

## TABLE OF CONTENTS

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

<b>3.5 Method Analysis</b> .....	26
3.5.1 Panel Data Analysis Model .....	26
3.5.2 Classical Assumption Analysis .....	29
3.5.3 Statistical Analysis Testing .....	29
<b>3.5.3.1 Partial Significance Testing (t-Test)</b> .....	30
<b>3.5.3.2 Simultaneous Significance Testing (F-Test)</b> .....	31
3.5.4 Coefficient of Determination ( $R^2$ ) .....	32
<b>CHAPTER IV RESEARCH RESULT AND DISCUSSION</b> .....	<b>35</b>
<b>4.1 Overview of the Research Area</b> .....	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
<b>4.1.5.1 ISCED 0-1 (Pre-Primary and Primary)</b> .....	46
<b>4.1.5.2 ISCED 2 (Lower Secondary)</b> .....	48
<b>4.1.5.3 ISCED 3 (Upper Secondary)</b> .....	50
4.1.6 Government Spending on Education .....	52
<b>4.2 Research Result</b> .....	55
4.2.1 Descriptive Statistical Analysis .....	55
4.2.2 Panel Data Analysis .....	55
4.2.3 Classical Assumption Analysis .....	57
<b>4.2.3.1 Multicollinearity Test</b> .....	57
<b>4.2.3.2 Heteroskedasticity Test</b> .....	57
4.2.4 Statistical Analysis Result .....	58
<b>4.2.4.1 Partial Significance Testing (t-Test)</b> .....	60
<b>4.2.4.2 Simultaneous Significance Testing (F-Test)</b> .....	62
4.2.5 Coefficient of Determination ( $R^2$ ) .....	62
<b>4.3 Result Interpretation</b> .....	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
<b>CHAPTER V CONCLUSIONS AND SUGGESTIONS</b> .....	<b>69</b>
<b>5.1 Conclusions</b> .....	69

<b>5.2 Limitations</b> .....	70
<b>5.3 Suggestions</b> .....	71
5.3.1 Suggestions for Practitioners and Policymakers .....	71
5.3.2 Suggestions for Future Research .....	72
<b>REFERENCES</b> .....	74
<b>APPENDIX</b> .....	76

