



Indonesia

The Next Frontier

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- I. Benchmarking Indonesia
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I. Benchmarking Indonesia: Politics

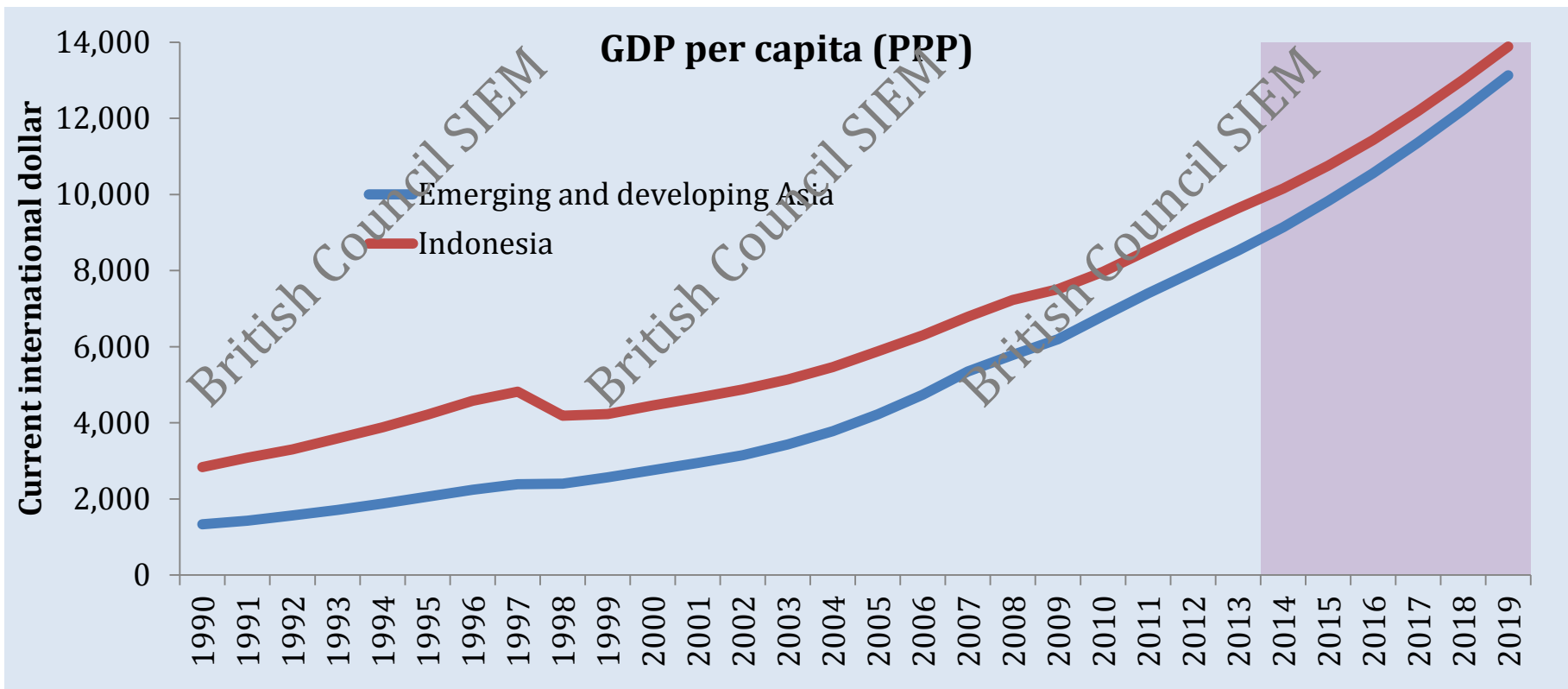
- ❖ For the first time in its history, Indonesia witnessed the transfer of power from one popularly elected official to another in October 2014.
- ❖ The new president, Joko Widodo (Jokowi) is a political outsider, raising both expectations and potential obstacles from entrenched interests.
- ❖ Parties loyal to Jokowi have only 37 per cent of the seats in the legislature (and 41 per cent of votes), suggesting that reforms may be hard to come by. Early signs are mixed.

Key reforms	Impact
❖ Fuel subsidy reduction	❖ Government to save \$8-10bn to invest in health care, education and infrastructure
❖ Renaming international schools and requiring Indonesian culture and language instruction	<ul style="list-style-type: none"> • Jakarta International School → Jakarta Intercultural School • British International School → British School Jakarta • Australian International School → Australian Independent School



I. Benchmarking Indonesia: Economics

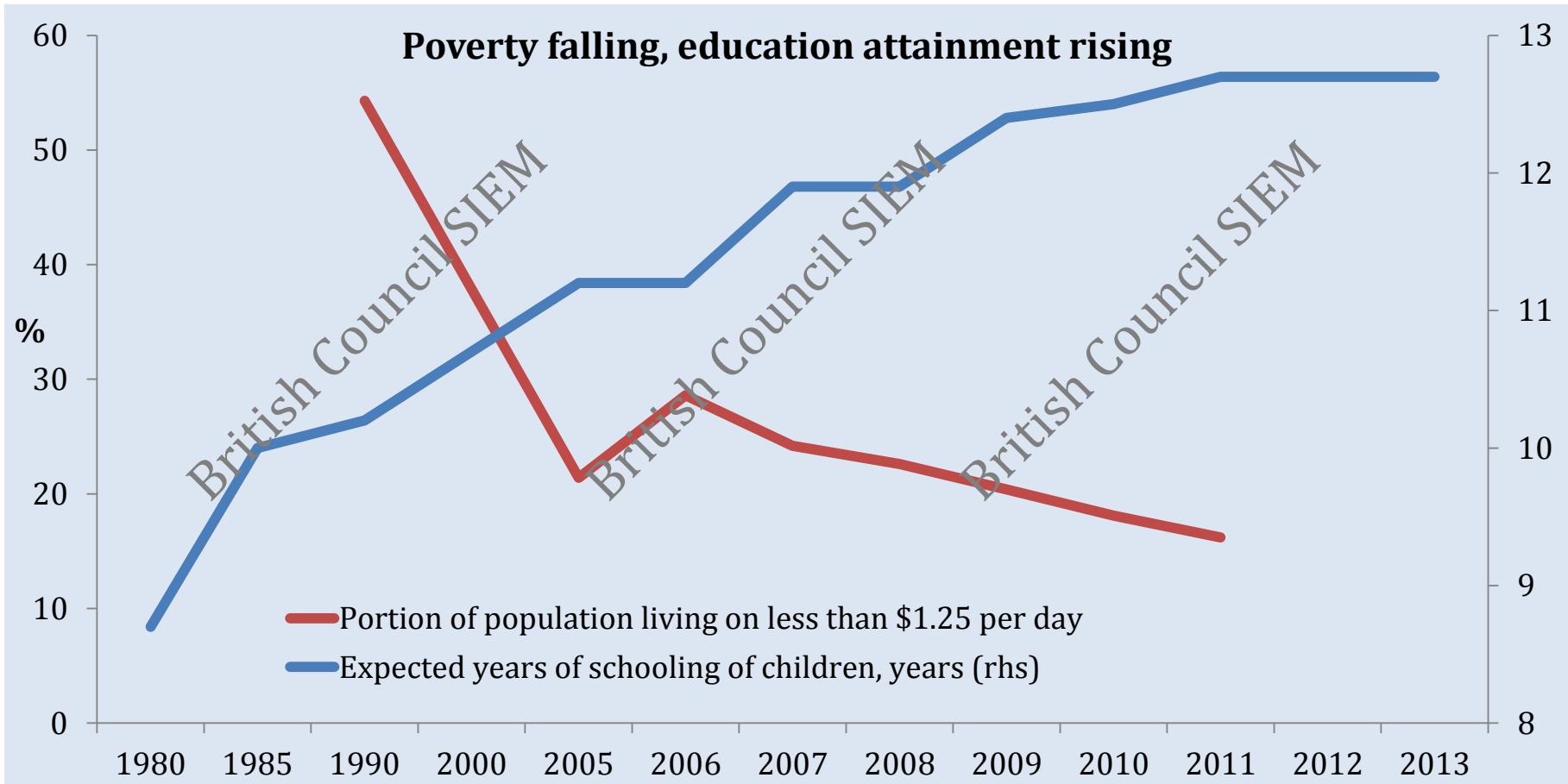
- ❖ Living standards are rising rapidly in Indonesia, surpassing the average in other parts of developing Asia, but growth is set to slow as China's demand for resources declines.
- ❖ Longer term, Indonesia is on pace to join the ranks of the world's 'middle income' countries, which will bring a whole host of new governance challenges.



