

# CHAPTER I

## INTRODUCTION

### 1.1 Background

Indonesia as we see it today is in a very poor state of affairs, political, religious, rural area, fishery, industrial, foreign investment and many other problems faced by Indonesia today. This greatly disappoints its inhabitants, especially for the lower middle class people, why those who possess a great deal of knowledge do not correct the mistakes of a small error, whose end is widespread to the present. Where they only have their own personal interests without prioritizing the trust that has been given by the creator in the form of science it has to fight for the fate of the people who are in his hands, as for some figures who do intend to serve the people and their own country but they eventually removed by unscrupulous person responsible people who want to fulfill their interests both individuals and groups. Therefore, it is our duty as a good citizen to fight the dirty little man who claims to be the savior of the nation but to defect after he got the throne. We the next generation of nations should dare to take decisive action to make changes to ourselves for the good of the future by self-correcting. Have reached the point where our ability, which direction we will go to, and always try not affected by the environment that will hamper our mindset.

The basic concept of an advanced country comes from human resources, they are aware of the basic concept of human resources, if their human resources do not have an improved quality standard, how much of their natural resources

will be exhausted because they have no knowledge to process it , Such as the definition of human resources mentioned by:

(Hasibuan 2003-h244) Human resources are an integrated ability of the power of the mind and the physical power of the individual. Perpetrators and nature are done by heredity and environment, while her work performance is motivated by the desire to fulfill her satisfaction. Human mind power is derived from the intelligence it brings since birth, it becomes the basic capital in determining the quality of resources available to it. While the skills obtained from the business by way of learning and training. The benchmarks of one's intelligence are Intelligence Quotient (IQ) and Emotion Quality (EQ).

Developed human resources have a goal to improve skills and skills in work, and productivity that will increase income and also the level of life (Payaman J.Simanjuntak, 1991). One way to improve the quality of human resources is through education. According to the 1945 Constitution in article 31 it states that every citizen has the right to receive education, for which the government organizes a national education system.

Development in the field of education aims to educate the life of the nation and education is a determinant source of national development. The relationship of education with the results of economic development can be seen through human resources as the executor of development. Improving the quality of the education sector, the resources generated will also improve and are expected to accelerate economic growth (Suryadi, 1995).

Education is one form of consumption from the community. The need for education continues to increase as the times progress. This is closely related to labor market conditions that experience a shift in demand from uneducated labor into an educated workforce due to the industrialization process. In the long term this is responded by the population by investing in education by way of schooling or continuing higher level education in the hope of generating higher income (Diah Widyawanti, 1994).

The belief in the strategic role of education is justified by Becker (1993) in the theory of Human Capital. According Becker training and education activities will affect the level of productivity and income, Education is seen as an investment that aims to improve human resources. Good productivity will not come naturally, but will be born through a process of education that is implemented with appropriate and effective

In line with Becker's (1993) view, Fegerlin and Saha (1986) argue that education has a significant effect on income and economic development. Human resources are considered the most decisive, because various skills and motivations can only be built through education.

National Education System Law No.20 of 2003 article 3 outlines that the national education aims to develop the potential of learners to become human beings who believe and devoted to God Almighty, have a noble character, healthy, knowledgeable, capable, creative, independent, and become citizens A democratic and responsible country.

The objective formulation reflects the greater expectation of various parties to education as the main instrument of human resource development. This expectation contains the dimension of the message so that education is not only widened laterally or quantitatively, but rather qualitative or depth and intensity of the process and its products. The message implies that every school as an institution of education providers increasingly seriously pay attention to the quality of teaching and learning process and the education products (graduates) it produces (Supardi, 1997).

Education is a reciprocal process of every human person in conformity with nature, with man, and the universe. Education is an organized pattern of development and completeness of all human potential, morally, intellectually, physically, and for the individual's personality and the purpose of his society which is geared toward collecting all of these activities for his ultimate purpose (Brubacher 1981). Currently the world of education in the country is far behind compared to development in other fields. So in reality the quality of human resources (HR) Indonesia is not only low, but also entered the danger signal (Kompas, September 2016).

