

QUALITY AND TRANSPARENCY: INDONESIA'S APPROACH TOWARDS CROSSBORDER HIGHER EDUCATION¹

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Globalization of higher education

Academic mobility and education exchange across borders has long been a central feature of higher education, and higher learning institutions across the world have flourished due to the cultural and academic exchange. Only during the last ten years that education has been thought of as a service to be traded on a commercial basis across borders, and trade agreements have clearly identified education provision as a lucrative trade sector. Because of this development, more than before, education policy makers need to become aware of the new opportunities, as well as potential risks, that trade liberalization can bring to higher education of a country if basic prerequisites for a fair and equitable cross-borders provision of education are not met.

Cross-border education exchange has also been the main characteristic of Indonesian higher education. But only in the last 5 years cross-border provision of education services captured the attention of educators and policy makers of Indonesia. Triggered by rounds of GATS' negotiations, commercialization and trade of higher education is identified as critical issue by the Council of Indonesian State Universities Rectors (Effendi, 2004), the Indonesia's Rectors Forum (Susilo and Hardjopranoto, 2005), and the Association of Indonesian University Students (2005). The issue received less attention from stakeholders in the past because cross-border provision of higher education has not been subject to international trade rules and has not been described as tradable commodity.

At the Doha Round in 1994, WTO began to identify education as a service sector to be liberalized under the GATS, and this new way of looking at education stirs debates within national and international education communities. The introduction of GATS serves as the catalyst for the education sector to examine how trade rules may or may not influence higher education policy; and secondly to determine the necessary national, regional and international education frameworks to deal with the implications of increased cross-border education, including commercial provision of for-profit education services.

It is the intention of my presentation to provide a context for the globalization of higher education and how issues of quality and transparency are key to education policy development of Indonesia; and discuss approaches of government, associations and universities in order to prepare the country's education system to fastly changing cross-border provision of higher education.

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Indonesian Higher Education System within the Globalization Context

Like in other developing countries, in Indonesia one of the most visible manifestations of globalization is the emerging higher education market for state and private providers. At present approximately 14,5 percent of the 29 million university age population are registered at more than 2500 private and state higher learning institutions. The country needs to rapidly expand access to higher education to adequately respond to the need of the national economy, but it has severe budgetary and capacity problems to meet this demand. To respond to rapidly growth of national demand for higher education, Indonesian Government sets its goals of access of 25 percent of university age population by 2020. This means Indonesia needs to expand its tertiary education for about 260.000 students annually between now and then. A growth of this magnitude will not be sustained by the state-funded higher education system.

To meet community's demand for higher education, Indonesia enacted new National Education Law which authorizes overseas education providers on Indonesian soil. Together with the availability of new communication technologies especially the Internet, this legislation offers a more liberal environment in which international higher education providers have opportunity to supply educational services the growing market of Indonesia. To make use of this opportunity some universities from North America, Europe and Australia, and to a much lesser degree Singaporean and Malaysian higher learning institutions have intensified their presence in this growing market by active recruitment of international and fee-paying students to their home institutions (Mode 1), by establishing branch campuses or franchising and twinning agreements with local institutions (Mode 3), or via distance education and e-learning and other transnational activities (Mode 1). Since 1980s private expenditure for the provision of higher education services by international higher learning institutions has far exceed public expenditure for higher education, indicating the urgency as well the potential of liberalizing higher education from the traditional stance of many governments that higher education is public or semi-public goods.

However, rapid expansion of higher education and the opening of access to overseas providers to offer higher education services in Indonesia bring to surface a new threat of quality degradation, that become a major concern of educators and education policy makers. In general the quality of Indonesian higher learning institution has not yet at par with that of the more advanced countries. Due to this reason, massification of Indonesian higher education is accepted with less enthusiasm by most educators as there are widespread concerns that this would suppress the quality farther down.

To endorse a national level of academic quality, in early 1990s Indonesian Government established the National Accreditation Board to carry the difficult task of evaluating and providing accreditation to more than 2600 state and private higher education providers. As accreditation is not directly related to provider's licensing, most higher learning providers do not take it seriously as an instrument for recognition of their acknowledged quality standard.

Indonesian tertiary education system has also been very much hampered by the lack of diversity in emphasis and offerings according to their geographical location, and local and national manpower needs. Almost all universities and Sekolah Tinggi (professional universities or applied science universities) have been heavy on the social science, management and accountancy; although the country has serious shortage of post-secondary institution offering vocational and technical education. A national education system with severe diversity problem would restrict a balanced access to education and training to produce much needed skilled manpower for the rapidly changing Indonesia's techno-structure. To overcome this shortage, Indonesia needs to selectively improve openness to private and international providers that has the capacity to address this issue. Indonesia's offers to open some of its secondary and post secondary education to be discussed in the Hong Kong round in December includes these categories of education.

