

**TRANSFORMATION OF INDONESIAN HIGHER EDUCATION
TOWARDS A DEVELOPED COUNTRIES:
Challenges and Opportunities in Developing A World Class University ^{*)}**

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ABSTRACT

Indonesia has committed to become a developed country in the world top ten in 2025 and seven world rank in 2045. To achieve that vision, it has been and will continue to do two transformation process, that is the transformation in the field of education to prepare Indonesian golden generation and transformation in the economy in the form of acceleration and expansion of economic development. However, the achievement of Vision 2025 and the 2045 requires extra hard work, especially in the preparation of the golden generation which are able to actively participate in development activities. This reflective and analytical paper attempt to discuss the opportunities and challenges of the Indonesian higher education from the transformation perspective towards developed countries. Substantially, this paper will describe about the development of Indonesian higher education and its position on the world -class universities in the region and global as well as how the strategy should be prepared to lead a world-class university. Collective leadership resulted by 2014 Indonesia general elections is expected to give a clear political decision to bring Indonesia into a developed country. From the perspective of the transformation of higher education in Indonesia towards a world class university, the new figure of minister of education and culture is expected to be visionary, credible, professional and high integrity so that the quality of higher education Indonesian really world class levels.

Keywords: *indonesian golden generation, transformation in higher education, world class university, world competitiveness*

Introduction

Five years ago, when commemorating the Centennial Year of the Indonesian National Awakening (May 20, 2008), President of the Republic of Indonesia deliver messages related to the future of Indonesia. At that time He said that Indonesia could become the Developed Countries in the 21st Century. Indonesia pledged and vowed to continue to unite and work hard to improve the independence and competitiveness of Indonesian civilization superior and noble, as a prerequisite to the Developed Countries in the 21st Century.

For more than six decades, Indonesia has experienced a variety of advances in the field of economic development. Asian Development Bank (2011) in a report titled *Asia 2050: Realizing the Asian Century* states that in the early 21st century the countries in the region

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will undergo a transformation to prosperity equivalent to the countries in the continent of Europe and America. Prosperity five middle-income Asian countries have progressed, namely China, India, Indonesia, Muanthai, and Malaysia would be equivalent to European countries, North America, Japan, and South Korea.

Indonesia's position in the global arena increasingly taken into account the world despite Indonesian competitiveness has decreased. The Global Competitiveness Report (World Bank, 2013) put Indonesia on the competitiveness ranking 50 of 144 countries, down four points of competitiveness in 2012. Nevertheless, Indonesia is still considered one of the best performers in Asia (Asia Pacific Economic Outlook, January 2014). In the *Archipelago Economy: Unleashing Indonesia 's Potential* , McKinsey Global Institute (2012) reported that in 2011 Indonesia was ranked the world's 16th largest economy and is predicted to reach rank 7 in 2030. In 2012, the Indonesian economy was ranked 15 (CIA World Factbook, 2013). In Human Development Report 2013 *The Rise of Asia*, UNDP concludes that the rapid progress of Asia in the mid-21st century was driven by 8 developed countries High-income Asian and 11 Asian countries whose economies have grown rapidly, including Indonesia.

Aligned with the national development vision as stated in Law No. About 17 of 2007 National Long-Term Development Plan 2005-2025, the improvement of human resources is an important pillar of the implementation strategy outlined in 2011-2025 Master Plan for the Acceleration and Expansion of Indonesia 's Economic Development (MP3EI) which was launched on 2010. The master plan places a special emphasis on higher education, arguing that in a country that is shifting towards a knowledge-based economy the role of good quality education is paramount. MP3EI aims to tackle the issue of disparities in higher education through supply-side interventions such as establishing community colleges in every district and city. Furthermore, both vocational and academic education programmes are to be aligned with the economic potential of the six economic corridors so that graduates entering the labour market meet their particular needs. Implementation MP3EI is expected to transform Indonesia into a developed country by 2025 to create a society that is independent, progressive, justice , and prosperous. Indonesia's Economic Development Vision 2025 is " Lifting Indonesia into a developed country and 12 major world powers in 2025 and 8 of the world by 2045 through higher economic growth is inclusive and sustainable.

