on the extent to which they can pursue these endeavours through engagement with Indonesia.
International students: Australian universities and VET providers have been extremely successful in attracting full fee-paying international students in recent years including from Indonesia. In 2017, Indonesia ranked ninth as a source of international students in Australia, accounting for 2.5 per cent of total international student enrolments. However, given Indonesia’s proximity and population size, enrolments have been lower than might be expected. This has in part reflected the fact that Indonesians have a lower capacity to pay for international education than people in wealthier countries. But it is also due to the lower quality of Indonesian graduates: with weak academic skills, prospective Indonesian students have often found it difficult to meet entry requirements at Australian universities and VET providers, especially English language proficiency requirements. If Indonesia is unable to resolve the political challenges surrounding education quality, Australian universities and VET providers will likely continue to look elsewhere in recruiting international students, although there may be greater scope for VET providers to recruit Indonesian students given their generally lower entry requirements.

Overseas study opportunities for Australian students: Although Australian students at Australian universities and VET providers are increasingly spending time overseas as part of their studies, only a small number choose to study at Indonesian educational institutions. The reasons for this are complex but relate in part to negative perceptions among Australian students about the quality of Indonesian educational institutions. Continued inability on Indonesia’s part to resolve the political challenges surrounding educational quality is therefore likely to limit the extent to which Australian universities and VET providers can grow Indonesian study options. The Australian Consortium for In-country Indonesian Studies, a major provider of Indonesia-based study programs for Australian university students, has experienced solid demand for its in-country language and short course practicum-based programs in professional and applied fields in recent years, in the latter case because these tap into growing student demand for work-integrated learning opportunities. It is possible that such programs will continue to grow in future. However, it is harder to see Australian universities and VET providers investing significant resources in the development or expansion of regular, classroom-based study options outside language training in the absence of significant improvements in education quality.

Research linkages: In recent years, Australian universities have dramatically expanded collaborative research endeavours with foreign HEIs, particularly in the Asia-Pacific. However, there has been little collaboration with Indonesian HEIs because of the limited scope for it to produce high-quality research outcomes. As long as Indonesian HEIs lack the capacity to produce world-class research, Australian universities will have little incentive to engage in joint
research activities except through Australian Government initiatives specifically aimed at funding such activities such as the Australia–Indonesia Centre.

**Overseas campuses:** Indonesia’s higher education law allows foreign universities to operate in Indonesia on the condition that they collaborate with Indonesian partners and meet various other conditions. However, no Australian university has so far established a campus in Indonesia. This is because the Indonesian Government has baulked at passing regulations implementing the relevant provisions of the higher education law in the face of strong political opposition from HEIs and public actors — opposition that has been part of the wider resistance to market-oriented education reform discussed above. In November 2017, President Joko Widodo stated that he wished to see foreign universities operating in Indonesia. One month later Vice-President Jusuf Kalla said that the government intended to allow them to do so. Muhammad Nasir, Indonesia’s Research, Technology and Higher Education Minister, confirmed the apparent change in direction in late January 2018, noting that a set of leading foreign universities had already expressed interest in establishing campuses. But it remains to be seen whether they ultimately act on these intentions, how long it might take them to do so, and whether any resulting regulatory changes impose unworkable restrictions on foreign universities. Nasir has already indicated that it will not be open slather for foreign universities; they will be required to partner with domestic private universities and the Indonesian Government will determine what they teach and where they build their campuses.

**CONCLUSION**

This Analysis examined the reasons why Indonesia has so far failed to develop a high-quality education system capable of producing strong learning outcomes. It argued that this outcome has not simply been a matter of inadequate funding, human resource deficits, perverse incentive structures, and poor management. It has fundamentally been a matter of politics and power. Specifically, it reflects the dominance of political, bureaucratic, and corporate elites during the New Order and their continued control over the state apparatus in the post-New Order period, including the education bureaucracy and public educational institutions. It also reflects the fact that public groups such as progressive NGOs and parent, teacher, and student groups have had greater opportunity to participate in education policymaking since the fall of the New Order, making reform more difficult.

The implication of this argument is that improved educational quality and learning outcomes in Indonesia require more than just better resourcing for schools and HEIs, and better teacher training programs. It requires more than policies providing for institutional autonomy and...
decentralisation of managerial responsibility — the sorts of interventions that have been the focus of technocratic and donor-sponsored education policy reforms over the past two decades. It also requires a fundamental shift in the underlying political and social relationships that have characterised Indonesia’s political economy and shaped the evolution of its education system. In the absence of such a shift, interventions aimed at promoting educational quality are likely to be stymied by political and social forces opposed to reform, for either ideological or material reasons.

The outcome has implications for Australia as well as Indonesia and, in particular, for the internationalisation of Australia’s education system. Given the importance of Australia’s broader relationship with Indonesia, Australia has a strong interest in the development of strong educational links between the two countries. Such links are unlikely to emerge, however, unless Indonesia is able to resolve the political barriers to improved educational quality that it currently faces.

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NOTES


3 The name of the ministry responsible for education has changed a number of times in recent years. For the sake of simplicity, I refer to it as the Ministry of Education and Culture throughout except when citing official documents. In the latter case, I use the name of the ministry at the time.


9 The GER can be greater than 100 if students enrol early or late or repeat a grade.
See World Bank, *Education in Indonesia: From Crisis to Recovery* (Jakarta: World Bank, 1998), 23–24 for a brief summary of these studies.

Pisani, “Apparently, 42% of Young Indonesians Are Good for Nothing”.


Hill and Wie, “Indonesian Universities: Rapid Growth, Major Challenges”, 161; OECD and ADB, *Education in Indonesia: Rising to the Challenge*, 213.


Ibid, 80.


Chang et al, *Teacher Reform in Indonesia*, 18.


30 OECD and ADB, *Education in Indonesia: Rising to the Challenge*, 211.


33 Ibid.


43 “Penetapan Kepala Sekolah Dipolitisasi”, Kompas, 18 June 2011.

44 The most important of these have been Indonesia Corruption Watch (ICW) (a prominent Jakarta-based anti-corruption NGO), the Education Coalition (an organisation bringing together various parents’ groups, NGOs and trade unions), the Institute for Policy Research and Advocacy (ELSAM) (a prominent Jakarta-based human rights NGO), the Yogyakarta Local Ombudsman (LOD DIY), the Center for Human Rights Studies at Yogyakarta’s Indonesian Islamic University (Pusham UII), the Institute for Education Reform (an advocacy group based at Paramadina University), the Indonesian Teachers Association (IGI) (a professional teacher organisation), and the Jakarta Legal Aid Bureau (LBH Jakarta).

45 Independent teacher unions include Indonesian Independent Teachers’ Forum (FGII), the Independent Teachers Action Forum (FAGI), and the Indonesian Teachers Union Federation (FSGI). Such unions are ‘independent’ in the sense that they are not associated with the PGRI.

46 Key figures include Professor HAR Tilaar, Winarno Surakhmad, and Professor Soedijarto, all of whom are based at Universitas Negeri Jakarta, a prominent teacher training college; and Darmaningtyas, an NGO activist who is associated with Taman Siswa, a nationalist education movement that played a key role in Indonesia’s struggle for independence.


50 Minister of Education Regulation 78/2009 on the Implementation of International Standard Schools in Primary and Secondary Education, Articles 4, 5, 6, 10, 16 and 20.

51 Rosser and Curnow, “Legal Mobilisation and Justice”.


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