The latest PIAAC or Program for the International Assessment of Adult Competencies, a survey of adult level skills conducted by the OECD (Organization for Economic Cooperation and Development) shows very poor results. Indonesia slumps to the bottom of most of the competencies needed by adults to work and work as members of the community. Call it the ability of literacy, numeracy, and problem-solving skills. Our score is also lowest in almost all age categories (Kompas, September 2016).



More than half of Indonesian respondents scored less than level 1 (lowest achievement category) in terms of literacy ability. In other words, we are the country with the worst reading-literacy ratio of 34 OECD countries and OECD partners surveyed in this round (OECD, 2016). This signals the danger that human development is still the homework of the Government of Indonesia, not just a complement to economic development (Kompas, September 2016).

The UNESCO Report on Education for All Global Monitoring Report (EFA-GMR), Indonesia's Education For All Development Index (2014) is ranked 57 out of 115. The report is discussed in the National Coordination Meeting on Education and Learning As long as All For All in Ungaran (08/07/2015) organized by the National Coordination Forum for Education For All (Forkornas EFA). One of the speakers was the Deputy for Coordination of Education and Religion Prof. Agus Sartono, M.BA with the title of evaluation on the achievement of EFA program target until 2014 (CNN Indonesia 2016).

In the meeting, Prof. Agus Sartono conveyed about the gross enrollment rate (APK) of PAUD in 2013/2014 of 68.10%, the APK of SD 110.65% and the Primary School AP of 93.3%, the Junior GPA of 96.91% and the APM Junior high by 76.55%. Prof. Agus Sartono also said that data on unemployment rate decreased from 9.1 million (9.06%) in 2002 to 7.2 million (5.94%) in 2014, Indonesia's population data in 2014 reached 252 million, 122 million (48.43%) were of productive age. In the meeting, Prof. Agus Sartono also set targets to ensure equality of inclusive education and lifelong education for all with targets / indicators for 2020, 2025 and 2030 (CNN Indonesia 2016).

So far the Indonesian government is still focused on the number of students graduating in basic education. The quality of education has not been a government priority. In fact, the participation rate of students attending school without accompanied by the provision of good quality education will not have much impact on the quality of the individual. It also states that the increase in student enrollment rates in school will not have a positive impact on national economic growth, if students do not get adequate learning quality. "The government should pay attention to children getting the quality of education. Children in areas like Papua should get the same quality of education as children in Jakarta (CNN Indonesia 2016).

Based on the level of schools in Indonesia recognized by the world according to data Balitbang (2003) showed that of the 149,052 elementary schools in Indonesia was only eight schools that have received world recognition in the category of The Primary Year Program (PYP). As many as 20,918 junior high schools in Indonesia only eight schools have received world recognition based on the category of The Middle Years Program (MYP) and high school level from 8,036 SMA only seven schools that received world recognition under the category of The Diploma Program (DP). These data are bad news received by our education, in this case the government has tried various things in improving such a situation, from the past until now various efforts have been made to improve our quality but again the effort has not incised the results Which is significant, although from year to year has progressed. However, many causes affect the quality of education in this country based on (Kompas, March 2016) the causes are various of them are:

Low Quality of Physical Facilities. The quality of physical facilities available in Indonesia is very poor, such conditions are familiar to many schools, from the number of schools and colleges that have damaged buildings, the lack of books contained in libraries, media and laboratories that do not meet the standards, even many Among schools and colleges in Indonesia that have not yet own building. This can be seen from a data released by an information media (detik news in 2009) mentioned that the basic education level of 146,052 institutions that have accommodated as many as 25,918,898 students, from the data that has only 865,258 classrooms. Of the entire classroom 42.12% in good condition, 34.62% has suffered quite light damage, and as many as 23.26 suffered severe damage. Such conditions are also not much different Junior High School, Senior High School, and Vocational High School. Although the number and percentage are not the same. The condition of educational physical facilities as described above is quite bad and very concern, where should the physical facilities should be able to support the quality of education to improve student achievement is very worrying. Naturally, if education in Indonesia is still far behind compared to other Asian countries, because it is a lot of schools in Indonesia in teaching and learning activities using the means as-is.