Source: IMF, staff projections after 2013

I. Benchmarking Indonesia: Economics

- ❖ On the back of strong economic growth, Indonesia has made great progress in lowering poverty and improving educational attainment, but much more remains to be done.



Source: UNESCO, World Bank

I. Benchmarking Indonesia: Competitiveness

- ❖ Indonesia is distinguished above all by its size, low living standards and poor educational outcomes, but it resists easy classification.

Metric	Global rank	Out of	Percentile rank	Most comparable countries
Population	4	200+	>98	USA, Brazil
GDP	16	183	>91	Mexico, Netherlands
Global competitiveness index	34	144	>76	Chile, Spain
Human development index	108	187	>42	Mongolia, Botswana
GDP per capita	115	183	>37	Georgia, Guatemala
U21 Ranking of National Higher Education Systems	48	50	4	Turkey, Iran
PISA 2012	64	65	>1	Qatar, Peru

Source: IMF, World Economic Forum, UNDESA, OECD

I. Benchmarking Indonesia: Competitiveness

- ❖ Indonesia has improved its overall global competitiveness over the last five years, although it is characterised by large variation and underperforming education sectors.

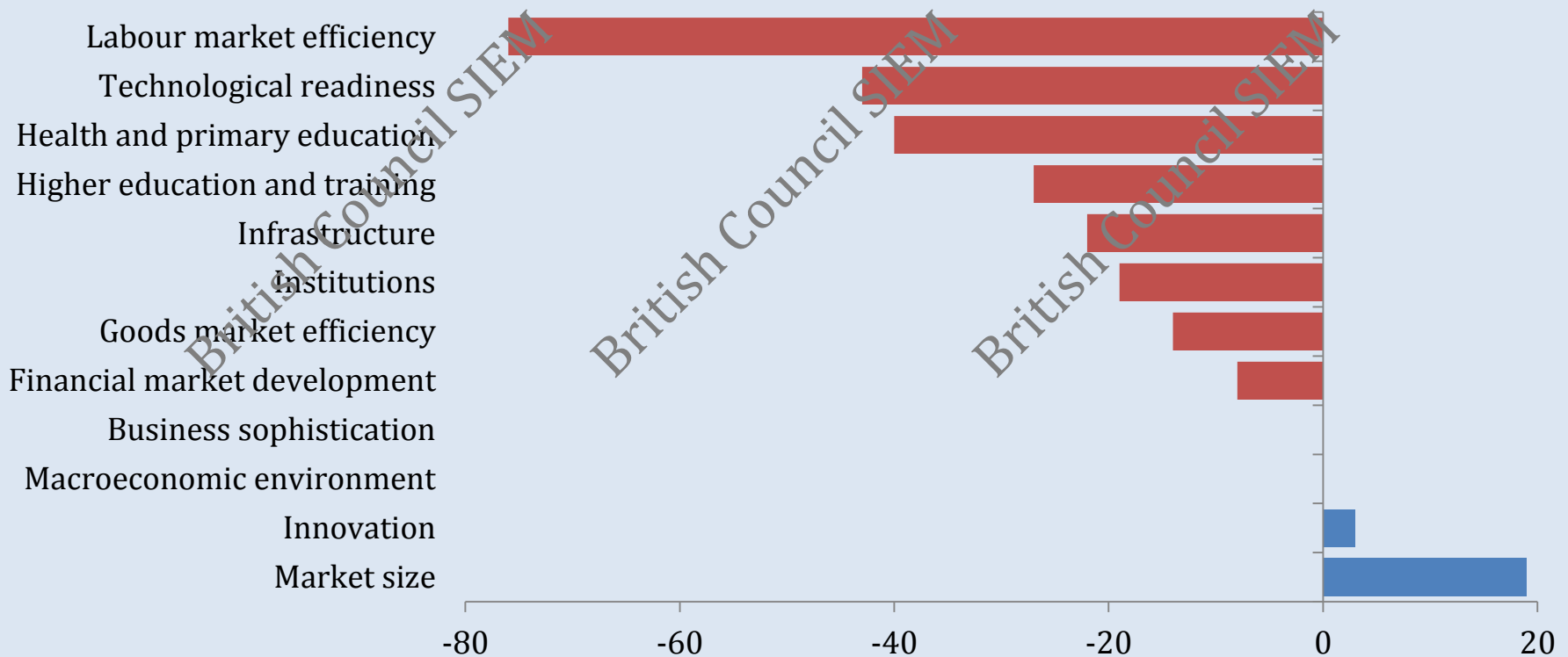
Global competitiveness indicator	Global rank, 2009	Global rank, 2014	Net change 2009-14
Institutions	58 (out of 133)	53 (out of 144)	5
Infrastructure	84	56	28
Macroeconomic environment	52	34	18
Health and primary education	82	74	8
Higher education and training	69	61	8
Goods market efficiency	41	48	(7)
Labour market efficiency	75	110	(35)
Financial market development	61	42	19
Technological readiness	88	77	11
Market size	16	15	1
Business sophistication	40	34	6
Innovation	39	31	8

Source: World Economic Forum, Global Competitiveness Report

I. Benchmarking Indonesia: Competitiveness

- ❖ Indonesia suffers from inefficient bureaucracy and low productivity, both of which impact its education market.
- ❖ Indonesia doesn't lack for demand, but for education quality and effective governance.

