Equity on Access of Low SES Group in the Massification of Higher Education in Indonesia

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Abstract

This paper discussed the effect of recent trend in higher education such as massification, the emergence role of private sector and cost sharing in higher education in Indonesia to the access of low SES group. Some evidence particularly from developing countries is reported to get a bigger picture about the problem of access in higher education in Indonesia.

Keyword: higher education; access; Indonesia; developing countries.

JEL classification numbers: I210, I220, I280.

1 Background

In the era of massification in higher education whereas some developing countries in process to transform from “elite” to “mass” higher education, policy issues to increase a greater access in higher education system remains important. Moreover, in Asia Pacific Region, despite the rapid expansion in the enrollment, equity on access in disadvantages groups such as woman, rural populations, minority ethnic groups, and students from low socio economic status (SES) group remain a big problem (UNESCO, 2003). In additional, James (2007) argues that low SES is a group that have the most widespread and persistence disadvantage in access to higher education. Furthermore, even in some countries that have achieved an increasing in access, large disparities in the participation rates of different groups of students remain exist.

Although Indonesia has achieved a significant growth in gross enrollment and one of the top ten countries that has more than one million students, the gap inequality on access is remained persist as the participation rate in higher education only reach about 13 percents of the age cohort group. Under the new paradigm of higher education that introduced in 1994, Government of Indonesia is focusing to increase the equality on access, besides to strengthening quality and introduced autonomy in public universities(DGHE, 2004).
This paper discussed the effect of recent trend in higher education such as massification, the emergence role of private sector and cost sharing in higher education in Indonesia to the access of low SES group. Some evidence particularly from developing countries is reported to get a bigger picture about the problem of access in higher education.

2 The Recent Trends in Higher Education

2.1 The Massification of Higher Education

The model of development phase in higher education was introduced by Martin Trow in 1972. Trow (1972) divided the higher education development into three phases. The first phase is elite higher education when the gross enrollment rate is less than 15 percents. The mass higher education, the second phase, is the period when the gross enrollment rate between 15 and 50 percents. The last phase is the universal higher education as the gross enrollment rate higher than 50 percents.

There are some evidences from the developing countries that the massification or the massive expansion of higher education has been taken place in the nineties. According to latest data, the total enrollment of higher education in developing countries rose from 29.3 to 58.3 million between 1990 and 2002. Sanyal and Martin (2006) noted that five of nine countries that have the largest number of illiterates in the world (the E-9 countries) have more than one million number of students. China and India is at the top list with 8.3 and 5.6 million increasing in the enrollment between 1990-1 and 2002-2. Indonesia that has additional 1.6 million students has a higher enrollment rate than other developing countries on the top ten list such as Korea, Iran, and Thailand.

<table>
<thead>
<tr>
<th>Country</th>
<th>Increase in enrolment (million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>8.3</td>
</tr>
<tr>
<td>India</td>
<td>5.6</td>
</tr>
<tr>
<td>Russia</td>
<td>2.9</td>
</tr>
<tr>
<td>USA</td>
<td>2.2</td>
</tr>
<tr>
<td>Egypt</td>
<td>1.8</td>
</tr>
<tr>
<td>Brazil</td>
<td>1.6</td>
</tr>
<tr>
<td>Indonesia</td>
<td>1.6</td>
</tr>
<tr>
<td>Korea</td>
<td>1.4</td>
</tr>
<tr>
<td>Iran</td>
<td>1.3</td>
</tr>
<tr>
<td>Thailand</td>
<td>1.2</td>
</tr>
</tbody>
</table>

Source: Sanyal and Martin (2006)

The gross enrollment ratio for higher education in Indonesia between 2001 and 2005 steadily increased from 0.14 to 0.17 (Nizam, 2006). According to Trow’s definition, Indonesia is in the
transformation phase from elite to mass higher education. In 2001, nearly 1.9 million of about 3.4 million students enrolled in private institutions as most of the school owned by private institutions which has 2235 schools whereas the number of schools that is managed by the government are 80 (Buchori and Malik, 2004). Nizam (2006) argues that the economic growth and the increasing of global trend in participation rate into higher education were the source of the rapid growth in enrollment rate. Moreover, the rate of enrollment of Indonesia higher education in 2002 is higher than some developing countries such as China and Bangladesh that only reached 7.45 and 5.25 percent respectively. However, Indonesia’s enrollment rate is lower than the rest of the developing countries on the table 2.