In the inaugural meeting of UNESCO's new Higher Education Section on Access, Mobility and Accreditation on September 2001, it was recognized that the fastest growing sector globally is not the traditional practice of moving learners to study in another country, but rather moving education to the learners in their own country. Viewed from narrow commercial perspective this trend has been considered as progress. But, from cultural and social viewpoints students who are paying international market price for their education certainly gain much less than their fellows who have the golden opportunity to live in a new society and to learn its unique culture.

Although Indonesian higher education institution is large by Southeast Asian standard, 2600 private colleges and universities, in addition to 81 state owned universities, most of these institutions have not yet achieved the level of quality required to enter global competition. These institutions, especially private-owned institutions were understaffed and were lacking in resources and became second or third grade institution compared to better funded state leading universities and institutes. Many of these small and localized institutions faced severe loss in the last several years. Given these institutions are unable to compete with their better endowed locals, both state and private owned, the opening up of trade as proposed in the GATS may speed the demise of these institutions.

Higher education institution play a nation-building role in most developing countries, and is considered as instrumental for transmitting culture, values and national pride to a country's coming generation. Universities have always been core institutions to nation states in western countries, and played a pivotal role in nation building in country such as Indonesia which has a very complex social and cultural background. In all cases, the development of a national university system was of vital importance for the development of a modern nation states, as universities played a leading role in the development of national elite and educated middle class.

Higher education in Indonesia has been used as instrument for addressing inequality and redress imperatives. Applying the principle of equity in higher education implies on the one hand the critical identification of inequalities and on the other hand

plan a program of transformation designed to redress the problems. The unregulated free trade might not go hand in hand with these national goals since private providers are mainly driven by profit rather than normative or moral motives.

Other important issues related to higher education liberalization that Indonesia, like most nation-states, is ill-prepared to deal with the quality of these forms of educational services, including those delivered or received from foreign countries, although quality assurance are widely available and become a new industry. Decentralized systems of higher education seems unable to control “diploma mills” operating throughout the world. This problem has been exacerbated with the provision of online degrees, making even the identification of national sources very difficult if not impossible. Many countries, however, have not done much to protect the society from academic frauds, as diploma mills continue to operate in Asean countries.

Indonesia’s Approaches to Quality and Transparency Issues

Joseph E. Stiglitz, Nobel prize winner in Economics, reveals firsthand experience the devastating effect that globalization can have on developing countries especially the poor within the countries if free trade runs without proper government intervention. In the Preface of his book “Globalization and its Discontents”, he continues by saying “I believe that globalization – the removal of barriers to free trade and the closer integration of national economies – can be a force for good and that it has the potential to enrich everyone in the world, particularly the poor. But I also believe that if this is to be the case, the way globalization has been managed, including the trade agreements that have played such a large role in removing those barriers and the policies that have been imposed on developing countries in the process of globalization, need to be radically rethought.”

In line with Stiglitz’s observation, Mohammedbhai, Vice Chancellor of the University of Mauritius, notes when considering the WTO proposal to liberalize trade in education services through GATS that ‘while there is no doubt globalization may have some positive effects from the point of view of increasing access in higher education and reducing the knowledge gap in developing countries, it equally has negative aspects which can seriously threaten higher education institutions of the country’. He believes that foreign providers have helped to provide courses locally and at a significantly lower cost than traveling abroad to take the program but they do not share same national values and priorities, nor offer quality which is similar to that in home institution. Their purpose is to provide education in the most cost-effective way. He worries that developing countries may be ‘flooded with foreign and private providers delivering essentially profitable subjects’. (Mohamedbhai, 2003).

This sentiment is shared by a majority of Indonesian university administrators. In general Indonesian rectors are very cautious when it comes to considering the WTO proposal to liberalize trade in education service. Some of them believe that liberalizing trade of high education provision to overseas providers operating under for-profit motives, would have detrimental effects on the country’s higher education system if not

accompanied with proper government interventions. A small group of bigger tertiary education institutes, both public and private, have more favorable attitude towards borderless education, but believe in the need for government's intervention. University of Indonesia, Bogor Institute of Agriculture, Bandung Institute of Technology, Gadjah Mada University, major state higher learning institutions of the country, and private universities like Pelita Harapan University and Bina Nusantara University, lead higher learning establishment of the country to adjust themselves to the changing environment. They have negotiated Credit Transfer Agreement with leading overseas universities. Quality Assurance have been implemented at major universities following either the EU Quality Assurance System or the ISO 9000-2000 series. AUNP has played instrumental role in the development of QA capacity at universities in the region and UGM would like to see this Program continues to play leading role in the future.

