CHAPTER I
INTRODUCTION

1.1 Background

Development is a process to improve all aspects of life of the community, nation, and state, which is also a process that involves the entire system of state administration to realize national goals. In another sense, development can be interpreted as a series of continuous efforts to carry out the task of learning national objectives to create a prosperous country that can compete in the global economy (Hariyanto, H., 2018). However, development does not just happen without reasons or triggering factors in an area that should be the focus of development by the state, there are many aspects that must be considered in efforts to carry out development such as the lack of regional income, roads and infrastructure that are still bad, and human resources whose quality is still low. The problems that occur can become the main basis for the government to make changes for the sake of realizing development in the future. One of the main factors in influence the development is that there must be quality of Human Resources (HR), so that good education standards are needed, and the desired human resources are formed (Elfarabi, M. F., 2018).

Education as a gradual level that has an important role in the application of life for sustainable development. The application of education for sustainable development in schools will ensure that every student understands the relationship between human awareness as part of nature and the social system in it and is responsible for preserving nature for the present and the future. Students who have been equipped with an understanding of sustainable development are expected to be able to apply the knowledge they have acquired in their lives, so that life on earth can run in balance (Ghany, H., 2018). According to (Siregar, R., 2017), education which plays an important role in development functions to prepare one of the inputs in the production process, namely labor, so that it can work productively because of its quality. This will

further encourage an increase in output which is expected to lead to the welfare of the population. The point of contact between education and economic growth is labor productivity.

According to (Amaliah, D., 2016), for all parties, the participation rate in education is a critical metric since it can be used to assess the success of initiatives to increase access to education and promote equality. With the participation rate, it is possible to determine what factors or characteristics lead to inequality or disparities in access to education. Additionally, the government follows a 20% education budget policy (APBN and APBD). By knowing the participation in education, it will be known whether the larger education budget has a positive correlation with equity and expanding access to education at various levels of education. So that one of the indicators in calculating the school participation rate is by age which can measure the education system's absorption of the school-age population.

Furthermore, one of the indicators of education is the school participation rate according to age which is the proportion of the population in a certain age group of educational levels who are still in school to the population in that age group. So that the school participation rate based on age level is an important indicator for education. In Indonesia, education is the right of every citizen, as stated in the 1945 Constitution Articles 28c and 31. The fulfillment of this right is reflected in the extent to which school participation is the right of every group, regardless of gender, or race, including persons with disabilities. In line with this, the fourth goal of the SDGs is to ensure the quality of inclusive and equitable education and to support lifelong learning opportunities for all.

The importance of education is emphasized again in the 2020-2024 National Medium Term Development Plan (RPJMN) that the education sector is also one of the main development directions as a strategy for implementing the Nawacita mission and achieving the targets of Indonesia's Vision 2045. The 2020-2024 RPJMN is the last stage of the Plan National Long-Term Development (RPJPN) 2005-2025. Education is part of the direction of Human Resources (HR) development, namely building dynamic, productive, skilled,

hardworking human resources, mastering science and technology, supported by industrial collaboration and global talents.

One of the seven development goals, improving quality and competitive human resources, is the path of HR development. enhancing the standard and competitiveness of human resources, i.e., people who are wholesome, clever, flexible, skilled, and moral. The 2020–2024 RPJMN will continue to place a strong emphasis on raising the caliber and equity of educational services. Although public education has advanced, not all citizens have access to it. The educational gap between socioeconomic groups is still an issue and is widening as education levels rise. When comparing areas, the education difference is still substantial. Also, there hasn't been a perfect distribution of quality learning across regions. The national education system's quality has been improved through a number of government initiatives. Sadly, the efforts have not been successful in raising the level of learning that encourages higher-order thinking abilities.

Covid-19 has hit the stability of various aspects of human life, including education. Transferring learning methods that were initially carried out face-to-face to online makes it difficult for many people. The questionable effectiveness of online learning makes some people give up and eventually leave school. If, under normal conditions, there is a gap in school opportunities between large groups, of course, this pandemic condition will make it more difficult for vulnerable groups to access education.

The school participation indicator is used to monitor education programs provided by the government and to see whether the targets set by the government are being achieved. School participation illustrates the effectiveness of educational programs in absorbing the educational potential that exists in the community, which means that the higher the value indicates, the more effective a program is. The results of Susenas 2018, 2019, and 2020 show the results of calculating various school participation indicators ranging from primary and secondary to higher education.