The Low Quality of Teachers The low quality of teachers in Indonesia is one of them because there are still many teachers who do not have the professionalism in carrying out their duties in Article 39 of Law No. 20/2003. The low quality of teachers is also a lot of teachers who are not in accordance with the science department they have, for example, a graduate of history teaching the subject of Pancasila and Citizenship Education in school. The teachers only meet

the hours of study alone regardless of the quality of learning that he conveyed. So no wonder if there are still many teachers who are not worth teaching. According to the 2002-2003 data, the percentage of teachers' feasibility is very important at the elementary level, which according to him only 21.07% (country) and 28.94% (private), in SMP 54.12% (domestic), and 60.99% (private ), And 65.29% (domestic) and 64.73% (private) and 55.49% (domestic) SMK and 58.26% (private) are still eligible. The condition is of course very concerned about teachers who are experiencing the middle point of educational progress but still have a very low quality.

The Low Welfare of Teachers Teacher welfare is one of the causes of the low quality of education in this country. During this teacher salary is considered still low let alone the salary of teachers who are still honorary status. Low salaries of teachers who are not in accordance with the needs of everyday life to make them a lot of looking for side jobs such as teaching lessons, selling books Student Worksheets, selling pulses, a motorcycle taxi drivers etc. The existence of such side jobs keeps teachers from focusing on their profession to be educators only, but they are more preoccupied with how to get their life's welfare without relying on their salary as teachers.

The Low Achievement of Students The low achievement of students is due to the above things such as the lack of physical facilities, the quality and the low welfare of teachers will greatly affect the quality of their learning to be disrupted and not maximal even caused the decline in student achievement. So it can not be denied if the achievement of students in Indonesia is still very low compared to other countries, it is seen from at least students who are able to



follow the international competition, although there are up to the international level but have not been able to occupy the top 5, real example by Trends in Mathematic and Science Study (TIMSS) 2003 (2004), Indonesian students in Mathematics achievement are in the shrill 35 of 44 countries, and achievements in Science are in the 37th riveting of 44 countries. This is very concerning, in terms of student achievement our country far under the students of Malaysia and Singapore as the nearest neighboring countries. If you have good preparation that is supported by good facilities and qualified educators, students in our nation certainly able to compete well in international level. Without us aware of the limited facilities there are still many students who are able to compete in the International world, especially with the complete facilities. This is a very unfortunate thing if the son of our nation's daughter who has a proud potential should be slumped by the lack of facilities or other causes.

The Low Opportunity of Equity Education The low number of educational equity opportunities in Indonesia is one of the leading causes of deterioration in the quality of education in the country. Opportunities to obtain education are still uneven and tend to be dominated by elementary and junior secondary schools. As for early education services in Indonesia is still low, for that in addressing the unevenness of education in Indonesia needed a strategy in overcoming the unevenness.

The low relevance of education to the needs The low relevance of education with the need to cause unemployment in Indonesia more and more. This can be seen based on data from the Ministry of National Education (Depdiknas) (1999) which states that in every year there are 3 million children dropped out of

school accompanied by the lack of skills they have, just imagine if the condition is still happening, how many drop out numbers since 1999 until now? The number of dropout numbers in the end many who become unemployed or do not have the right job because they do not have the skills or talents possessed.