<table>
<thead>
<tr>
<th>Country</th>
<th>Enrolment Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>R.o.Korea</td>
<td>71.69</td>
</tr>
<tr>
<td>Argentina</td>
<td>47.96</td>
</tr>
<tr>
<td>Chile</td>
<td>37.32</td>
</tr>
<tr>
<td>Thailand</td>
<td>31.92</td>
</tr>
<tr>
<td>Philippines</td>
<td>29.45</td>
</tr>
<tr>
<td>Malaysia</td>
<td>23.25</td>
</tr>
<tr>
<td>Mexico</td>
<td>19.75</td>
</tr>
<tr>
<td>Brazil</td>
<td>14.83</td>
</tr>
<tr>
<td>Indonesia</td>
<td>12.80</td>
</tr>
<tr>
<td>China</td>
<td>7.45</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>5.25</td>
</tr>
</tbody>
</table>


The Task Force on Higher Education and Society (2000) in its report argues that the major rationale of massive expansion of higher education, particularly in developing countries, is the success of 50 years primary educational development. The Task Force on Higher Education and Society (TFHES), that was convened by the World Bank and UNESCO, remark that the secondary education enrollment ratio increase significantly as a result of the rising number of students who finish primary education. For instance, from 1965 to 1995 the gross enrolment ratio secondary education in some developing countries such as Algeria, China, Fiji, and Iran increased from 7 to 62 percent, from 24 to 67 percent, from 20 to 68, and from 28 to 75 respectively.

In Indonesia, as a result of a massive project to build schools across the country, the enrolment rate increased significantly since 1970s (The World Bank, 2007). As it is showed on the table 1, the gross enrollment of primary education rose from 80 in 1970 to 107.0 percent in 1995 and achieve 107.1 in 2005. The gross enrollment rate in junior secondary education significantly increased from 16 percent in 1970 to 65.7 in 1995 and rise to 81.7 percent in 2005.
Table 3: Gross Enrollment Rates Indonesian Basic Education, 1995–2005

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary</td>
<td>80.0</td>
<td>107.0</td>
<td>107.0</td>
<td>109.3</td>
<td>110.1</td>
<td>106.1</td>
<td>107.0</td>
<td>107.1</td>
</tr>
<tr>
<td>Junior Secondary</td>
<td>16.0</td>
<td>29.0</td>
<td>65.7</td>
<td>70.3</td>
<td>76.0</td>
<td>79.5</td>
<td>82.2</td>
<td>81.7</td>
</tr>
<tr>
<td>Higher Senior Secondary</td>
<td>16.0</td>
<td>NA</td>
<td>42.4</td>
<td>46.4</td>
<td>51.5</td>
<td>50.4</td>
<td>54.4</td>
<td>52.9</td>
</tr>
</tbody>
</table>

Source: The World Bank 2007

Sanyal and Martin (2006) believe that expansion in higher education will accelerate continuously in developing countries as well as in the world. Moreover, despite the developing countries – especially Africa and Asia countries – has the priority to focus on basic education within the framework of the ‘Education for All’ however they will continuously expand their higher education to become active members of the knowledge society.

2.2 The Role of Private Sector

The role of private sector in higher education in many countries has been growing significantly in the 1990s. The emerging role of the private sector in higher education world wide is due to the mismatch of the massive expansion of gross enrollment and the growth of government budget. According to UNESCO, 70 (38 come from developing countries) of 111 countries increased their share of public expenditure in higher education whereas 41 (34 are from developing countries) of them reduce their share. Whereas some developing countries who has given the attention to the basic education during past decade could focus on higher education, however, the majority of them had reduced their share in higher education. As the number of gross enrollment expanded massively, the funding per student from the government had decrease massively as well. The annual average cost per student decrease from US$6,300 in 1980 to US$1,241. The situation is happened in all over the world whereas it being worse in developing and transitional countries (Sanyal and Martin, 2006).

According to Sanyal and Martin (2006) The manifestation of the contribution of private sector in financing higher education are followed: the privatization of public institutions, establishment of private institutions with government support, self-financed private institutions, and profit-making private institutions.

2.2.1 Privatization of public institution

Despite the governments funding remains the important source of finance higher education in all over the world, the governments suggest the public higher education institutions to implement the privatization. Moreover, some explicit government policies also has an important role to the push the process of privatization in higher education. Some of the forms of the privatization are

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followed; the decrease of government grants, the incentives to mobilize the financial resources from the private sector, and introducing ‘marketable’ courses (Sanyal and Martin, 2006).

