

CHAPTER V

CONCLUSIONS AND RECOMMENDATIONS

5.1 Conclusion

This study aimed to identify the determinants of the high school participation rate in Indonesia through 34 provinces during the time period 2015-2025 by applying the panel data Fixed Effect Model that involved lagged variables. It was found that the socio-economic attributes of the provinces remained vital in determining educational participation rates even though different impacts may be observed between the variables.

As can be seen from the results of this empirical analysis, poverty has a negative and statistically significant impact on the high school participation rate because money-related problems continue to hinder the education of students despite several assistance programs provided by the government. As such, it may be stated that overcoming poverty is crucial in terms of increasing participation in education. Conversely, the number of average years of schooling has a positive and statistically significant impact on educational participation.

At the same time, there are insignificant impacts on the percentage of urban households and the natural log of school age populations once accounting for province characteristics. The insignificant impact of the percentage of urban households means that educational opportunities are not anymore dictated by urbanization. Government actions such as the 12-Year Compulsory Education Policy, School Operational Assistance (BOS) program, Indonesia Smart Program (PIP), Indonesia Smart Card (KIP), and education facility development have possibly contributed to minimizing the differences in access to education between urban and rural regions. In a similar manner, the insignificant impact of school age population also means that the increase in population has been accommodated by the expansion of education facilities.

In summary, the results imply that the variations in educational participation in high schools are primarily associated with the socio-economic environment rather than the demographic or geographic factors. Consequently, the increasing

participation in education calls for policies that improve the quality, access to, and equity of education together with the reduction of poverty levels. The future policies should focus on building additional educational facilities wherever needed, enhancing the distribution of teachers in each province, making improvements to financial aid schemes for the disadvantaged students, and maintaining responsiveness of education services to regional socio-economic environment.

5.2 Recommendations

Considering the findings from empirical evidence, a number of policy implications and recommendations can be made. As urbanization has no significant positive impact, the policymakers need to stop relying on urbanization alone to enhance education participation. In fact, policies need to be adopted that ensure equal education opportunities for all students irrespective of whether they live in urban or rural settings. This could be done through building educational infrastructure, distributing qualified teachers, setting up digital education systems and providing financial aid to students who come from poor families. Focus on reducing disparities between urban and rural areas by improving school infrastructure in less developed regions, especially in eastern Indonesia.

The development of school facilities, accessibility through transport as well as proper teacher allocation should be prioritized to enhance equal access to secondary education among all provinces. Moreover, poverty is statistically significant, and thus initiatives like PIP, KIP and BOS will continue to be relevant and need to be evaluated for their effectiveness. Finally, considering that average number of years in school represents the long-term effect, it is critical for government policies to ensure sustainability of educational improvement.

This study has several limitations. First, the use of only four explanatory variables for the study is too restrictive to cover all the factors influencing the level of education participation. Second, even though panel data analysis with fixed effect is used in the study, some other unobservable factors like cultural attitudes and school quality are not included in the study. Third, the problem of reverse causality between education and economic variables is not fully addressed in the

study. Therefore, future studies can benefit from including other variables like education expenditures, teacher-pupil ratio, and regional fiscal capacity for covering institution quality. Future studies can also use dynamic panel models like System GMM for addressing possible endogeneity between education and socio-economic variables. Comparison studies between western and eastern regions of Indonesia would help in understanding the spatial inequality in education.

