

TABLE OF CONTENTS

COVER	i
THESIS APPROVAL PAGE	ii
GRADUATE CONFIRMATION PAGE.....	iii
STATEMENT OF BACHELOR THESIS ORIGINALITY.....	iv
ABSTRACT	v
ABSTRAK	vi
PREFACE.....	vii
LIST OF TABLES	xiii
LIST OF FIGURES	xiv
LIST OF APENDIX	xv
CHAPTER I INTRODUCTION.....	1
1.1 Background	1
1.2 Research Problem.....	3
1.3 Research Objective	4
1.4 Research Significance.....	5
1.5 Systematics of The Writing.....	5
CHAPTER II LITERATURE REVIEW	7
2.1 Literature Review	7
2.1.1 Endogenous Growth Theory (Romer)	7
2.1.2 Education Production Function	8
2.1.3 Quantity-Quality Trade-Off (Becker).....	10
2.2 Previous Research	11
2.3 Conceptual Framework	13
2.4 Research Hypothesis	14
2.5 Scope of Research	16
CHAPTER III RESEARCH METHOD	17
3.1 Research Variables and Operationalization of Variables.....	17
3.1.1 PISA Test Score	18
3.1.2 Government Spending on Education.....	19
3.1.3 Parents Education	20
3.1.4 Income	22
3.1.5 Children’s Schooling.....	23
3.1.6 Fertility Rate.....	24
3.2 Place and Time of The Research	24
3.3Types Of Data and Data Sources	25
3.4 Data Collection Techniques	25

3.5 Method Analysis	26
3.5.1 Panel Data Analysis Model	26
3.5.2 Classical Assumption Analysis	29
3.5.3 Statistical Analysis Testing	29
3.5.3.1 Partial Significance Testing (t-Test)	30
3.5.3.2 Simultaneous Significance Testing (F-Test)	31
3.5.4 Coefficient of Determination (R^2)	32
CHAPTER IV RESEARCH RESULT AND DISCUSSION	35
4.1 Overview of the Research Area	35
4.1.1 The PISA Score	35
4.1.2 Fertility Rate	38
4.1.3 Secondary Enrolment Rate	40
4.1.4 GDP per Capita as Household Income	43
4.1.5 Parents Education	45
4.1.5.1 ISCED 0-1 (Pre-Primary and Primary)	46
4.1.5.2 ISCED 2 (Lower Secondary)	48
4.1.5.3 ISCED 3 (Upper Secondary)	50
4.1.6 Government Spending on Education	52
4.2 Research Result	55
4.2.1 Descriptive Statistical Analysis	55
4.2.2 Panel Data Analysis	55
4.2.3 Classical Assumption Analysis	57
4.2.3.1 Multicollinearity Test	57
4.2.3.2 Heteroskedasticity Test	57
4.2.4 Statistical Analysis Result	58
4.2.4.1 Partial Significance Testing (t-Test)	60
4.2.4.2 Simultaneous Significance Testing (F-Test)	62
4.2.5 Coefficient of Determination (R^2)	62
4.3 Result Interpretation	63
4.3.1 The Effect of Government Spending on Education on PISA Score	63
4.3.2 The Effect of Parents Education (ISCED 0-1) on PISA Score	65
4.3.3 The Effect of Parents Education (ISCED 2) on PISA Score	66
4.3.4 The Effect of Parents Education (ISCED 3) on PISA Score	66
4.3.5 The Effect of Income on PISA Score	66
4.3.6 The Effect of Children's Schooling on PISA Score	67
4.3.7 The Effect of Fertility Rate on PISA Score	67
CHAPTER V CONCLUSIONS AND SUGGESTIONS	69
5.1 Conclusions	69

5.2 Limitations	70
5.3 Suggestions	71
5.3.1 Suggestions for Practitioners and Policymakers	71
5.3.2 Suggestions for Future Research	72
REFERENCES	74
APPENDIX	76