The high cost of education Quality education is expensive, the sentence becomes familiar things we hear among the community, especially for people who can not afford. Costly education from Kindergarten to college, causing many people who rely on government assistance or scholarships. It is because of this assistance that the community can not choose a quality school for their children, even they think that their children are most important to go to school without seeing the quality of the school. The high cost of education is also the biggest reason for the number of dropouts in Indonesia. The low quality of education in Indonesia can be overcome with several solutions that are : (A) Systemic solution is a solution that changes the social systems related to the education system. The education system in Indonesia is strongly influenced by the economic system used in our country. So the solution to problems related to financing such as low physical facilities, teacher welfare and the high cost of education can be done by changing or improving the existing economic system. (B) Technical solutions, are solutions that directly relate to education such as solving the problem of teacher quality and student achievement. Technical solutions are expected to improve the quality of education in Indonesia, the solutions offered can be, improving the quality of teachers by increasing welfare, the government must finance teachers to continue higher education, provide various trainings to improve the quality of

teachers, while to improve student achievement Can do by improving the quality and quantity in providing lessons, using the tools, educational tools and so forth.

Education in West Sumatra is still low, it is characterized with minuteness the percentage of people according to a diploma study, with finished Junior high school of 19%, Senior High School 20%, Vocational Senior High School 9%, Diploma 3%, and while finished college of 9% (BPS, 2015). Besides education, the community residences also affect the income in West Sumatra, most of many people who live in the villages than in the city, people living in the regency of 73% and people living in municipality as many as 27 % of the total number of people in West Sumatra namely 5,196 million people (BPS, 2015).

People living in the city, the economic varied. Some are poor once and there is a very rich. Most of those live below the poverty line is because of urbanization. However, city people to have a higher welfare in the field of economic. For with knowledge and higher levels of education, they can more develop itself. Even now with the internet technology, they opened their own businesses, even gain profit until millions rupiah every month (Wordpres, 2014).

The difference between income received between workers in the city and in the rural in West Sumatra in the formal sector not different because wages or a salary received by same, which distinguishes them is on informal sector workers. For workers in the village, as a broad outline yield on a group wages  $\leq$  IDR 499.999 and IDR 500.000 - IDR 999.999. On income group IDR 1.000.000 - IDR 1.499.999 and  $\geq$  IDR 1.615.000 the number of workers that receives on both income group was more in the city of than workers in the village (BPS 2015)

In classifications the area of a city, of the total workers 569,156 people ( 100 % ), of 9.95 % of the total number of employees that is there receives income the highest ( $\geq$  IDR 1.500.000), this shows a tenth of workers that is there receives income high. In the village, of the total workers 1,615,443 people ( 100 % ), most of large numbers of workers grouped in income group second, which is IDR 500.000 - IDR 999.999 of 49,26 % (BPS, 2015).

Based on the background, the writers interested research the impact of and the influence of education against income, where writer may see whether education impact on income, gender and location to individual income with raised that in a scientific work titled : *“Analysis of Education Level, Gender, Location and Technology (Hand Phone and Internet Café) on Individual Income in West Sumatra“*.

## 1.2 Statement of Problem

Indonesia's formal education consisted of SD / equivalent, SMP / equivalent, high school / equivalent, Diploma (D-III), Bachelor (S-1), Bachelor (S2 / S3). But the scope of this study only focused on the issues that affect the return on individual investments in education, especially for education level high school (SMA), vocational schools (SMK), Diploma (D-III) and Bachelor (S -1), This is due to the growing labor demand at this level of education. Issues to be discussed only to workers whose education the highest SMA, SMK, D-III and S1 are working with the status of employment, the main as a worker / employee / employees who receive wages or salaries will be projected to determine the return on investment of individuals using the equation a function of income. Whereas in



this case other factors that also affect the rate of return that individual is the level of high school education, vocational, D-III and S-1, gender, location, using technology Hand Phone and Internet Café.

### 1.3 The Formulation of Problem

Investment in the field of human resources is sacrifice the fund (something that can be measured by the amount of money) issued and opportunities obtain during the investment. Income obtained in the will be incomes higher to able to reach the level of consumption of higher also. Investment so called human capital, Education and training is one factor that important in the development of human resources. Education and training not only increase knowledge, but also improved the skills of work, thus increase productivity work. Capital in the sense man covering investment activity education and training jobs and migration. Human investment as an effort to enhance added value “ goods or services “ resulting in the future with their chance to enjoy consumption today (Hanapiah, 2010).