The Indonesian 2025 vision's will be realized through three missions that became the main focus. First, Adding value and expanding the value chain of production and distribution process of asset management and potential access to natural resources, geographic region,

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within and between regional centers of economic growth. Secondly, promote the establishment of an increase in the efficiency of production and marketing as well as the integration of the domestic market in order to strengthen the competitiveness and resilience of the national economy. Third, encouraging the strengthening of the national innovation system in the production, processing, and marketing to strengthen sustainable global competitiveness, leading innovation - driven economy.

. However, the achievement of Vision 2025 and the 2045 requires extra hard work, especially in the preparation of the golden generation which are able to actively participate in development activities. A golden generation is generations which able to generate outcomes that go beyond what has been achieved by previous generations. In this context, the transformation of higher education in Indonesia towards the developed countries is an interesting and crucial issue for discussion because since 2010, Indonesia gained demographic dividend which occurs only once in the history of Indonesia. If Indonesia fails to transform their human capital then the productive age population undoubtedly be a demographic disaster.

This reflective and analytical paper attempt to discuss the opportunities and challenges of the Indonesian higher education from the transformation perspective towards developed countries. Substantially, this paper will describe about the development of Indonesian higher education and its position on the world -class universities in the region and global as well as how the strategy should be prepared to lead a world-class university . This conceptual framework is expected to contribute ideas to advance Indonesian higher education in particular and the region in general.

Indonesian Higher Education Paradigm

The Indonesian National Education functions to develop the capability, character, and civilization of the nation for enhancing its intellectual capacity, and is aimed at developing learners' potentials so that they become imbued with human values who are faithful and pious to one and only God; who possess morals and noble character; who are healthy, knowledgeable, competent, creative, independent; and as citizens, are democratic and responsible (Act of The Republic of Indonesia Number 20, Year 2003).

Since independence, Indonesian higher education has experienced dramatic growth, particularly after the Education Act in 1961 was enacted. In 1950, there were 10 institutions of higher learning with a total of 6 500 students. In 1970, there were 450 private and state institutions. By 1990 this had grown to 900 institutions with



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nearly 1,486,000 students. In 1995, there were 853,000 students in 52 public universities, 1,450,000 in 1,228 private universities, and 279,000 in public and 68,000 in private Islamic institutions of higher education. Over the 1990-1996 period, total enrolment in public universities doubled, while enrolments in private universities rose by one third. (Quality Education for All Young People, 2004).

Currently, the number of universities under the Ministry of Education and Culture amounted to 3190 which consists of 92 State Universities and Private Universities 3098. Meanwhile there are also universities under other ministries. Ministry of Religious Affairs for example, has assisted state and private universities totaling about 200. Then coupled with the ministries and other institutions, the number of college official / other ministry numbering about 493 . With such a large number of Indonesian society certainly has a lot of options in higher education. (<http://franova.blogspot.com/2013/03/peguruan-tinggi-di-indonesia.html>, January 8, 2014).

Higher education in Indonesia does not have a long history, since it was just started at the end of the 19th century, particularly after the Education Act in 1961 was enacted (Singgih Tri Sulistiyono, 2007). In 1975 the first initiative to develop a national higher education policy was launched by developing the first Higher Education Long Term Strategy for the period of 1975 – 1985. The national system, comprising public and private sectors, emphasized on the aspect of relevance by recognizing the need to establish strong linkages with the regional and national development. In addition to the introduction of a dual system, consisting of academic and professional streams, 3 program levels in higher education were introduced, i.e. Diploma, Sarjana and Graduate programs. The organizational and management aspects were given serious attention through the introduction of credit system, student academic evaluation, student load, and staff promotion system.

In 1986 – 1995, the development was focused to consolidate previous achievement and improvement of quality. The economic crisis caused by the sudden drop of oil price had prevented the student enrollment for further expansion. An early attempt to introduce reform in higher education by issuing a new Government Regulation No. 30/1990 did not achieve the expected outcome due to inadequate public and political supports. In the early of 1995 Department of Education and Culture of Indonesia, through Directorate General of Higher Education (DGHE) introduced a new concept of planning and development of higher education in this country, The third Higher Education Long Term Strategy 1996 – 2005.

In order to meet the future needs and demands, three major issues are identified,



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dynamic changes, the need to take quality and relevance as the basic reference for higher education development (Figure 1), and the need for enhancing social mobility and equity through higher education development.