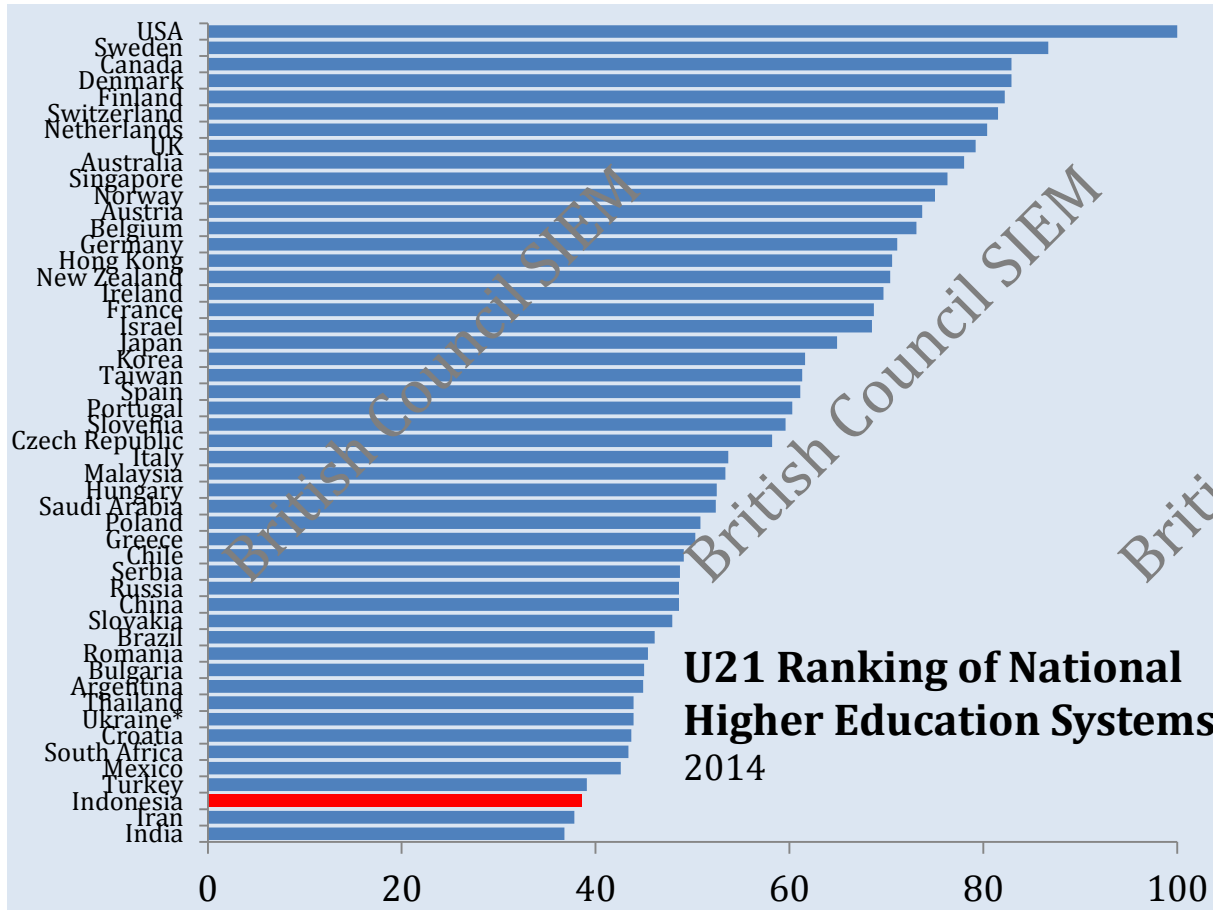
Where Indonesia over/underperforms its overall global competitiveness



Source: World Economic Forum, Global Competitiveness Report 2014/15

I. Benchmarking Indonesia: Education Rank

- ❖ Indonesia's higher education system is one of the lowest scoring among major countries.
- ❖ In particular, Indonesia suffers from lack of education spending and research output.

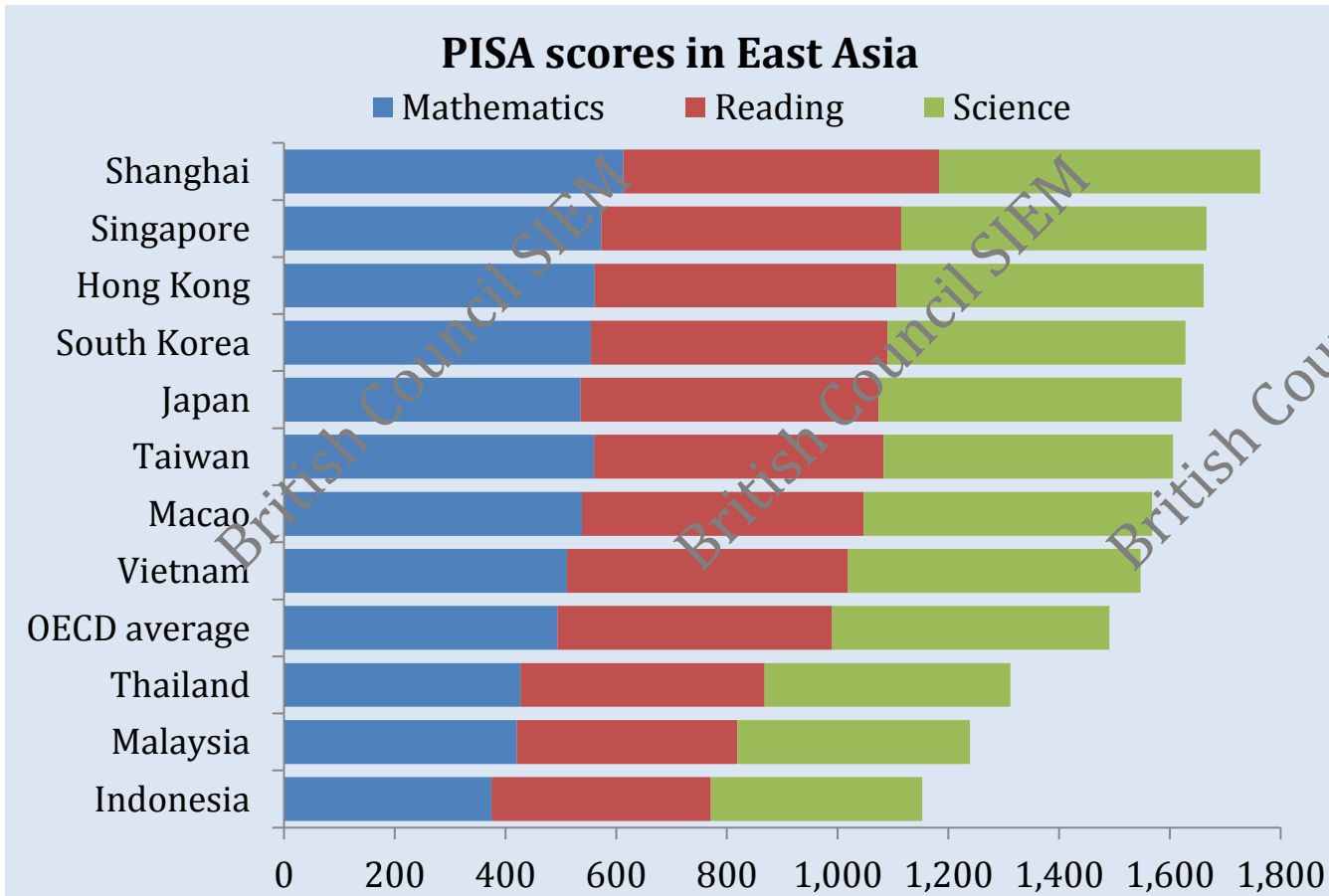


Metric	Score	Ranking (out of 50)
Resources	16.4	50
Environment	82.1	37
Connectivity	57.6	25
Output	11.3	50
Overall	38.5	48

Source: U21 Ranking of National Higher Education Systems, 2014; *score based on 2013 data.