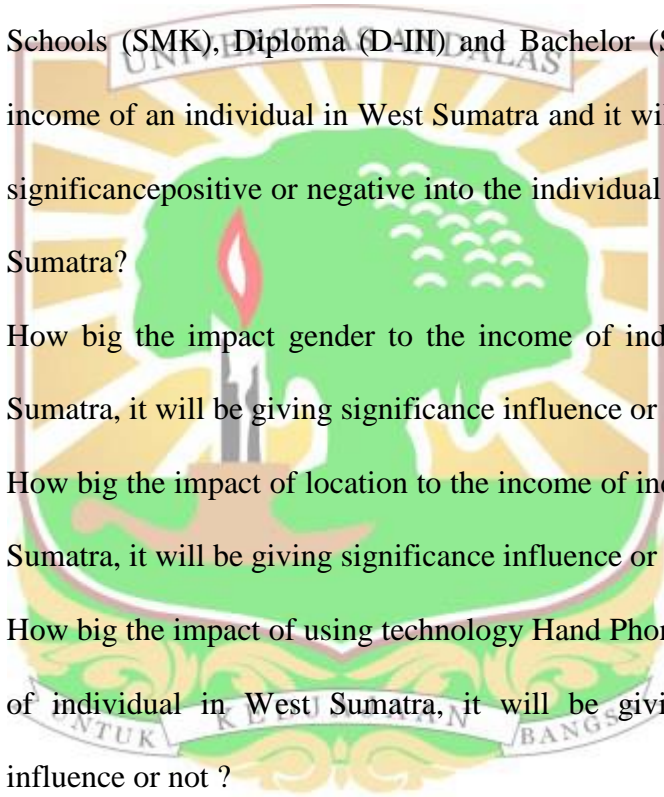
Many problems is a challenge to increase the quality of human resources. It was because the amount of the charges issued by both the government, households, and private parties in the implementation of the education. Special for education required planning ripe from the government in the implementation of, because it involved mindset of citizens.

For that in education institutions especially for High School (SMA), Vocational Schools (SMK), Diploma (D-III) and Bachelor (S-1) there needs to be the cooperation of all both households (individuals) as well as the government who provides facilities and infrastructure to achieve optimum result. On the other

hand, households has a role to play important because household must calculate the costs and benefits of education is because of households that will bear the cost of education individuals and households are also which will be benefited from the education.

Based on the description above hence writers trying to formulate problems discussed is as follows:

- a. How big the level of education High School (SMA), Vocational Schools (SMK), Diploma (D-III) and Bachelor (S -1) receive the income of an individual in West Sumatra and it will give influence significance positive or negative into the individual income in West Sumatra?
- b. How big the impact gender to the income of individual in West Sumatra, it will be giving significance influence or not ?
- c. How big the impact of location to the income of individual in West Sumatra, it will be giving significance influence or not ?
- d. How big the impact of using technology Hand Phone to the income of individual in West Sumatra, it will be giving significance influence or not ?
- e. How big the impact of using internet café to the income of individual in West Sumatra, it will be giving significance influence or not ?