Figure 1. The third Indonesian Higher Education Long Term Strategy 1996 – 2005

The paradigm was also very concerned on some aspects: autonomy, bottom up planning, self-evaluation and strategic plan. These elements help the implementation of the higher education reform directed toward achievement of RAISE++ (Relevance, Academic Atmosphere, Institutional Management and Organization, Sustainability, Efficiency and Productivity), and ++ Leadership, Accessibility and Equity). After the 1997 crisis in which created contracted economic growth and after the fall of the authoritarian government in 1998 which created euphoria in almost every sector, then the centralistic approach taken by the third long term strategy immediately becomes obsolete and cannot cope with these new types of challenges. In 2003 the Indonesian government, represented by the Direktorat General of Higher Education(DGHE), Ministry of National Education, has launched its fourth long term strategy called Higher Education Long Term Strategy (HELTS) for the period of 2003-2010.

The main direction in this strategy is reflected by the 3 main pillars of development, as in the Figure 3. The recently launched government strategy in higher education (HELTS 2003 -2010) stipulated three major strategic issues namely, the Nation's competitiveness, organizational health, and decentralization/autonomy. The DGHE's role is particularly critical in preparing a coherent infrastructure to impose implementation of the new policy. For example, institutional framework and legal infrastructures are two essential aspects to be prepared, in addition to expansion of the implementation of the new paradigm concept. The

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Government Regulations, Ministerial decrees, etc., whereas institutional framework should include adjustment of the current structure (including the legal status) and responsibility of DGHE, Board of Higher Education (BHE), National Accreditation Board (NAB), as well as the universities.

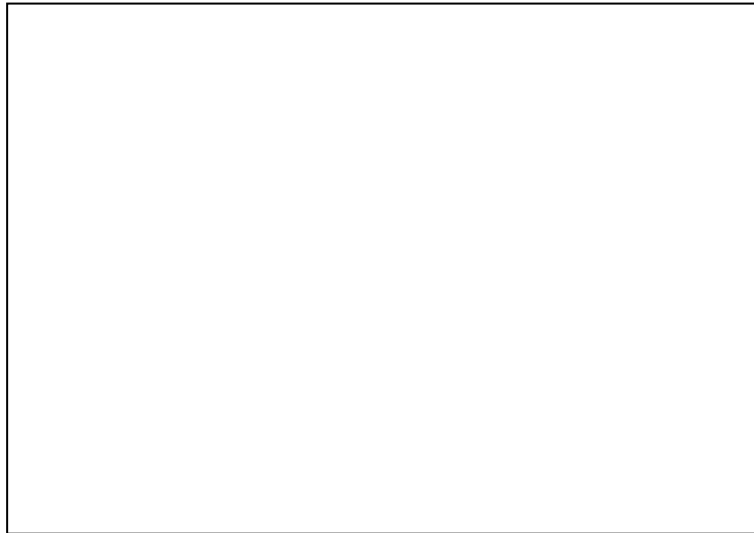


Figure 3. Indonesian Higher Education Long-Term Strategy 2003-2010 stipulated three basic policies i.e. the Nation's competitiveness, organizational health, and decentralization/autonomy.

Finally, Indonesian national education system has been established by Law of The Republic Of Indonesia Number 20, Year 2003 that ensure equal opportunity, improvement of quality and relevance and efficiency in management to meet various challenges in the wake of changes of local, national and global lives; therefore it requires a well-planned, well-directed, and sustainable education reform. It is necessary that all parties involved in the development of higher education take part in the implementation strategy to achieve the above mentioned targets. The DGHE itself remained to be consistence with the previous program to carry out reform by implementing new paradigm in which institutional autonomy and accountability become the strategic issues (Singgih Tri Sulistiyono, 2007).

How extent of progress that has been achieved through the implementation HELTS? Unfortunately, the qualities of Indonesian higher education graduates have not been appropriate with the national hope and it is far away from the international human resources quality (Firdaus L.N., 2007, 2008, 2009a). In the near future, Indonesian graduates are also facing the tight competition with foreign graduates for getting jobs in the local markets. Therefore, the efforts to improve the undergraduates' education quality become the programs

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which have to be supported by all parties, including the educational implementers in central, districts, schools, and community in Indonesia.

