



Strategic Adaptation in Early Childhood Education: A PEST Analysis of RA Fatimah Sriwijaya

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ABSTRACT: This research was conducted to develop the school's business through external analysis, which involves understanding the external factors affecting the educational environment and using that understanding to create an effective strategic plan. Using the PEST (Political, Economic, Social and Technological) framework, the research identified opportunities and threats that impact the strategic management and sustainability of the institution. A descriptive qualitative approach was used to collect data through interviews, observations, and document review. The findings indicate significant opportunities such as supportive government policies such as the One Village One PAUD initiative, Merdeka Curriculum, BOP, technological advances and community engagement. However, the study also highlights critical threats, including economic instability, regulatory inconsistencies, and technology gaps in underserved areas. Social factors, such as low community awareness and cultural challenges, further complicate agencies' efforts to increase participation. The research concludes that a strategic and adaptive approach that aligns national policies with local needs, leverages technology, and encourages community collaboration is critical to overcoming these challenges. The research provides actionable insights for practitioners and policymakers to improve the quality, accessibility, and sustainability of early childhood education in Indonesia.

KEYWORDS: External Environmental Factors, PEST Analysis, Strategic Management

INTRODUCTION

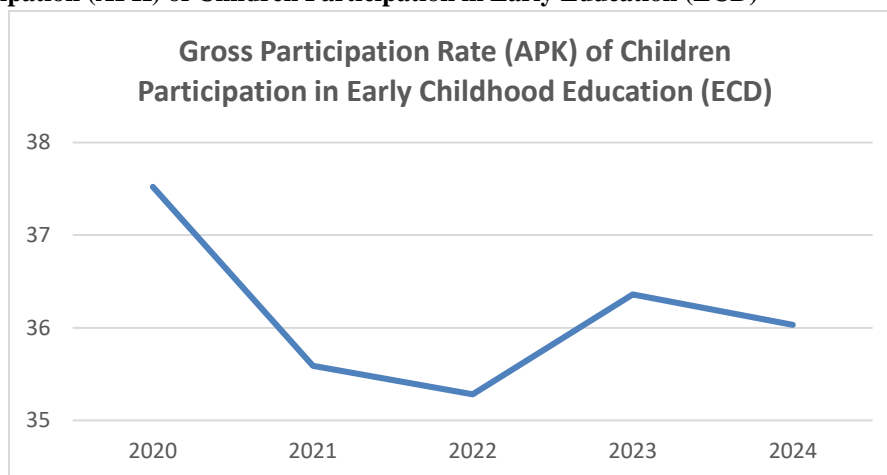
Education represents a substantial long-term investment in a nation's economic growth. In his theory, Theodore W. Schultz (1961) posits that education enhances individual productivity and directly contributes to national economic growth through the concept of human capital (Association., 2018). Further research by (Hanushek & Woessmann, 2021) corroborates the assertion that the quality of education, as gauged by cognitive abilities, exerts a more pronounced influence on economic advancement than merely expanding access to education. In this context, early childhood education (ECED) assumes a pivotal role, serving as the foundational preparation for nurturing a capable and competitive generation.

Early childhood development (ECD) has been demonstrated to offer not only educational benefits but also a substantial influence on economic outcomes. The research conducted by (Bartik, 2014) indicates a robust correlation between investments in early childhood development (ECD) and augmented individual income and labor productivity. Additionally, (Dickens et al., 2006) demonstrated that investments in ECD can contribute between 13% and 30% to labor productivity growth. By fostering children's cognitive, social, and emotional competencies, ECD establishes a robust foundation for future educational success.