The implementation of privatization varies among developing countries. In Malaysia, the Asian economic crises, the massive expansion of higher education and the government tight budget are the major reason of the privatization in higher education. There are two forms of privatization in Malaysia after the economic crises 1997; privatization the public universities and the expansion of private higher education. Five leading public universities; University of Malaysia (UM), Universiti Sains Malaysia (USM), Universiti Putra Malaysia (UPM), Universiti Kebangsaan Malaysia (UKM), and Universiti teknologi Malaysia (UTM) were privatised in 1998. The government hopes that the changing will transfer the universities to become have more corporate cultures and engage in market-related activities. However, universities were not allowed to increase the tuition fees to required income based on market mechanism. Therefore, they have to seek other funding sources such as international student fees, research grants and consultancy, franchising, facilities rental fee, and interest or dividend from investment (Lee, 2004).

In India, the process of privatization of higher education was not a grand design that led by the government, however, it was a result from a breakdown of the state system as the institutionally and ideologically insubstantial. Moreover, argue that the outcome of a such failure in India higher education system is an over-regulation by the state whereas there is a failure in mobilization of private capital to fulfill the discretionary privatization (Kapur and Mehta, 2004).

In Indonesia, the privatization of public higher education institutions implemented based on the government regulation No. 61 of 1991 (PP 61/1991) as it facilitate to transform public universities into the autonomous universities or “state legal entity university” (Universitas Badan Hukum Milik Negara, or BHMN). Four most established public universities- Universitas Indonesia, Universitas Gadjah Mada, Institut Teknologi Bandung, and Institut Pertanian Bogor - are requested by the government to initiate the transformation. In December 2000, the four universities formally change to become a new public legal entity universities under government regulations No. 152, 153, 154 of 2000 (PP 152/2000, PP 153/2000, PP 154/2000, and PP 155/2000). The management of legal entity universities is excluded from the government as it expected to be more accountable to the society and they are operated more alike private business firm (Nizam, 2006).

Similar to the practice in Latin America, the legal entity universities will be funding by a block grant based on their performances instead of the size of the institutions as the budget are provided by open competition. Moreover, the relation of government and the legal entity universities will become more alike seller-buyer rather than provider-user. Furthermore, as one of the transformation plans, all public legal entity universities staff should be transform from civil servants to universities employees. However, the transformation has not been effectively embedded to the overall system even though it has been implemented more than four years (Susanto and Nizam 2004 in Nizam, 2006).
2.2.2 Private Higher Education

Almost 80 percent of funding for higher education in OECD countries comes from public budget (OECD, 1997 in Varghese, 2004) and about 95 and 80 percent student study in public universities in Western Europe and USA respectively (Varghese, 2004). On the other hand, private higher education has an important role in some countries in Latin America (Gonzales, 1999 in Varghese, 2004), some Asian countries; Indonesia, Korea, Japan, and Philippines (Altbach, 1999 in Varghese, 2004). Moreover, some countries such as Philippines, Korea, Japan, Belgium, Indonesia, Colombia, India, Brazil, Bangladesh, and Netherlands have more than 50 percent share of enrollment in private institutions. Furthermore, Altbach (1999) noted that private higher education is one of the fast growing of post secondary education in the world.

Figure 1: Share of Enrollment in Private Higher Education in some countries

The Establishment of private institutions with government support is common practices in several countries such as Philippines, India, Tunisia, and Japan. The government of Tunisia has set up a
legal framework to boost the investment from the private sector in higher education as it created a large number of private institutions. Undergraduate students in Japan enjoy the 12 percent subsidies from Japan’s government (Sanyal and Martin, 2006). In Kenya, the implementation of cost sharing in education and the establishment of private and Harambe institutions is recommended by the Kamunge Report. The private University Act passed by the BNP Government in 1992 follow by the establishment of North South University, the first Bangladesh’s private university. In The Republic of Georgia, the Supreme Council issued a decree to the establishment the private educational institutions as more than 200 licences was issued.

The non-profit higher educational institutions as the biggest contribution of private sector in higher education, is setting up by the religious and philanthropic foundations (Varghese, 2004 and Sanyal and Martin, 2006). In both developing and developed countries, the private businesses and secular non-governmental organizations are now initiating to established the nonprofit private institutions as they affiliated to foreign universities and agencies. On the other hand, some religious foundations, the Roman Catholic Church has been promoted private higher institutions in Asia, Latin America and Europe as The Protestant Church in the USA. Moreover, some Islamic organizations have established the private institutions in Egypt, Indonesia, Malaysia, and Pakistan (Varghese, 2004).

The profit-making private institutions that operate by private business is the latest phenomenon in the world of higher education. Some companies in the USA, such as Appolo Group, the Career Education Corporation, the Corinthian College, Strayer Education and Laureate Education Inc are the pioneers of the establishment the institutions that providing of higher education services for different target groups to make profit. The source of the income of these institutions is tuition fees as they charge very high fess. Despite this kind of companies have yet popular, India’s the National Institute of Information Technology (NIIT) has started as a profit-making institutions as now, it has 2500 center in all over India (David 2004 in Sanyal and Martin 2006).