Data from BPS and labor ministry shows that from year to year, the number of job seekers (job seekers) continue to increase and the number lelaui more than capable job provided. Even many jobs available are not able to be filled by the abundant labor. In 2010 there were approximately 4.2 million job seekers, while vacancies are available only 2.3 million. But the vacancies of 2.3 million, there are only about 1.6 million are occupied, while the remaining approximately 700.000 unfilled vacancies due to unavailability of skilled labor (skilled workers). McKinsey Global Institute (2012) reported that Indonesia has about 55 million skilled workforce, while predictions for the year 2030, Indonesia is estimated to need 113 million skilled workforce to sustain economic growth in the world ranking 7 . The biggest challenge facing the world universities in Indonesia today is the fact that the labor college graduates is only about 6.45%. More than 50 % of the workforce educated Graduate or Non Graduate School (Lukman Hakim, 2013).

In the era of knowledge economy, the engine of economic growth depends heavily on the capitalization of the findings into product innovation. In this context, the role of educated human resource is the key factor in supporting sustainable economic growth . Therefore, the main objectives in the education and training system to support the above should be able to create a human resource that is able to adapt quickly to the development of science and technology.

. In order to generate productive employment, it is necessary to quality higher education and relevant to the needs of development. Currently, Indonesia higher education has about 4.8 million students and 160 thousand lecturers whom have qualified doctors and professors. Although still dominant in Java, they have been scattered in 33 provinces in Indonesia (Fathur Rokhman, 2014). With increasing Gross Enrolment Ratio of Higher Education (APK PT) to 30 % in 2013, the Directorate General of Higher Education successfully completed the targets faster than the year stamped on the National Medium Term Development Plan (RPJMN 2010-2014). Exceeding the target more quickly in 2013 , the Directorate General of Higher Education plan this year APK PT will reach 32 % , while in 2016 APK PT is expected to be 34 % . In order to meet these targets a variety of programs related to access and affordability have been prepared. General of Higher Education has a priority program to increase the capacity of higher education such as the establishment of new colleges both universities technical colleges, or community colleges

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According to MP3EI 2011-25, around 50% of the workforce in Indonesia have only primary school education, while a mere 8% hold a formal qualification. Moreover, as a result of the apparent development gap between the western and eastern parts of Indonesia and between the urban and rural parts of the country, there are considerable disparities in access to high-quality education. Regional disparities in University infrastructure remain a big challenge for Indonesia Higher Education Infrastructure now and future. In an economy that is increasingly shifting towards a knowledge-based economy, the role of higher education is very important, among others, to produce a superior workforce and productive, are increasingly able to apply science and technology needed, to increase the added value of sustainable economic activity. Higher education here consists of academic education programs, vocational education programs, and professional education programs.

Development of educational programs through MP3EI aimed at aligning academic and field study programs with economic development potential in each economic corridor. Academic programs should be networking that fills and develop value-added chain from any commodity or sector developed in each economic corridor. University as a research center developed nationally as an important part of national innovation center. Development of a university research center based on the principle of integration, resource sharing, and optimal use of information technology.

Vocational education programs are encouraged to produce skilled graduates. Therefore, the development of vocational education programs must be tailored to each potential in the economic corridor. In each district or city at the minimum level should be developed community colleges or polytechnic with fields corresponding to the potential in the district. Development of a community college, which organizes one diploma program is expected to produce graduates that can be absorbed directly by the economic activity in the centers of economic growth in any economic corridor. Therefore, the development of a community college is done jointly with the government, the business community, and the university as a community college administrator. Fostered by a quality community college polytechnic developed in the provincial capital. Polytechnic were developed in accordance the potential and advantages of each economic corridor. In addition to the development of higher education, human resource development is also done with the development of education Vocational School (SMK), the development of job training, and the development of the certification body.

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Indonesia's Golden Generation: The window of opportunity