The percentage of the population aged 6-18 years who have not/never been to school is 0.21 percent belonging to the school-age group, those who are still in school are 74.94 percent, and those who are no longer in school are 24.86 percent. Based on the area of residence, the percentage of the population 6-18 years old who currently attend school in village areas is lower than the population in urban areas. This shows that there is still a gap between the school-age population currently attending school in village areas compared to urban areas. The government must focus more on village areas to improve the quality and educational facilities so that community school participation can be increased.

The high dropout rate for the poor, especially those who continue their education from elementary to junior high school, is one of the challenges in the world of education related to the problem of the lack of people's financial ability to receive an education. The fundamental problem is that the poor have limited opportunities to continue their education, especially after graduating from junior high school or vocational school, especially those aged 16-18 (Karini, P., 2018).

According to the BPS Education Statistics 2020, the education level of the Indonesian population is dominated by secondary education. Of the 100 residents aged 15 years and over, 29 have completed high school or equivalent, and only nine have graduated from Higher Education. Compared to the RPJMN target, the completion rate for SMA/SMK/MA/equivalent senior high schools is still lower than the RPJMN target of 76.47. Furthermore, from 2020 one of the challenges in Indonesia's education development is the high percentage of School Dropouts. Handling the percentage of school dropouts has become a National Strategy with a focus on the 7-18 year age group. Based on the 2020-2024 RPJMN in the education sector, in 2018 there are still 4.4 million children aged 7-18 years who do not or have not received education services (children not in school/ATS). ATS is caused by the low level of cross-sectoral efforts to minimize social, economic, cultural, and geographical barriers, as well as patterns of educational services that are not optimal for children with special needs, street children and neglected children, children in conflict with the law,

children in marriage or teenage mothers, and working children or child laborers. This affects the School Participation Rate because when the dropout rate is high, the school participation rate will fall.

Focusing this research on Riau Province is also because one of the data factors that impact school participation rates in Riau, namely the dropout rate that can be affect to school participation rate in Riau Province, is in the top 10 nationally, based on data from the Ministry of Women's Empowerment and Child Protection in 2018. Children aged 7-17 years in Riau are in third place with 44.37 percent. The first and second ranks are Banten 49.63 percent, and Jambi 46.36 percent. This should be a serious concern for the Riau Provincial Government, especially the Education Office. Based on Law Number 23 of 2014 concerning Regional Government, one of the causes of the high dropout rate in Riau province is the limited number of public schools and the lack of classrooms.

According to the BPS Education Statistics 2019, as the age group increases, the School Participation Rate or SPR value decreases, indicating that school participation also decreases as the population ages. It is also seen that the SPR for the age group that corresponds to the level of education of SM/equivalent is relatively small, considering that only about 77.29 percent of children aged 16-18 years continue to secondary school at a time when our country is aggressively pursuing 12-year compulsory education for all Indonesians, without exception. This needs special attention from the government.

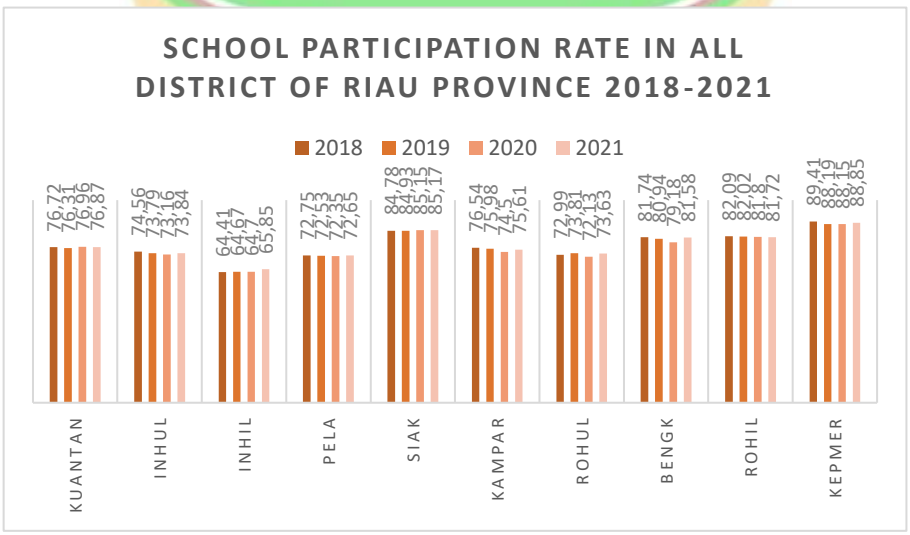
According to the BPS Education Statistics 2020, the largest SPR is in the age group 7-12 years which is 99.53 percent, or it can be said that almost all children aged 7-12 years have gone to school. Furthermore, it can be seen that SPR Riau school participation is focused on the age group of 7-18 years, including 16-18 years. This aligns with the 12-year compulsory education program mandated in the 2015-2020 RPJMN. As the age group increases, the