I. Benchmarking Indonesia: Education Rank

- ❖ Indonesia's secondary students perform much more poorly than their peers in neighbouring countries. This poor performance is consistent across all subjects.



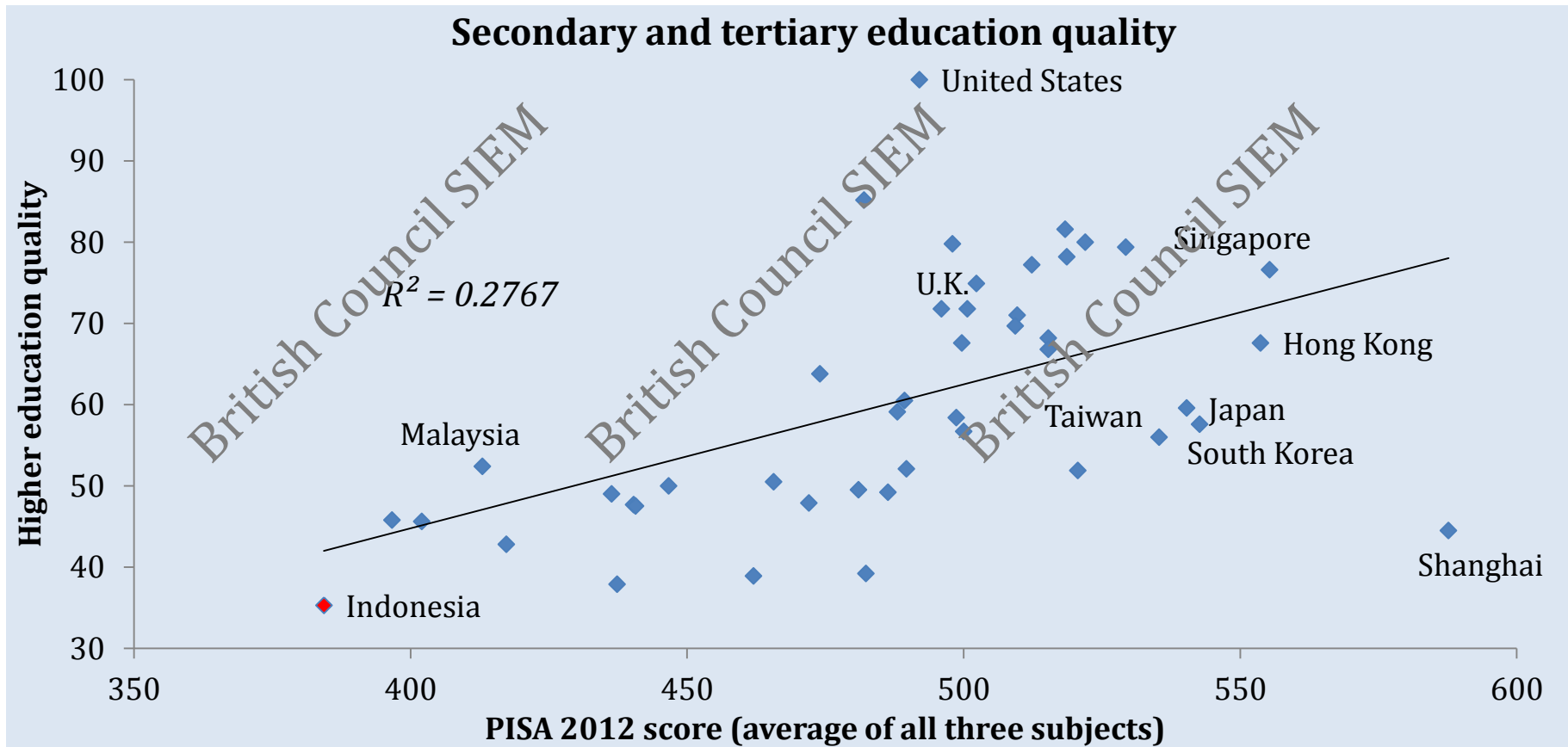
Subject	Rank
Maths	64 th
Reading	62 nd -T
Science	64 th