Indonesia is a country with a population the 4th largest in the world. By 2030, the population of Indonesia is predicted 290 million. It's mean that Indonesia will obtain demographic dividend where the population of working age is higher than the total population of children and old age. In that period, productivity of Indonesia will increased resulting in the increase in income and consumption. However, after 2030, Indonesia will face a new challenge, namely an increase in old age population that result in high burden countries. The crucial point is the demographic opportunity relatively short and occurs only once in the history of the nation and state of Indonesia until 2030. After that it will slowly disappear with the increasing number of elderly population 65 years and over, amounting to 157.2 million people. If Indonesian able to take advantage of opportunities to improve the quality of the productive population aged 15 to 64 years, and is able to create jobs for highly skilled human resources, Indonesia will successfully convert the challenge into a demographic dividend and will grow into The third economic power of Asia. On the contrary, if Indonesia failed to build the capacity of earning large population, the demographic opportunity turn into demographic disaster (Sofian Effendi, 2013; Lukman Hakim, 2013). That's why Indonesia have a strong commitment to prepare their golden generation. It's has been affirmed by the Ministry of Education and Culture of the Republic of Indonesia on National Education Day (Education Day) May 2, 2012 through the theme "Rise of Indonesian Golden Generation". Large population with the quality of human resources continues to improve for tremendous competitiveness. By 2050 its per capita income could rise sixfold in purchasing power parity (PPP) terms to reach Europe's levels today (Asia Pacific Economic Outlook, January 2014).

Challenges Towards A World Class University

In a fast-changing and increasingly competitive world, the role of higher education in equipping the labour force with appropriate and relevant skills, in stimulating innovation and supporting productivity and in enriching the quality of life is very challenging. The vision on becoming a world-class university is very challenging because the world-class idea falls into the global sphere (Salmi, 2009). In the era of knowledge, information and communication technologies (ICTs), prolific developments, globalization, and a focus on total quality, it has become imperative that traditional universities have to face transformation, become more responsive, and accentuate their capacities if they are to meet the increasing expectations with

aye and Damanhour, 2011). Government and

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academic planners are considering the topic in countries such as Indonesia, where several top universities are self-consciously trying to transform themselves into world-class institutions. In the local context, it seems every university wants a world-class university. The problem is that no one knows what a world-class university is, and no one has figured out how to get there. Many of those seeking to identify "world classness" do not know what they are talking about (Albacht, 2011; 2014).

There is wide agreement that great universities have three major roles in general, i.e., (1) excellence in education of their students; (2) research, development and dissemination of knowledge; and (3) activities contributing to the cultural, scientific, and civic life of society (Levin *et. al.*, 2006). A world-class universities are recognized in part for their superior outputs. They produce well-qualified graduates who are in high demand on the labor market; they conduct leading-edge research published in top scientific journals; and in the case of science-and-technology-oriented institutions, they contribute to technical innovations through patents and licenses (Salmi and Saroyan, 2007). A world class university comes down to four things, (1) Outstanding people, (2) focus on research excellence underpinned by an international and open outlook, (3) commitment to high quality education, and (4) most the most importantly is sustainable funding to ensure that excellence and access to that excellence (Hamilton, 2011). Characteristics of World Class University was figured out by Jamil Salmi (Salmi and Liu, 2011,) as follows:

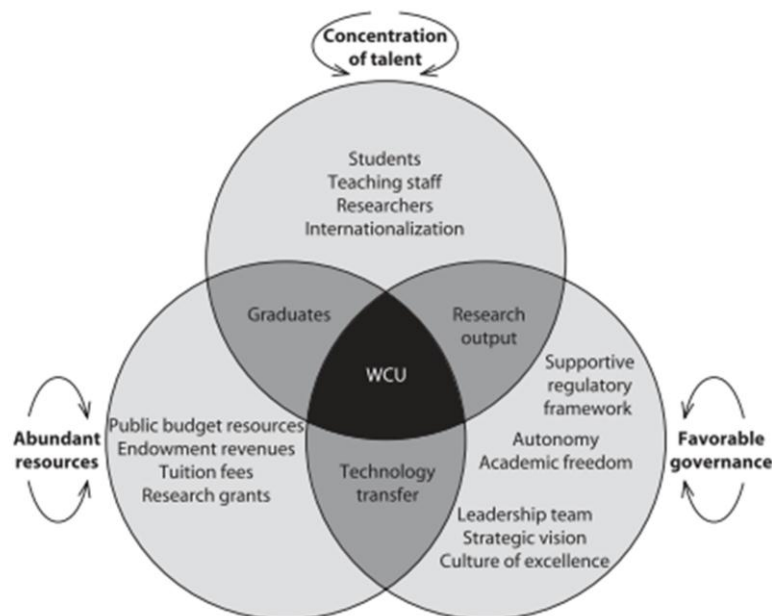
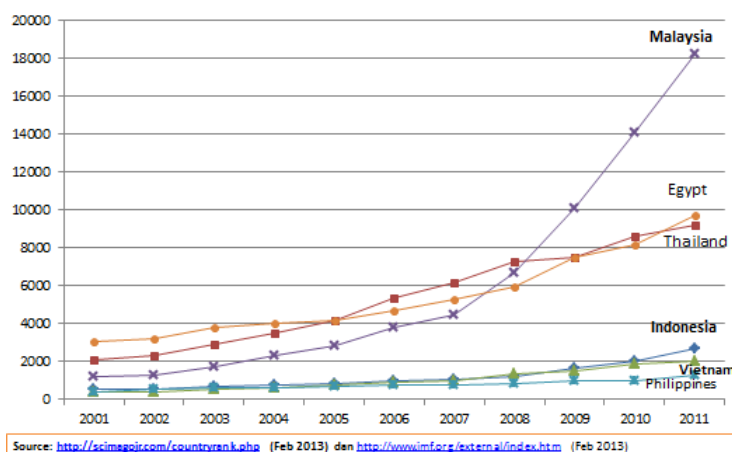