In 1945, Universitas Islam Indonesia (UII) was the first Indonesian private university that established four years before the establishment of the first public university (UGM) (Nizam, 2006). The Law of the 1950s and early 1960s that were succeeded by Government Regulation No. 30 of 1990 and Law No. 2/1989 were the legal framework of the massive expansion of private higher education institutions (Welch, 2006). Lack of the government budget and the massive expansion of gross enrollment is the major rationale that used by government to enacted the Laws (Hadihardaja, 1995). According to Nizam (2006) the expansion of private institutions in early 1980 is due to following events: the massive increase of the basic education enrollment factor, Oil price boom in between late 1970s and early 1980s, the emergence of middle class society, and the industrialization policy.

In 2004, the number of higher education institutions that owned by private institutions were 2,235 whereas the number of public higher education institutions only 81 (DGHE, 2004). In 2001, nearly 1.9 million of about 3.4 million students enrolled in private institutions (Buchori and Malik, 2004). Welch (2006) argues that the large proportion of private institutions is due to their average size
which is much smaller than the public’s. Private institutions are mostly established and run by foundations. However, the foundations are working as profit-making machine as they relied upon tuition fees and parents contribution to cover all running cost. This practice is contrasted to foundations in most countries where the institutions are mainly relied upon donations from the foundations itself (Buchori and Malik, 2004).

Most of the higher private institution in Indonesia are quite small and often offering only one or a few programs. They tend to offering law, religion, humanities, and social sciences and only less than 100 of them have a same level of quality to the average public institution (World Bank, 1996). Buchori and Malik (2004) add that despite the number of private institutions significantly larger than the public institutions, many of them have poor supports to provide a good quality education. Private institutions in developed countries have a high quality learning system and environment, however, the opposite condition apply in Indonesia. The private institutions in Indonesia is a second choice after public schools for Indonesian prospective students.

Since most of the parents has low of purchasing power, many private institutions do not provide engineering and science courses as they were required much more investment than social sciences and humanities. As a result, a proportion of engineering student as low as 17 percent where most of them come from public institutions. This low proportion of engineering and science student has a contribution to the mismatch in the labor market (Buchori and Malik, 2004).

2.3 The Emergence of Cost Sharing

Recently, there are an increasing number of countries that have been implemented innovative financing to overcome the lack public budget for higher education. There are two general types of financing that utilized by governments around the world: direct financing and indirect financing. Direct financing is the transfer of resource directly to higher education institutions to support operational cost, capital investments, research, and specific purposes. On the other hand, Indirect financing is the government finance support to student or their families through tax benefits, loan subsidies for academic and living expenses, grants and scholarships.

Salmi and Hauptman (2006) argue that need-based grants and merit-based scholarships can be an important means to promote greater access, equity, and quality and can be used to increase cost sharing regardless of whether the grants and scholarships are funded by government or through cross subsides from other wealthier student. In higher education systems across the world, the trend toward increased cost sharing in public universities and the growth of private institutions have led to the creation of many ways to assist students in paying ever more of their own education and related expenses.

According to Johnstone (2003) cost sharing is the shift of the burden in higher education costs from the government, or taxpayers to parents and students. The form of cost sharing is most
associated with tuition and fees or "user charge" particularly in publicly funded institutions. However, Johnstone noted that the cost sharing form can appear in seven or more ways. First, the introduction of tuition fee when it was formerly free. This policy implemented in China (1997), Britain (1998) and Austria (2002). Second, the dual track method as the additional special tuition fee was introduced while maintaining free tuition fee for regular students who were funded by the government. This cases appeared in Russia, some counties from former Soviet Union, East and Central Europe. Third, the sharp increase in tuition. This case is recently happened in US and was introduced when the government failed to maintain their contribution in public university. Forth, the introduction of user charges to recover institutional cost and residence and dining hall maintenance. This has been happening in China, Africa, Sweden, and Nordic Countries. Fifth, the lessening of students grants or scholarships. This happened in Britain, former Soviet Republics, Eastern and Central Europe countries. Sixth, a rise in the effective cost recovery on student loans. This can be implemented through, for instance, a lessening subsidies on student loans, increase interest rate, and reduction the time frame of free charged interest rate. Seventh, a limitation of public funding to elite and selective institutions and shift the higher education cost to parents and students through encouraging private institutions. This practice has been implemented in Japan, Korea, the Philippines, Indonesia, Brazil, and some countries in Latin America and East Asia.