SPR value decreases. This shows that their school participation tends to decrease as the population ages.

Based on data from BPS Riau Province 2021, the number of children dropping out of high school and equivalent is 123,840 children, the largest in 12 districts/cities in Riau. The figure is quite fantastic in the last two years, seen nationally, Riau is in the third highest position or 88.91 percent. Judging from the general description of the population aged 16-18 years who are not or have not attended school based on the Gross Participation Rate (GER) and the Net Participation Rate (NER) for senior high school level as much as 368.9 people with details in percentage GER 10.23 percent or 37,738 people dropping out of school. Meanwhile, the NER based on percentage reached 33.57 percent or 123,840 people.

Based on the description above, it can be concluded that the school participation rate in Riau is still very low and very far from the target of achieving development goals. The school participation rate in Riau itself can be seen in Graph 1.1:

Graph 1.1 School Participation Rate in Riau 2018-2021



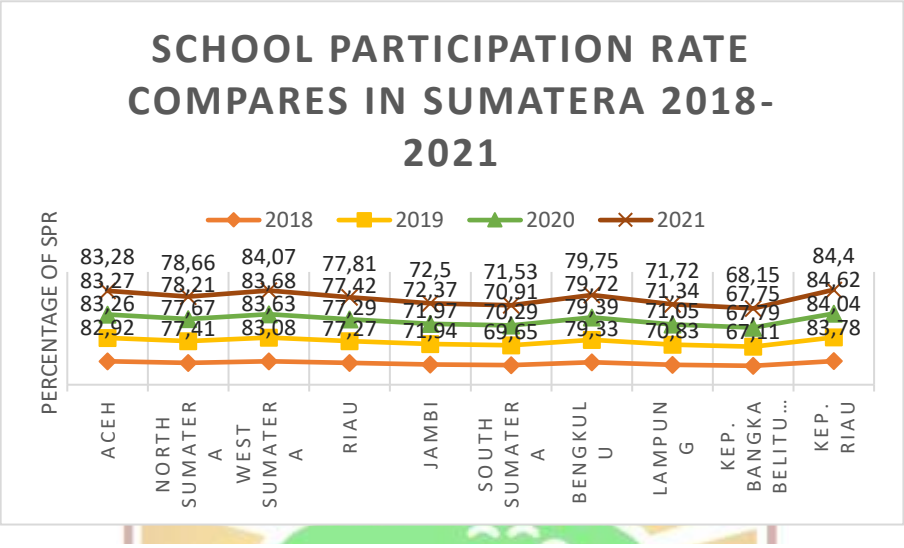
Source BPS Riau

The school participation rate in all districts of Riau province experienced different trends, from 2018 to 2021 the school participation rate was positive and some was negative, and many of these districts have fluctuating school participation rates. Based on Graph 1.1, it can be seen that data on school participation rates for districts in Riau from 2018 to 2021. There are 2 districts whose school participation rates have increased from year to year, namely Indragiri Hilir and Siak, for Indragiri Hilir itself in 2018 it had a school participation rate of 64.41 and it rose to 64.67 the following year, then in 2020 and 2021 to 64.70 and 65.85 respectively.

Likewise, in Siak district where in 2018 the school participation rate was 84.78, increasing by 0.15 the following year, then in 2020 it rose again by 0.28 and in 2021 it became 85.17. Whereas in Rokan Hilir District the school participation rate decreased every year from 82.09 in 2018 to 82.02 in 2019, then in 2020 and 2021 it fell again to 81.80 and 81.72. Apart from the 3 districts, the rest have experienced increases and decreases from 2018 to 2021, such as the Rokan Hulu district, which in 2018 had a school participation rate of 72.99 in 2018 and then rose the following year to 73.81, but in 2020 it fell to 72.13 and rose again to 1.50 in year 2021.