Figure 5. Characteristics of a World-Class University (WCU): Alignment of Key Factors (Jamil Salmi *in* Salmi and Liu, 2011, pp.x).

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Furthermore, there are three complementary factors at play in making a world class university, (1) a high concentration of talent (faculty and students), (2) abundant resources to offer a rich learning environment and to facilitate advanced research; and (3) favourable governance features that encourage *strategic vision, innovation and flexibility*, enabling institutions to make decisions and manage their resources without being strangled by bureaucracy (Salmi, 2009; 2011). Another key's accelerating factors that can play a positive role are (1) attracting foreign talent, (2) using English, (3) focusing on niche programmes, (4) carrying out systematic benchmarking, and (5) introducing educational innovations.

Looking at complex factors, it is clear to see that there is no easy shortcut to achieving the concentration of academic and financial resources needed to claim world-class university status. Extra focus needs to be given to local university government capacity building in terms of high quality of teaching, research and public excellence services because none of the universities in Indonesia are ranked 100 in the list of the 358 universities surveyed by Webometrics published on December 2013. Similarly, in the listing of 500 versions of World University Academic Ranking December issue 2013 (<http://www.shanghairanking.com/ARWU20>). Indonesian universities are also not included in the listing of top-400 version of the World University Ranking 2013-2014 (<http://www.timeshighereducation.co.uk/world-university-rankings/2013-14/world-ranking/range/351-400>), while Universiti Kebangsaan Malaysia (UKM) at rank 87. The parameters measured is difficult to be achieved by universities in Indonesia that are still teaching-- based oriented, not research-based university. Scientific publications is recognized as one of the huge leverage for a college into a world-class (Khairurrijal, 2013). Positioning Indonesia in terms of scientific publication compared to some countries as follows



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According to Salmi and Liu (2011), there are two complementary perspectives need to be considered in examining how to establish Indonesian world-class universities. The first dimension, of an external nature, concerns the role of government at the national, state, and provincial levels and the resources that can be made available to enhance the stature of institutions. The second dimension is internal. It has to do with the individual institutions themselves and the necessary evolution and steps that they need to take to transform themselves into world-class university.

Transformation Pathway to A World Class University.

The establishment of a world-class university requires, above all, strong leadership, a bold vision of the institution's mission and goals, and a clearly articulated strategic plan to translate the vision into concrete targets and programs (Salmi, 2009, 2011; Ramakrishna, 2012). Universities that aspire to better results engage in an objective assessment of their strengths and areas for improvement, set new stretch goals, and design and implement a renewal plan that can lead to improved performance. By contrast, many institutions are complacent in their outlook, lack an ambitious vision of a better future, and continue to operate as they have in the past, ending up with a growing performance gap compared with that of their national or international competitors.

Indonesian governments should consider upgrading a small number of existing universities that have the potential of excelling (National Top 10 Universities). The benefits of this first approach is that the costs can be significantly less than those of building new institutions from scratch. The second possible approach, government encourage a number of existing institutions to merge and transform into a new university that would achieve the type of synergies corresponding to a world-class universities. Third, creating new institutions may be the best approach, provided that it is possible to staff them with people not influenced by the culture of traditional universities and provided that financial resources are not a constraints.