The rationales for cost sharing came from the classic argument of the market-oriented neo-liberal economist. Johnstone argues that the rationale for the cost sharing may take several forms. First, it is a clear sign a tendency to greater equity. Several neo-liberal economists view that the growth of private higher education and tuition-dependent higher education worldwide as an implicit signal that parents and students valued the higher education and can expect to contribute its costs, hence it drive to a greater efficiency, responsiveness, and equity. In addition, some evidence came from China, Soviet Union and some Africa countries where students and parents pay little or even free in tuition fee or living allowance. By full government subsidies, the students in these countries have a disincentive to graduate on time. Hence, a little cost sharing could be create more incentives to the students to finish on time. However, Johnstone argues that there are some others un-ideological rationale of cost sharing. First, the dramatic increase of gross enrollment in over the world as the consequence of the increase of college-age cohort, and the increasing of secondary school completion rates. Second, the rapid growth of per-student cost in higher education. Third, the shortage of government revenue through taxes. Forth, the growing competition from other public needs such as basic education, health, housing, infrastructure, and welfare.

2.3.1 Financing Higher Education in Indonesia

The international funding agency such as World Bank and ADB has an important role in designing the strategy and policy of higher education in Indonesia as it stated in one of World Bank’s Project Information Document:

The Government of Indonesia has introduced and invested – with donor support – in
the “new paradigm of higher education”, which for the first time in Indonesia exposed higher education institutions to competition, explicit demands for performance, and accountability (World Bank, 2004).

The dependency of Indonesian Government to the international funding is not a surprise since the 95 percents of the higher education budget is used to pay salary the faculties and staffs of the public higher education institutions(World Bank, 2005). World Bank and ADB are the agencies that provide funding to some particular developing countries such as China, the Lao People’s Democratic Republic, Indonesia, Thailand and Vietnam (UNESCO, 2003).

Recently, the major financing method that implement by the government is the competitive grants. The introduction of the competitive grants has been developed over the last decade in partnership with the World Bank and ADB. World Bank (2005) claimed that the program increased the quality of learning process and transparency of public spending in some funded institutions. The allocation of the grants, besides to the public autonomous and non autonomous public institutions, is designed to support the private institutions. Despite the private institutions lack of support to increase equity for low SES students, World Bank believes that the private sector is significant to the development of higher education Indonesia. In addition, the government introduce performance-based financing mechanism that is claimed as one of sophisticated method to increase the quality and efficiency in public institutions.

In the new paradigm era, World Bank supported the development of higher education in Indonesia through some project such as The University Research for Graduate Education (URGE), The Quality for Undergraduate Education (QUE), and the Development of Undergraduate Education (DUE) project. The main objective of URGE project is to support the public universities’ development through competitive funding that implemented under a non bureaucratic block-grant contract whereas the QUE project supported the private and public universities through open competition grants(Nizam, 2006). World Bank (2005) claims that the competitive funding schemes have been tested in some World Bank’s project as they indicated as effective method to transform the organizational culture, promote innovation and increase the efficiency. The finance method for some public universities who has transformed to become the state legal entity universities has been changed. The traditional line item budget that formerly a method for operational cost, has been replaced with the block grants based on their performances. Whereas the investment budget are supported by the government via open competition.

Moreover, the reform on the finance of higher education Indonesia included:

First, cost-saving measures such as a freeze from staff recruitment. Second, cost-sharing measures where a university can set its own tuition fees but at the same time ensure equal access through cross-subsidies. Third, resource mobilizing strategies that include setting up programmes on a full cost-recovery basis, undertaking contract research, consultancies and other various income-generating activities. Forth, efficiency
enhancing measures such as changing resource allocation policies, emphasizing accountability, evaluation procedures for assessment of performance, etc. (Susanto and Nizam 2004).

As consequences of the introduction the cost-sharing method, some leading public universities implement the dual track tuition fees. Sofyan Effendy, former rector of Gadjah Mada University, the one of prominent public university, argue that the cutting of government subsidies forced the university management to increase the tuition fees and pay the contribution money. However, they did not obligate the students from low SES to pay the contribution, as he expects that there is a cross subsidies from students form high and middle income families. However, the public reaction apparently has been negative (Tempo, 2003). They do not understand and cannot believe that the tuition fee to the public universities could be four times more expensive than private universities. Moreover, Daoed Joesoef, the former education minister in Soeharto regime, criticize The Educational Legal Entity Bill. He accused that the government is lacked of vision and only want to shift the responsibilities to the public (Joesoef, 2007).

3 SES Inequality on Access

As stated in international agreements and in various domestic law, the access to higher education is a universal right. To implement this assumption, Richter (1998) argues that the access to higher education should be regulated by some principles which are market principles, the performance principle, the Concours and the Numerus Clausus (Huang, 2005). These principles has been implemented in admission to enter the higher education rather than other criteria such as income, gender, age, ethnic and social status. However, the Duke (1998)argues the social inequality in higher education access remains persist although those criteria have been implemented.