Based on the data from Graph 1.1, it can be concluded that the management in responding to the school participation rate in various districts/cities in Riau Province is still not evenly distributed in each region, this can be due to Village Development which is still not optimal in every District in Riau Province from its various components such as Social and Economic components. In addition, there are also various other factors that cause these differences in trends that are not discussed in this study.

Graph 1.2 School Participation Compares between each Province in Sumatera Island 2018-2021



Source BPS Indonesia

Graph 1.2 compares the School Participation Rate in Riau Province with the other provinces that located on the island of Sumatera. The comparison is Aceh Province, North Sumatera Province, West Sumatera Province, Jambi Province, South Sumatera Province, Bengkulu Province, Lampung Province, Kep. Bangka Belitung Province, and Kep. Riau Province. It can be seen that Riau Province has the low percentage of school participation rates compared to the other provinces. Although the percentage of school participation rates in Riau continues to increase from year to year, its comparison with other regions is still low. In this study, it will discuss the influence of the low school participation rate in Riau Province, which will be a problem.

Research conducted by Siti Nuraini (2021), who modeled school participation rates in Riau Province with the Multivariate adaptive Regression Splines approach using several X variables, namely the human development index, gross regional domestic product, poverty level and number of schools. The research uses data from 2015–2019. She finds that the most influential variable on the SPR in Riau Province in 2015-2019 is the poverty rate with an importance level of 100 percent. Meanwhile, in another study conducted by

Muhamad Fachry Elfarabi (2018), he led a study using data from the State of Indonesia from 2011-2015, the X variable used in the research is the Degree of Fiscal Decentralization, Government Expenditure on Education, Teacher Per Student Ratio, Poverty Rate, GRDP per Capita. This study found that the degree of Fiscal Decentralization and Government Expenditures had an insignificant effect. In contrast, the Poverty Level, Teacher Per-Student Ratio, and GRDP per Capita significantly affected SPR.

Based on the results of previous research, it can be concluded that many factors can affect school participation rates, namely the human development index, gross regional domestic product, poverty rate, number of schools, degree of fiscal decentralization, government spending on education, teacher per student ratio, and GRDP per capita. The variables used in previous research had a significant effect, some did not have a significant effect. So that the factors causing the low participation rate of children aged 16-18 years in all Districts of Riau Province can also be different from other provinces based on the variables used in this study.

The factor that has not been the subject of research in previous studies namely the Village Development, which is often known as VDI or IDM (in *Indonesian*). The Village Development (VDI) serves as a map of current village development projects. VDI is a composite index consisting of the Social Resilience Index (SRI), Economic Resilience Index (ERI), and Environmental Resilience Index (ERI) under Article 3 of Ministerial Regulation No. 2 of 2016. Each index, field measurement, and needs results in village progress and independent status based on several indicators.

Based on the Education Statistics Publication of Riau Province 2020 from BPS, based on the area of residence, the percentage of the population 6-18 years and other ages who are currently attending school in village areas is lower than the population in urban areas with an SPR gap at the age of 6-18 years in urban areas of 83.88% and in rural areas of 73.08%. This shows that there is still a gap between the school-age population currently attending school

in village areas compared to urban areas. Therefore, examining the village aspect and whether this affects the school participation rate is necessary.

Based on the BPS data 2020 above regarding the gap presentation of the number of school participation rates in districts and cities in the province in Riau, this gap occurs due to several influencing factors. Infrastructure development in the field of education and the allocation of government funds for schools are still uneven for districts and cities in Riau province. The allocation of funds issued by the government has not been used properly by the education office in the districts in Riau, besides that low mobility in the districts causes a lack of percentage school children.

To realize growth and development in Riau province, it must be supported by aspects such as health, social, environment, economy, and education. This is the basis for local governments to realize development in the area. When the percentage of children who go to high school will improve the quality of existing human resources, and young generations who have global competitiveness will be born. In order to avoid disparities between villages and cities, school participation rates must be maximized evenly in all districts and cities, in order to realize good quality human resources from all regions in Riau Province.