There are two major university associations in Indonesia, the Indonesian Rectors Forum (IRF) and the Council of Indonesian State Higher Learning Institutions Rectors (CISHLIR). In 2004 these associations issued joint declaration reminding Indonesian government to remain vigilant to ensure increase trade in education does not contradict the constitutional duties of the government to provide good education to the majority of Indonesian people.

Indonesian government, on the other side, has a more open attitude towards GATS and the liberalization of educational services. New legislations were enacted in 2003 and to remove barriers to access for overseas providers. At GATS' Hong Kong Round in December, Indonesia would offer access to 2 tertiary education categories, namely, Higher education services, and Post-secondary technical and vocational education services. Commercial presence of foreign service provider is permitted only through educational institution which is registered in Indonesia and must meet the following conditions:

1. Mutual recognition arrangement requirement between relevant institutions on credits, programs and certifications;
2. Foreign education institution providing services must establish partnership with local partner. Foreign language instructors must be native speakers.
3. Foreign education institution and its local partner must be accredited by the Ministry of Education;
4. Provision of jointly operated higher education service is allowed in Medan, Jakarta, Bogor, Bandung and Yogyakarta.
5. Temporary entry of natural persons engaged in educational activities is subject to approval by the Ministry of Education and other related agencies.

The opening of Indonesia's higher education markets to foreign providers sparks new concern among policy makers and education administrators about the transparency and quality issues of overseas providers. It is possible that increased competition will create greater incentives to higher education institutions to improve student learning, thus academic quality improvement. But hard evidence from the U.S. for example, suggests that while traditional institutions may compromise student learning in an effort to gain

academic prestige, for-profit institutions may have greater incentive to compete on educational value-added, since they cannot make profit by contesting on reputational indicators such as student selectivity, academic research or ranking in world's top universities (Brewer, Gates, and Goldman, 2002). For years overseas 'diploma mills' have operated in Indonesia offering master and doctoral degrees, and even professors to 'degree craze' Indonesians. Applicants have to pay only less than \$ 1000 for a master degree, about \$ 2000 for a Ph.D. degree. Everybody who can afford \$ 5000 can have Professor, Doctor of Philosophy, and Master degrees.

As Government of Indonesia increasingly uses market forces to coordinate and steer its higher education systems, it will need a strategy suggested by Bowden that is to define the essential quality information to be maintained and reported by higher learning and probably make public subsidies conditional on the accuracy of the data (Bowden, 2000). So far this issue has not been adequately addressed by the Government, and the symptom of asymmetric information of quality is going to continue at least in the coming few years.

Conclusion

The developing world in general and countries in Asean region where Indonesia is located, cannot avoid the realities of globalization and its impact on shaping their future. In this presentation I have shown how Southeast Asian countries, through the Southeast Asian Ministry of Education Organization (SEAMEO) and member countries of ASEAN, through Asean University Networks (AUN), has responded with the challenges and changes posed by globalization. Surprisingly member countries have not make use the full potential of regional organizations to strengthen their competitive position in global arena. Each member country therefore has to rely on its own potential to face the wave of education globalization. As a result they are finding most member countries, except Singapore and Malaysia, not fully prepared to take advantage of the opportunities brought about by globalization in general, and the GATS in particular.

As one of the highly endowed country in the region with a potentially large market for higher education, with approximately 29 million of university aged population, Indonesia cannot ignore the realities of the GATS by disengaging and by using arguments of its government instability, state of economy and lack of funding as reasons. The closed and narrow nationalistic stance could exclude Indonesia from potential benefits that are opened with a globalized provision of education services. The more open attitude towards globalization of higher education, however, is to face the challenges through mobilization of resources, expertise and plans through regional and international initiatives such as the Erasmus Mundus, to foster student mobility between Asean and EU universities, and The Asia-Link to foster research cooperation between Asean and European universities, the AUNP, an AUN and EU cooperation for Quality Assurance development, and UMAP to foster student mobility between universities in Asean countries. There are also bilateral cooperation such as the AsiaSeed, a Japan-Indonesia academic cooperation to enhance research and tertiary education, the Hi-Link, bilateral coopeation to intensify the link between universities – industries – and local

government. A new initiative is being discussed between Indonesia and the Netherlands for the establishment of the Indonesia Netherlands Partnership in Higher Education.

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