In early 1980s Psacharopoulos et al. (1986) found that in developing countries, the highest income group gain the highly government subsidized or free tuition in higher education. As it is showed in table 4, Colombia, for example, the top quintile group benefited about 60 percent of the subsidies, whereas the bottom group only received 6 percent. Moreover, in Indonesia, the upper 30 percent group enjoyed about 83 percent higher education subsidized whereas the lower 40 percent income group received only about 7 percent.

The higher education expansion in most developing countries have generated a significant growth student’s gross enrollment. The high growth of student enrollments also increase the number of extra places for students who come from socially and culturally underrepresented groups. However, the sufficient number of seat is required to assure a greater equality of access in higher education admissions (Salmi and Hauptman, 2006).

The research about the relationships of SES students background and educational achievement is one of the best-established result of educational attainment research. However, there is only a
Table 4: Share of Higher Education subsidies received by different income groups (percent)

<table>
<thead>
<tr>
<th>Country</th>
<th>Lower</th>
<th>Middle</th>
<th>Upper</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chile</td>
<td>15</td>
<td>24</td>
<td>61</td>
</tr>
<tr>
<td>Colombia</td>
<td>6</td>
<td>35</td>
<td>60</td>
</tr>
<tr>
<td>Indonesia</td>
<td>7</td>
<td>10</td>
<td>83</td>
</tr>
<tr>
<td>Malaysia</td>
<td>10</td>
<td>38</td>
<td>51</td>
</tr>
</tbody>
</table>

Source: Psacharopoulos et al. (1986)

little research about the success of the recent expansion policies in higher education in diminishing the inequalities of access (Lewis and Dundar, 2002). Lewis and Dundar argue that expansion of higher education and some government’s supply side policies were necessary but not sufficient to lower the equity access gap.

This section will discuss some examples of implication traditional public policy, such as; free higher education open access as well as some evidence of the failure of the current trend in public policy to close the equity gap.

### 3.1 Massification, Cost Sharing and Equity of Access

Despite several supply side policies from the government in developing countries undoubtedly increase the number of student to access the higher education, it is not necessarily led to a movement from an “elite” to a “mass access” higher education nor it is not decreased the inequalities of access (Lewis and Dundar, 2002). Kariwo (2007) studies the determinant of access and quality of higher education in Zimbabwe after there is a shifting from an elite to a mass higher education system. Gunawardena (1990) studied whether the higher education system in Srinlanka provide equal access. Gunawardena concludes that despite Srinlanka has been able to provide the equal access, it does not represent total equity based on students SES background.

The other evidence of a failure of supply side government policy to increase the greater access for low SES come from Honduras Ziderman and Albrecht (1994). In the end of 1980s the Honduras Government with through the National Autonomous University of Honduras (UNAH) guaranty admissions to all students who complete the secondary school. Government spends between 3 and 6 percents of its budget to finance this program as the student who enroll only has to pay US$17 per year. The Honduras Government believes that the open access program will increase the access of student from low SES background as they do not have to compete with the other student from high income families who have better coaching in secondary school. However, the open access program has not increased access from low SES students as most of them lack of basic education. Based on an internal survey in 1990, more than 66 percent student in public university came high income families whereas only 6 percents came from low income families. Ziderman and Albrecht also argue that cost of living or the place of students resident has much more impact to access to
higher education rather than a low or free tuition program. Another survey in 1990 revealed that
68 percent of student of the university that located in the capital city live in their parents house
and 14 percents live with their relatives whereas only 13 percent population lives in capital city.

Some government fully funded the higher education as they offer a free higher education. This
policy was believed would raise the participation among low SES student and achieve a greater
access. However, some studies tell different result as access has less to do with free tuition fee.
In 1987, the publicly funded university in Philippines, the average salary of the parents was two
and half times the whole population; 61 percent student came from families who own cars; and 77
percent of students father were professionals. In Sweden, Germany, and the UK, the free higher
education fail to attract participation of students that come from working-class families(Ziderman
and Albrecht, 1994).

Psacharopoulos (1991) argue that the student from high income families most likely will not to be
excluded from the present higher education system even though the fee tuition is implemented in
public university. Students from high SES is assumed have better coaching or attendance at good
quality secondary school as it give them a more chances to pass the national university admission
system. If they wail to enter the free domestic public higher education, they will enroll to a private
university or study abroad. This conclude that the lower income students are most likely the
group that will be excluded from the free higher education system. Despite they pay no fees, the
opportunity cost or forgone income while studying will discourage them to apply the admissions.
Furthermore, if they compete at the national university admission test, they could have lower
chance as they did not receive an equal training.