The selection of the transformation strategy towards world class university is largely determined by the strong university transformational leadership to implement a strategic change (Firdaus LN, 2009b; Shin, 2012). Five change drivers that should be considered, namely a clear vision, skills, adequate incentives, availability of resources, and measurable action plan (Firdaus LN, 2009c). All of which requires commitment, discipline and integrity in terms of implementation university duties (Tridarma). The linkage between transformational leadership aspect of the

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university, options strategies, change drivers and road map of Tridarma with indicators of achievement in a comprehensive, holistic, and integral were summarized by Figure 7

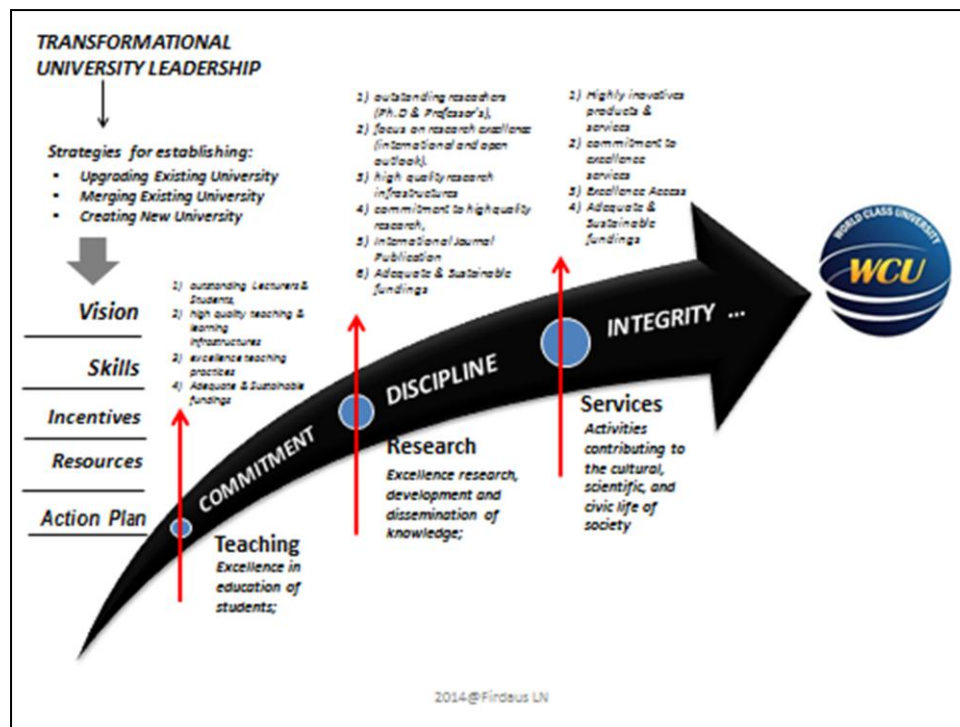


Figure 7. Transformation Pathway To A World Class University.

Conclusion and Perspective

The transformation of higher education in Indonesia is very strategic, challenging and futuristic. There is no easy shortcut to achieving the concentration of academic and financial resources needed to claim world-class university status. The establishment of an Indonesian world-class university requires a strong academic leadership and extra hard works. A clear vision of the universities mission and goals should be clearly articulated in strategic plan to translate the vision into concrete programs and targets.

The prospective substance of the transformation can be trace back from its higher education long-term strategy: autonomy, quality, access and equity. The quality of such reform in autonomy includes: (1) decentralizing the authority from the central government and providing more autonomy as well as accountability to institutions; and (2) facilitating legal infrastructure, financing structure, and management processes that encourage innovation, efficiency, and excellence should be improved countinously.

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Developing a strong academic culture of excellence, especially in research is *conditio sine qua non* in order to become a world class status. In order to create a strong academic culture, the first and perhaps most important aspect at this level is the quality of leadership and the strategic vision developed by academic communities. The second element is the proper sequencing of plans and activities envisaged to reach the proposed goal. Finally, particular attention needs to be given to the internationalization strategy of the university. At least there are three approaches that could be chosen for establishing a world class universities, namely upgrading existing universit, merging existing universit, and creating new university. Each approche has an advantages and disadvantages.

Collective leadership resulted by 2014 Indonesia general elections is expected to give a clear political decision to bring Indonesia into a developed country. From the perspective of the transformation of higher education in Indonesia towards a world class university, the new figure of minister of education and culture is expected to be visionary, credible, professional and high integrity so that the quality of Indonesian higher education really world class levels.

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