Most comparable countries
Colombia, Qatar, Peru

Source: OECD, PISA 2012 exam

I. Benchmarking Indonesia: Education Rank

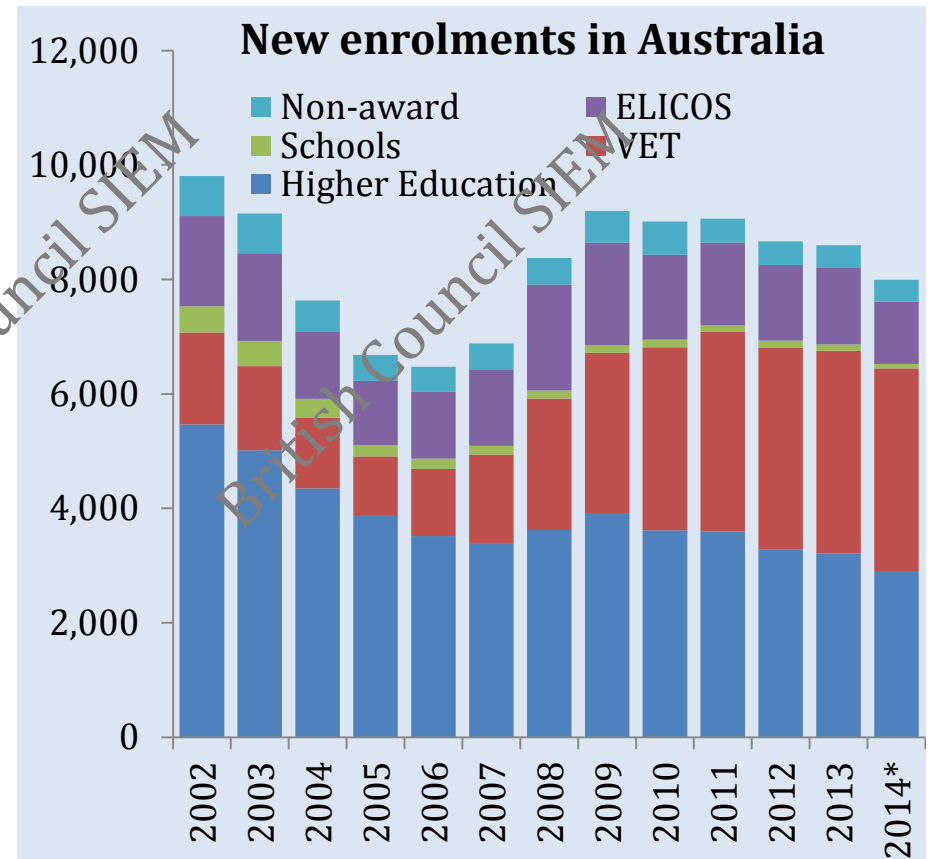
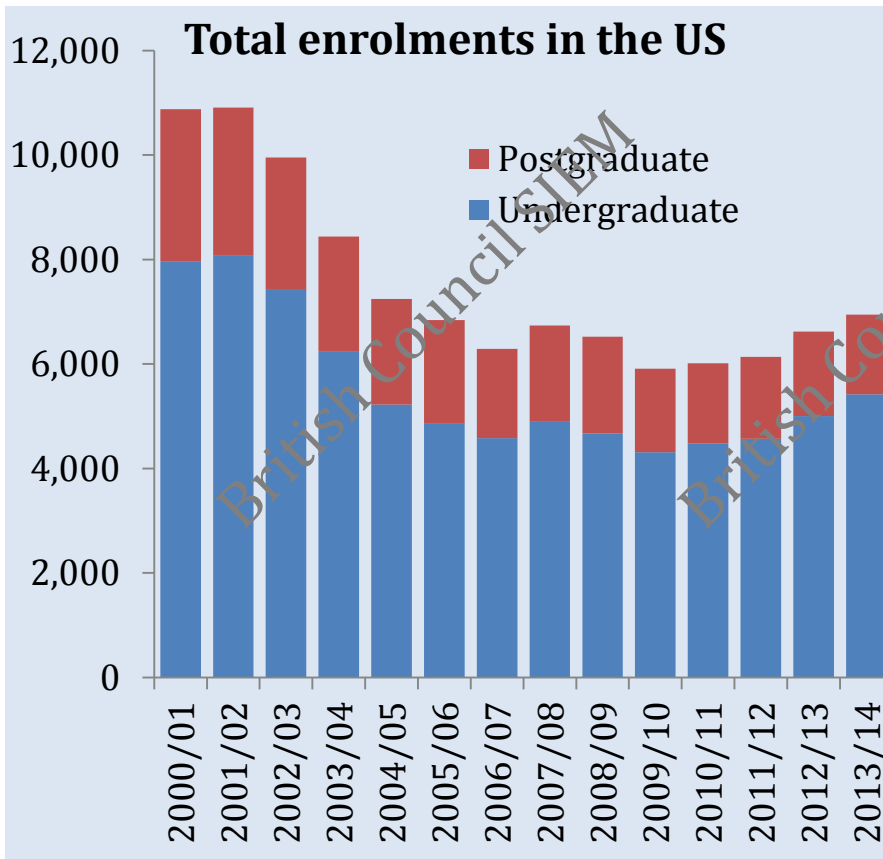
- ❖ Among countries ranked by both U21 and PISA, Indonesia scores lowest in the world.
- ❖ While there is great variation between secondary and tertiary performance, Indonesia suffers from low quality at all levels of education.



Source: U21, OECD, PISA 2012 exam

I. Benchmarking Indonesia: Student Mobility

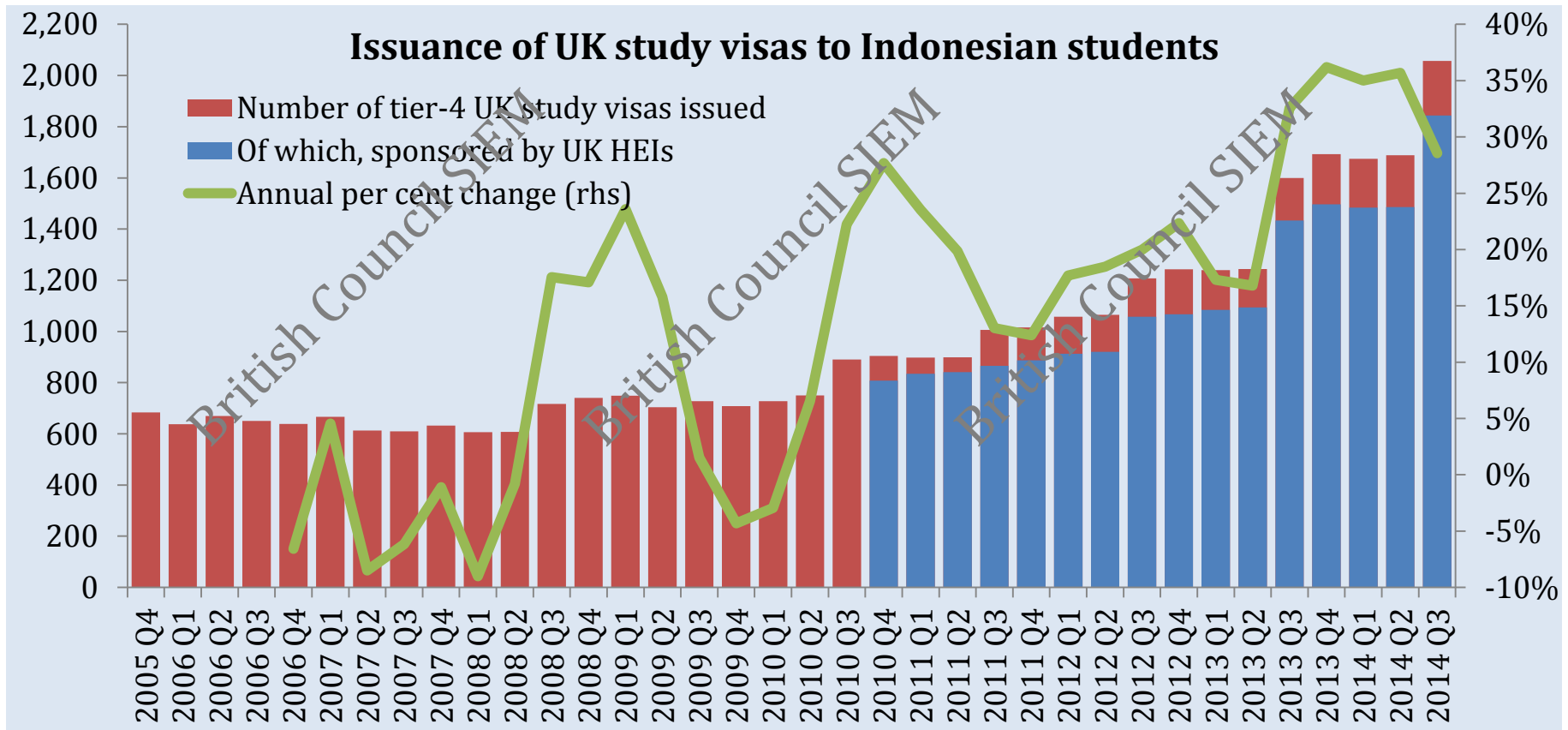
- ❖ Indonesian enrolment in the US and Australia remains largely stagnant.
- ❖ Australia enjoys large market share among mobile Indonesian students, although its favourable position has begun to erode in recent years.