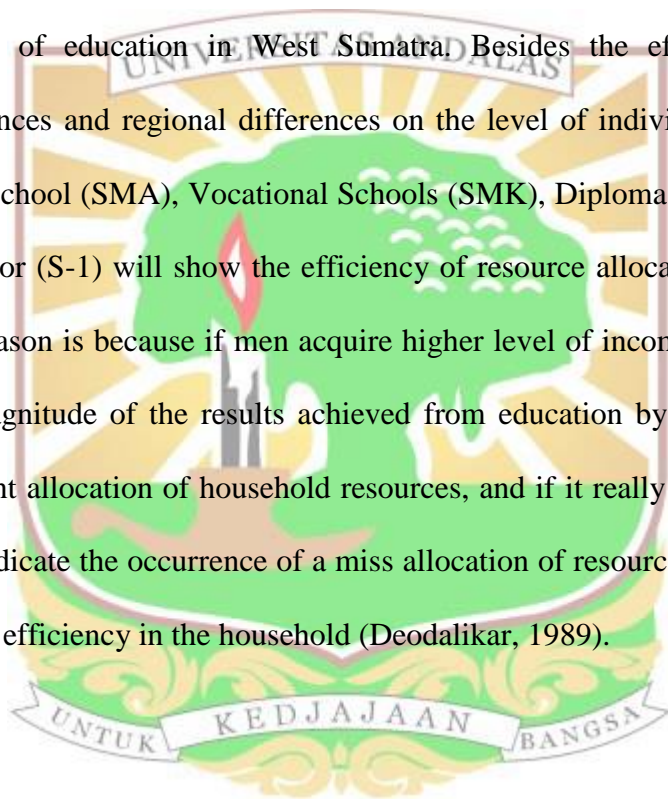
#### 1.4 Objectives and Benefits Research.

In more specifically this study attempts to:

- a. Analyzes how big High School (SMA), Vocational Schools (SMK), Diploma (D-III) and Bachelor (S -1) will produce the income of an individual and to know the rate of return which one of the bigger than the forms of education .
- b. Examines how the influence of gender on the level of the income of an individual in West Sumatera and to know which one will be bigger producing income, from men or women.
- c. Examines how the influence of location on the level of the income of an individual in West Sumatera and to know based on classification of the area which one will be higher receive income when we compare between urban and rural area
- d. Examines how the influence of using access technology Hand phone on the level of the income of an individual in West Sumatera.
- e. Examines how the influence of using access technology Internet Café on the level of the income of an individual in West Sumatera.

With the achievement of the above objectives, it is expected that some of the benefits will be generated. Benefits of theoretical terms are very useful for estimating how big the upper secondary education (High School), Vocational Schools (SMK), Diploma (D-III), and the Bachelor (S-1) provide income in the future. From the methodological side to meet the objectives of the study will be obtained over an individual's income

level structure of this type of education High School (SMA), Medium Vocational School (SMK), Diploma (D-III) and Bachelor (S-1). The structure will be used as guidelines for educational planning in the future, either by the government, as well as by those who give attention to improving the quality of education in West Sumatra. The structure will be used as guidelines for educational planning in the future, either by the government, as well as by those who give attention to improving the quality of education in West Sumatra. Besides the effect of gender differences and regional differences on the level of individual income of High School (SMA), Vocational Schools (SMK), Diploma (D-III), and the Bachelor (S-1) will show the efficiency of resource allocation household. The reason is because if men acquire higher level of income than women, the magnitude of the results achieved from education by men reflect an efficient allocation of household resources, and if it really happens then it will indicate the occurrence of a miss allocation of resources and a serious loss of efficiency in the household (Deodalikar, 1989).





## 1.5 Systematics of Writing

### **CHAPTER I : INTRODUCTION**

This chapter will describe the background of the problem, barring problems, formulation of the problem, objectives and benefits of the research, hypothesis, and the systematic writing.

### **CHAPTER II : THEORETICAL FRAMEWORK**

In this chapter will be presented on the theoretical study that outlines a systematic theory that can be used as a reference in discussing the problems of this research.

### **CHAPTER III : RESEARCH METHODS**

This chapter describes the model to be used, population and sample, source of data, operational definitions and data analysis techniques.

### **CHAPTER IV: OVERVIEW OF RESEARCH**

This chapter describes the general picture of West Sumatra province, among others on the geographical situation, demographic variables and characteristics of the study.

### **CHAPTER V: RESULTS AND DISCUSSION**

This chapter describes the results of research and discussion.

### **CHAPTER VI: CONCLUSIONS AND RECOMMENDATIONS**

In this chapter will be described on the conclusions and also giving suggestions for improvement in the future