In Thailand, the student loan scheme as an example of the social targeting model failure to assist the
low SES group. The scheme that started in 1996 has a specific objective to assist the disadvantages
students in both higher education and upper-secondary general and vocational schooling. Since
eligibility of the scheme was set higher than the income officially designated as defining poverty
then many non poor students received the loans. Moreover, the decentralized system that adopted
to distribute loans students is a main reason that many loan recipients receipt significantly smaller
amount than expected. The top-down budget allocation based on number of enrollment criteria led
some institutions that have many poor students receive fewer loans than the other institutions that
have more eligible students but not highly disadvantages students. Furthermore, the excess loan
as the number of schemes considerably increased led to budgetary cutback. Hence, the loan size is
decreased to below the first design as institution prefer to spread the loans over a broader population
(Ziderman, 2006). In Malaysia, the student loan that has no family income condition eligibility has
been benefited students from high income families as they receive 3 percent concessional interest
rate of expenditures that not directly link to their studies (Salmi and Hauptman, 2006).

The new financing methods that promote privatization in higher education was also failed to
achieve greater access for low SES student in developing countries. For instance, Espinoza (2007)
found that in Chili, the implementation of student aid program in 1990s has been failed to reduce
Table 5: Proportion of each SES quintile attending higher education institutions, 1987–1998

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>2.6</td>
<td>3</td>
<td>3.6</td>
<td>3.9</td>
<td>5.1</td>
<td>4.4</td>
</tr>
<tr>
<td>II</td>
<td>3.5</td>
<td>5</td>
<td>4.7</td>
<td>4.9</td>
<td>8</td>
<td>7.6</td>
</tr>
<tr>
<td>III</td>
<td>6.6</td>
<td>8.2</td>
<td>7.7</td>
<td>10</td>
<td>12.4</td>
<td>12.6</td>
</tr>
<tr>
<td>IV</td>
<td>13.1</td>
<td>13.4</td>
<td>14.3</td>
<td>18.4</td>
<td>22</td>
<td>22.9</td>
</tr>
<tr>
<td>V</td>
<td>27.6</td>
<td>25.3</td>
<td>26.6</td>
<td>35.8</td>
<td>43.5</td>
<td>45</td>
</tr>
</tbody>
</table>

Source: Espinoza (2007)

The access gap between the bottom quintile group and top quintile group. In 1981, the Chilean Government implemented the privatization system in higher education. Espinoza believes that the government has a strong influence from neo-classic perspective that was promoted by the Chicago Boys², World Bank, IMF. The major financing higher education policy in Chile as following: (a) a reduction of public expenditure in higher education by shifting resource to primary education; (b) introducing competitive funding mechanisms and increasing sale of services; and (c) finance the higher education via tuition and student loans. The higher education reform increase the gross enrollment tripled between 19980 and 1988 and improved access of low and middle income students. However, as we can see at table 5, the proportion of student from high SES background (quintile 4 and 5) remain over-represented in contrast to students from low SES (quintile 1, 2 and 3).

The other evidence come from Chili, when Mladen and Monica (2006) found that the performance gap between underrepresented group from public municipal high-school and applicants from private high-school in the new admission test is widened. The new test is expected to increase access to higher education for disadvantage group in Chili. The new test, Sistema de Ingreso a la Educación Superior (SIES) was designed by the government with two main objectives; to selecting students for higher education and as evaluation tools of outcome the learning process in high school after the curriculum reconstruction. Since the test link to curriculum, the supporter claimed that it also benefited the students from low SES. Nevertheless, the failure of the new test was revealed when the number of test-takers drop from 181,901 to only 153,963. The high school graduates students who did not participate to the test mostly come from public school that had not been exposed to the curriculum reform. The other evidence that show the failure of the test is the increasing gap test scores between students from public and private high school. This is consistent with the international evidence that the implementation of highly competitive test would not close the equity gap in developing countries.

In Indonesia, the studies of impact the expansion of higher education to the equity on access remains rare. In 1989, Hansen et al. studied the impact of SES background, gender, geography, and admission test achievement on national admission test in Indonesia as they implemented a first nationwide survey of the all applicants who enter the national public university admission test.

²Chilean economists who’s studied at the University of Chicago between 1960s and 1970s
The proportion of cohort of higher education-age applicant who enter the admission test were only about 16 percent. Moreover, they assumed that those 16 percent students were the upper group in distribution who have ability to score high on the exam. The first regression result indicate that most dominant factor on the national admission is the exam score. The other evidence suggest that the major factor of higher education attendance is the decision to enter the national admission test. Regardless of Hansen et al. study revealed some new evidences, the impact of higher education policy to the equity gap remain unknown.