Source: IIE, British Council SIEM; *note: 2014 data current through September.

I. Benchmarking Indonesia: Student Mobility

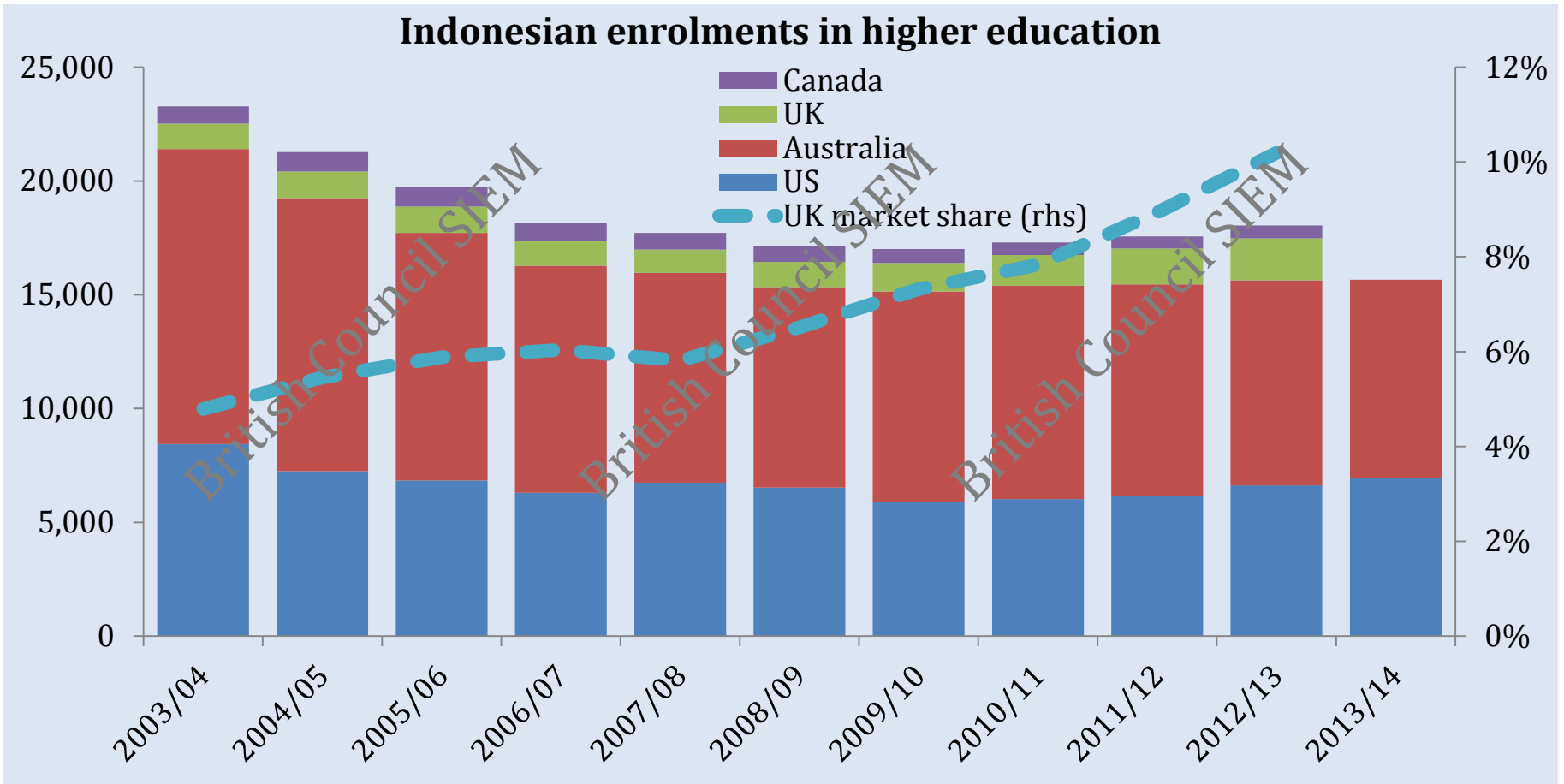
- ❖ Indonesia is one of the fastest growing student markets in the world for the UK, although the breakneck pace has slowed slightly in the third quarter of 2014.
- ❖ Ninety per cent of long-term students to the UK enrol in higher education institutions.



Source: UK National Statistics, British Council SIEM

I. Benchmarking Indonesia: Student Mobility

- ❖ UK higher education has steadily won greater market share of Indonesian students.
- ❖ Based on UK study visa issuance, this trend is likely to continue until at least 2015.



Source: CIC, HESA, AEI, IIE; data refers to total enrolments in higher education.

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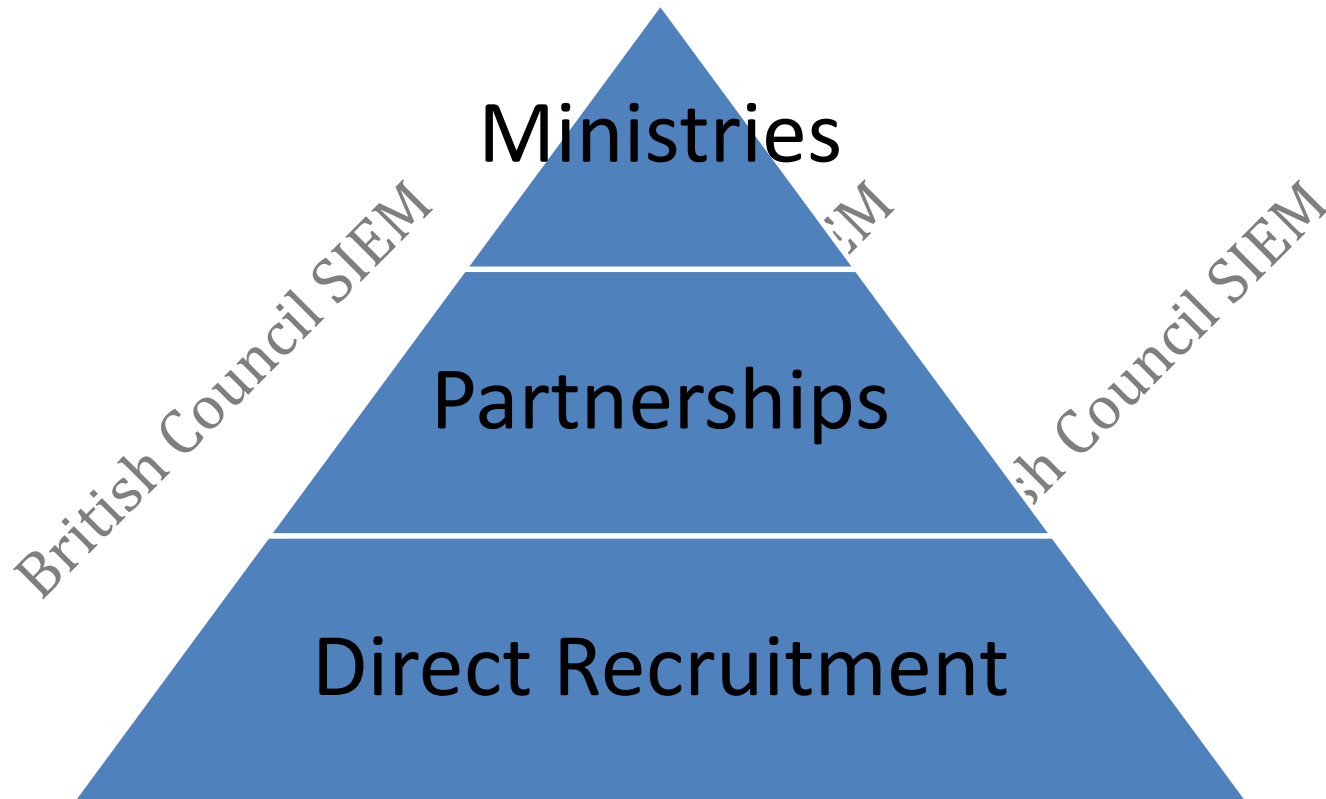
II. Education Market: Policies