According to the VDI assessment of the status of village development and independence, it can be categorized into one of five: Independent Villages, Advanced Villages, Developing Villages, Disadvantaged Villages, or Very Very Disadvantaged Villages (Article 5 of Ministerial Regulation No. 2 of 2016). The Village Development (VDI) can affect the education indicator. In this education section, VDI has variables, namely Access to Primary and Secondary Education, Access to Non-Formal Education, and Access to Knowledge. So that the Village Development can affect the level of education in an area if the factors that influence it are not met and become one of the causes of the low school participation rate. Thus, VDI is very relevant for explaining the phenomenon of achieving the school participation rate of 16-18 year olds. However, there is no research that explains which index component

has the most influence on school participation rates for 16-18 year olds in the Districts of Riau Province.

Based on Law Number 33 of 2004, in the implementation of regional autonomy, regional governments have funding sources consisting of: 1) local revenue, 2) balancing funds, 3) regional loans, 4) other legitimate revenues. Regional original income consisting of regional taxes, regional levies, separated regional wealth management results and other legitimate regional original income, is used by regional governments to finance routine expenditures and expenditures in the context of regional development.

This study uses a village development component such as social and economic variable and is specified for children aged 16-18 years, based on official data from the Riau Province Ministry of Village development index providing data in 2020 that in all Districts area in Riau, the distance from residents' homes to high school/vocational school is 6000-8000 meters, until there are also some districts that have a distance of > 12000 meters. This is one of the problems experienced by districts in Riau province to carry out education for children aged 16-18 years. In addition, there is no public transportation available in this district in Riau province which makes access to school difficult. Then based on report data per district in Riau Province from *Indeks Desa Membangun*, there is no internet access for residents in the village, community reading parks or village libraries are not available, and the type of road surface in the village is still in the form of stones, gravel, and others that still need to be hardened. Some of the things mentioned earlier that make researchers interested in examining the effect of village development index social and economic component that focus on school participation rates for children aged 16-18 years.

In this study, the difference from previous studies lies in the addition of the dependent variable, namely research at the age of 16-18 years, and the independent variables in this study are the level of VDI component in social through the Basic Service dimension such as Distribution of Education Funding (DEF) and Distribution of Health Funding (DHF), and in economic component

through the Public Service dimension such as Indonesian Conditional Cash Transfer Programme or *Program Keluarga Harapan* (CCT), and Smart Indonesia Program (SIP). The VDI itself is a very important variable and there are still not many studies that use VDI to be used as an independent variable in its influence on school participation rates, VDI serves as a map of current village development projects, village development indicators cover many things such as education, economy, health, social, and environmental. In this study, all the indicators incorporated in the VDI are useful for determining whether the value of the VDI itself will affect the school participation rate in al Districts of Riau Province in 2018 - 2021.

Based on the description above, the researcher has an interest to conduct a study related to the factors that affect the school participation rate in Riau Province, namely the Village Development component in social and economic, because there is still no research that makes the VDI component variable as an independent variable in the study. Therefore, the researcher did this research with the title ***"Analysis the Effect of Village Development Index Component on School Participation Rate in Riau Province"***.

1.2 Problem Formulation

Based on the above background, there is no research that discusses the relationship of the Village Development Index Component on School Participation Rates in all districts of Riau Province. Therefore, this study formulated the problem with the following questions:

1. How is the effect of each social component of village development index such as distribution of education funding (DEF) and distribution of health funding (DHF) on school participation rate in all Districts of Riau Province?

2. How is the effect of each economic component of village development index such as Indonesian conditional cash transfer programme (CCT) and smart Indonesian program on school participation rate in all Districts of Riau Province?

1.3 Research Purpose

To answer the questions from the formulation of the problem above, the researchers made the research objectives, namely:

1. Determine the effect of each social component of village development index on school participation rate in all Districts of Riau Province
2. Determine the effect of each economic component of village development index on school participation rate in all Districts of Riau Province

1.4 Benefit of Research

1. For the author, this research is expected to provide additional empirical knowledge and test the knowledge that has been obtained during college so that it can be applied in compiling research and processing existing data to achieve the expected results so that they can understand the applications and theories that actually occur in the field.
2. For readers, it is hoped that they can increase their understanding of the economic analysis of the percentage of village development index component that can affect school participation rates.
3. For academics, this research is expected to provide additional insight and views on the effect of the village development index component on school participation rates. This research is also expected to be a comparison material as well as a reference and reference for further research.

4. For the community, this research is expected to provide a proactive stimulus to control the economy and increase public awareness to achieve stability in economic growth, especially in the education sector.