The national admission test to enter the public university in Indonesia is highly competitive. There are only about 75,000 students who were accepted whereas 360,000 other applicants who failed the test, could choose to apply to private universities or enter the job market with a limited skills and knowledge. Most of the students who admitted in the public universities were come from high and medium income families as they mostly graduated from a good quality high secondary school. They also attended a private tutoring, an extra form of education outside the formal school, to make a better preparation for the entrance admission. The form of private tutoring is common practise in Japan, Taiwan, South Korea, Hongkong, turkey, Greece, Russia, and other transition countries (Dundar and Lewis 1999; Stevenson and Baker 1992). Hence the students from high and middle income families who receive some private tutoring have better result and more successful in the test. According to the last economic survey, the proportion of the top 20 percents family income groups who enroll in the higher education were 30.9 whereas the lowest 40 percents group were 8.1 percent.

Moreover, Nizam (2006) noted that the small proportion of gross enrollment rate to higher education as it has been naturally filtered in the secondary school. The students who enter the primary education 1989 were only 39.2 percent continued to lower secondary school. Three years later, 75 percents of them continued to higher secondary education. Finally, only 13.34 percent students who graduated from higher secondary school enter to the higher education.

From the table 7, it can be seen that the gross enrollment in Indonesian basic primary, lower and secondary education is nearly similar with India and Bangladesh. On the other hand, other developing countries such as Malaysia, Korea, and China generally have a higher gross enrollment rate than Indonesia. Moreover, Malaysia and China have far higher gross enrollment rate in higher education than Indonesia. In conclusion, it can be consider that the low enrollment in secondary education.
### Table 7: Gross Enrollment Rate (GRE) in Basic Education in Some Countries in 2004

<table>
<thead>
<tr>
<th>Country</th>
<th>Education</th>
<th>GRE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>Primary</td>
<td>103</td>
</tr>
<tr>
<td></td>
<td>Lower secondary</td>
<td>112</td>
</tr>
<tr>
<td></td>
<td>Secondary</td>
<td>149</td>
</tr>
<tr>
<td>China</td>
<td>Primary</td>
<td>118</td>
</tr>
<tr>
<td></td>
<td>Lower secondary</td>
<td>101</td>
</tr>
<tr>
<td></td>
<td>Secondary</td>
<td>73</td>
</tr>
<tr>
<td>Indonesia</td>
<td>Primary</td>
<td>117</td>
</tr>
<tr>
<td></td>
<td>Lower secondary</td>
<td>80</td>
</tr>
<tr>
<td></td>
<td>Secondary</td>
<td>64</td>
</tr>
<tr>
<td>Japan</td>
<td>Primary</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>Lower secondary</td>
<td>101</td>
</tr>
<tr>
<td></td>
<td>Secondary</td>
<td>102</td>
</tr>
<tr>
<td>Malaysia</td>
<td>Primary</td>
<td>96</td>
</tr>
<tr>
<td></td>
<td>Lower secondary</td>
<td>95</td>
</tr>
<tr>
<td></td>
<td>Secondary</td>
<td>76</td>
</tr>
<tr>
<td>Republic of Korea</td>
<td>Primary</td>
<td>105</td>
</tr>
<tr>
<td></td>
<td>Lower secondary</td>
<td>93</td>
</tr>
<tr>
<td></td>
<td>Secondary</td>
<td>91</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>Primary</td>
<td>109</td>
</tr>
<tr>
<td></td>
<td>Lower secondary</td>
<td>64</td>
</tr>
<tr>
<td></td>
<td>Secondary</td>
<td>47</td>
</tr>
<tr>
<td>India</td>
<td>Primary</td>
<td>116</td>
</tr>
<tr>
<td></td>
<td>Lower secondary</td>
<td>71</td>
</tr>
<tr>
<td></td>
<td>Secondary</td>
<td>54</td>
</tr>
</tbody>
</table>

Source: UNESCO Institute of Statistics

education is one of the major argument of a high inequality of access in Indonesia.

### 4 Conclusion

Indonesian higher education is in a transition phase from elite to mass higher education. Since 1990s Indonesian higher education achieve a rapid growth in gross enrollment to higher education. Access of low SES group to the higher education in Indonesia is very poor as only less than 10 percent students from low SES can enter the universities. The new paradigm that introduced by the Government of Indonesia is illuminating an expectation of the closing wide inequality gap of access to higher education. The role and support of World Bank and ADB as in developing countries, in designing and implementing the recent higher education policy Indonesia is significant. Studies to examine the impact of the privatization of public universities and the new financing methods to the equity access of low SES group has to be conducted to evaluate the new government policy.
References


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