Jokowi administration likely policy directives:

- 12 year compulsory free education
- Improving access
- Higher Education moved to combine with research and technology

II. Education Market



II. Education Market: DIKTI

Ministries

- Policy change from HE quantity to quality
- Need to upskill education professionals → asking for help to deliver online courses
- Making efforts to connect HE and industry
- Receptive towards:
 - Measures to encourage STEM
 - Measures that encourage HE meeting needs of six economic pillars
 - Joint degrees
- Would like to improve universities outside of Java
 - Tripartite collaboration between UK – Java – Outside Java
- Perception that UK is not as active as other countries



II. Education Market: LPDP Scholarships



- Indonesia Endowment fund for Education
- Funded by Ministries of Finance, Education and Culture, and Religious Affairs
- Masters or PhD
- Available to the public (current DIKTI programme is for academics)
- Currently only for students to attend world's top 200 HEI
- LPDP will manage the DIKTI scholarship going forward, with indication that existing DIKTI scheme universities will remain on the list.

II. Education Market: Higher Education Landscape

Partnerships

- Only 11 local state HEI with financial autonomy
- Only a small number currently capable of research
 - Indonesia has a low level of government spending on R&D
- Quality assurance relies on self-assessment and meeting minimum standards
- University lecturers now require Masters
- Institutions under Ministry of Religious Affairs broadening curricula and students articulating abroad, however language proficiency an issue
 - Converting some institutes of higher education (that only focus on Islamic study areas) into universities

II. Education Market: Higher Education Landscape

Partnerships

- Increasing number and market presence of private sector
 - Set up by private companies
 - Some are more innovative
 - Import curriculum (often from U.S.) and then localise
 - More likely to speak the same language
- Government will sometimes merge private sector institutions into state universities
- Disconnect between subject choices and needs of industry
 - Often focus on business with no science
- Criticism from employers that curriculum is not practical
 - Vocational school graduates and tertiary educated have highest unemployment rates

II. Education Market: Private HEIs

Partnerships

Institution	Year Founded	Location	Education Level	Ownership
President University	2001	West Java	Pre university, UG, Masters	Real Estate
Universitas Multimedia Nusantara	2005	Serpong, Banten		Media
Ciputra University	2006	Surabaya	UG, Masters	Property
Bakrie University	2006	Jakarta	UG, Masters	Property
Tanri Abeng University	2012	Jakarta	UG, Masters	Ex-minister
USBI - Sampoerna University	2013	Jakarta	UG	Tobacco
Podomoro University	2014	Jakarta	UG	Property
Kalbis Institute	2014	Jakarta	UG	Pharma

II. Education Market: Joint Degree Programmes

- Degree awarded by both institutions
- Concept endorsed by DIKTI

Partnerships

Examples:



Accounting and Management 2.5 + 0.5 (RMIT)
Accounting and Management 2 + 1 (Plymouth)



Medicine 5 + 1 (Monash, Melbourne)
Engineering 2 + 2 (Monash, QUT)
Computer Science 2+ 2 (Uni of Queensland)
Economics 2 + 2 (Melbourne, Queensland, Tilburg, Amsterdam)



Design 3 + 1 or 4 + 0

II. Education Market: HEI Partnerships

Partnerships

- Sometimes asked by ministries to research specific fields as per faculty strengths
- Receptive towards:
 - Guest lecturers and workshops for staff (Australian institutions are doing this)
 - Short term student exchange (visas much easier for less than six months).
Offer to teach Indonesian culture
 - Opportunities for own students to gain international exposure (selling point & increased student interest)
- Dual degrees growing, can take time for DIKTI to approve however local institutions are becoming savvy about how to go about this

II. Education Market: HEI Partnerships



Partnerships

- Indonesia is one of 15 countries that is part of the Newton Fund programme
- Operated by BIS and will run for 5 years starting 2014/2015
- BIS has earmarked GBP 2 million pounds per year for Indonesia to be match funded in country to a total value of GBP 4 million per year
- There isn't a Govt to Govt agreement for match funding, but discussions are ongoing
- Most of British Council's activities come under the people pillar and include:
 - Researcher mobility
 - Professional development
 - Short placements
 - Technical training
 - STEM education in schools
 - Researcher Links

II. Education Market: Perceptions of the UK

Direct Recruitment



II. Education Market: International Competitors

Germany

- Gaining interest due to low cost fees

Direct Recruitment

Singapore & Malaysia

- Proximity, parents can visit
- Cultural similarity – feels secure
- Scholarships
- Malaysia – cheaper and acceptable quality

Korea

- Impact of popular culture
- Student exchange, masters and PhD

Australia

- Familiarity
- PR possible
- Difficult to compete for UG
- However – reportedly losing ground due to cost

II. Education Market: Markets within Markets

Direct Recruitment

Medan

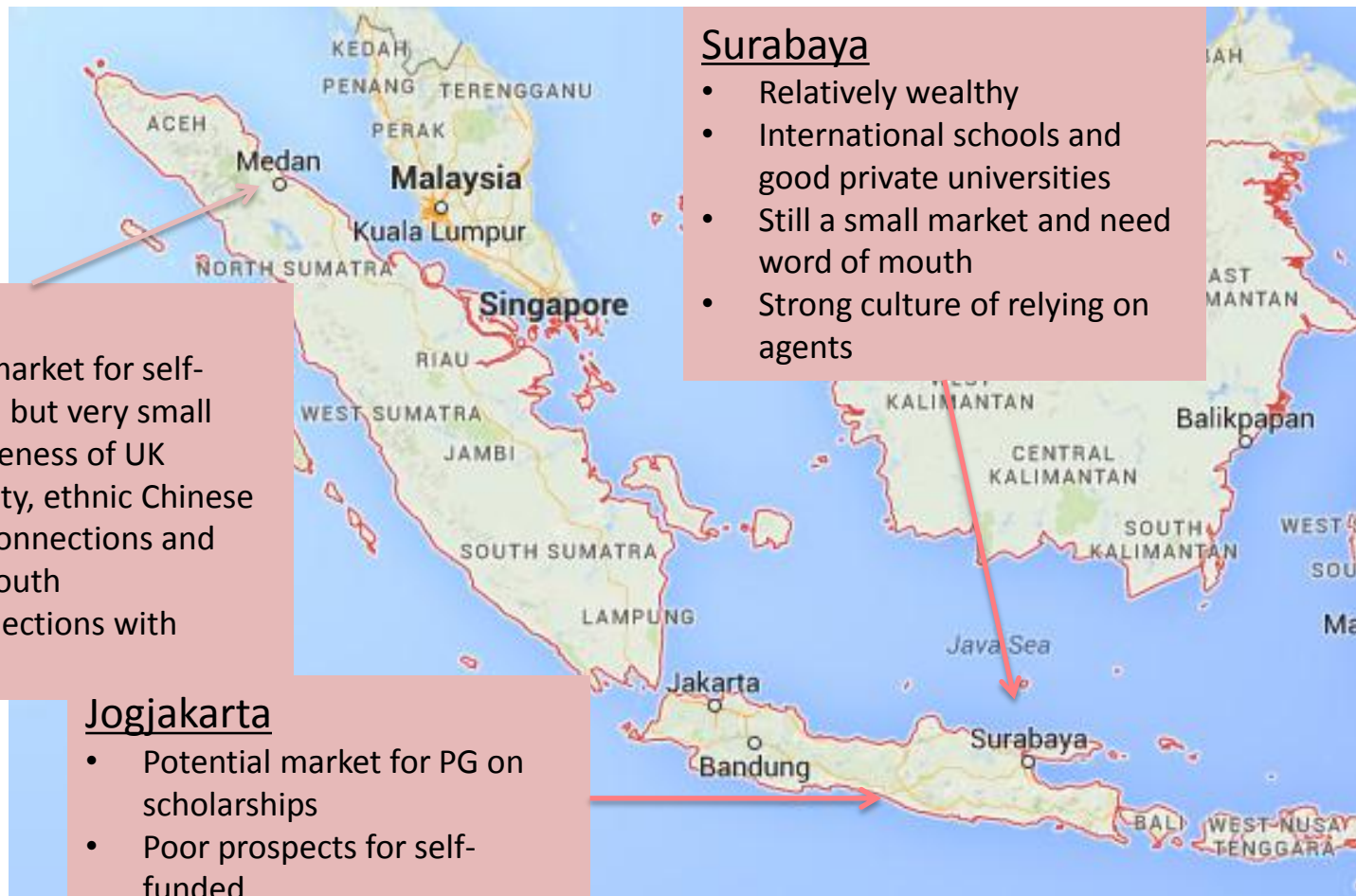
- Potential market for self-funded UG but very small
- Little awareness of UK
- Business city, ethnic Chinese
- Requires connections and word of mouth
- Close connections with Penang

Jogjakarta

- Potential market for PG on scholarships
- Poor prospects for self-funded

Surabaya

- Relatively wealthy
- International schools and good private universities
- Still a small market and need word of mouth
- Strong culture of relying on agents



II. Education Market: Market Penetration

Direct Recruitment

- Agent and career counsellor knowledge is low – need to educate advocates
- Need to educate about UK first and make information easy to access
 - How to apply (UCAS)
 - Education pathways with Indonesian qualifications
 - UK selling points
- Need to appeal to what Indonesian parents and students are looking for:
 - Prestige, connections, employability, work placements/internships (if possible)
 - Parents want RoI on study abroad investment – higher graduate salary, internship or post study work
 - Help with subject choice
- Scholarships are a badge of honour, especially related to GPA or IELTS score

II. Education Market: Tactical Messages

Direct Recruitment

- Need very easy to find international websites
- Locations outside London need introduction (culture and environment)
- Break things down – e.g. parents want to know how much to send each month
- Communicate relative costs vs. Australia
- Highlight cases of existing Indonesian students, if none then Malaysian
- Global recognition of UK degrees (counter post-study work)

II. Education Market: UK Selling Points

Direct Recruitment

- Academic standing
- Safety (compared to US)
- Multi-cultural
- Opportunities to work while studying
- Employability and recognition
- One year Masters

II. Education Market: Strategy for Indonesia

Turning up to recruitment events only won't cut it. Need to build long term relationships...

- Ministries are important
 - Be astute to policy and direction – this can guide collaboration decisions
 - Be a friend to Indonesia
- Collaboration
 - Tripartite collaboration
 - Help local HEI train staff (e.g. workshops)
 - Guest lectures for students
- Build presence and familiarity
- Student exchanges for word of mouth
- Once have presence then traditional recruitment will become more effective

II. Education Market: Strategy for Ministries

Research collaboration that meets policy needs will meet with more favour:

- Supports one of the six economic pillars
- Helps to train local HEI, particularly outside Java
- Use local PhD students as field workers?
- Narrow the gap to industry – this is currently a very key point politically

II. Education Market: Strategy for Partnerships

Currently the market is about PG, dual degrees and articulation.

Reaching students via local HEI is therefore a key channel. Achieve this by:

- Offering something of value when visiting, e.g. academic writing or subject workshops to staff. The local HEI might therefore also offer seminars for students.
- Student exchange may be a good place to start with some local HEI
- Market opportunity to offer joint degrees (2+2) - this is a key trend and is endorsed by DIKTI.

II. Education Market: Strategy for Recruitment

- Critical to educate agents to educate parents – currently not well informed.
- Need to promote the UK first.
- Appeal to what Indonesian students are looking for - prestige, connections, employability, work placements and internships if possible.
- Critical to make it easy to find information - international site must not be 'buried' in university website and info such as cost breakdowns and entry criteria must be very easy to find.

II. Education Market: Is Indonesia Worth It?

Reasons for Optimism...	Reasons for Caution...
Favourable demographics	Is still a relatively small market
Strong economic growth	Low level of knowledge of UK
Likely to be a growing market	Need a long term approach
Room to increase market share	Need multi-pronged approach
Clear areas for collaboration	Risk – RoI on resource allocated



A growth market with clear potential, however need carefully planned strategy covering partnerships and student recruitment

Questions?

*British Council's **Services for International Education Marketing (SIEM)** team helps UK institutions refine their internationalisation strategies to succeed in East Asia and around the globe. Please get in touch if you would like to learn more.*

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