Early childhood education represents the inaugural stage of Indonesia's national education system, as delineated in Law No. 20/2003 on the National Education System. This policy underscores the fundamental right of every child to gain access to education at an early age, with the objective of facilitating comprehensive development encompassing cognitive, social, emotional, and motor domains. However, data from the Central Bureau of Statistics (2023) indicate that the PAUD APK in 2024 was 36.03%, a decline from the previous year. This figure remains relatively low in comparison to the rates observed in primary and secondary education. The data reflect a significant challenge in increasing early childhood education participation. The following table presents the trend in PAUD participation over the past five years:



Table 1. Gross Participation (APK) of Children Participation in Early Education (ECD)



A number of external factors exert an influence on the APK value, including per capita income, parents' educational background, and livelihood (Rohmani, 2020). RA Fatimah Sriwijaya, as one of the PAUD institutions in Palembang, is confronted with analogous challenges. The decline in student numbers in recent years demonstrates the impact of diverse external factors, including economic instability, policy alterations, and public perceptions of the financial burden associated with education. These circumstances underscore the necessity for an adaptive strategic approach to guarantee the viability of ECD institutions' operations

LITERATURE REVIEW

Analyzing external factors is critical to the success of a business strategy, as it enables organizations to identify opportunities and threats in their environment, allowing them to adapt and make informed strategic decisions (Gillespie, 2024). strategies to analyze the external factors of the company can utilize existing methods in competitive intelligence such as PEST analysis (Nurrahmat & Sunindy, 2019). This analysis is a strategic tool used to assess the macro factors of the external environment that affect the organization. These factors are categorized into four main groups: Political, Economic, Social, and Technological (Shahid, 2012). This framework helps organizations understand the broader external context and provides insight into critical elements that can affect performance and strategic decisions. Political factors include government policies and regulations that affect industries and businesses. Economic factors include conditions such as inflation rates, interest rates, and economic growth that affect organizational performance. A downturn in economic conditions often leads to a decrease in consumer spending and investment, which can complicate the sustainability of business operations (Abdullah & Shamsher, 2011). Social factors include cultural and demographic trends that influence consumer behavior and market demand patterns (Chu, 2024). Understanding these trends is important for organizations to align their products and services with consumer needs and expectations. Meanwhile, technological factors include innovations and developments that can improve operational efficiency and organizational competitiveness. Organizations need to adapt to technological advancements to maintain their market position and drive innovation on an ongoing basis. Overall, PEST analysis provides guidance for organizations to navigate the dynamic external environment by identifying and responding to critical factors proactively and effectively.

METHODELOGY

This research uses a descriptive qualitative approach with the PEST framework (Political, Economic, Social, Technology) to analyze the external factors that influence the strategic management of early childhood education. The research uses primary data obtained from interviews with school officials and also secondary data sources such as journals, websites, editorials, and published reports. The purpose of this paper is to explain the opportunities and threats in RA Fatimah Sriwijaya.



DISCUSSION AND ANALYSIS

1. Political Factors

The influence of political factors on educational institutions is a complex and multifaceted phenomenon. Political factors exert a significant influence on the structure and functionality of educational institutions, including those devoted to early childhood education (ECD). The central government has initiated a series of strategic programs, including the "One Village One PAUD" initiative, which aims to guarantee the establishment of at least one PAUD institution in every village, capable of providing quality early childhood education services (Maunaben, n.d.). This policy is consistent with the 2020-2024 National Medium-Term Development Plan (RPJMN), which identifies PAUD as a priority area for educational development in Indonesia. This initiative demonstrates the government's dedication to enhancing accessibility to education, particularly in underserved regions.

While this policy offers considerable potential, its implementation is confronted with considerable obstacles. The disparities in accessibility in remote areas, the variability in the quality of services provided, and the sustainability of PAUD institutions' operations remain significant challenges. A considerable number of regions with inadequate infrastructure and a shortage of human resources encounter difficulties in meeting the minimum service standards. This situation is further compounded by the economic circumstances of low-income families, which restrict their capacity to access formal early childhood development (ECD) services. As a facilitator of educational policy, Law No. 20/2003 on the National Education System underscores the government's responsibility to furnish assistance in the form of curriculum development, infrastructure, educator training, and the provision of cost-effective early childhood development (ECD) services. One noteworthy initiative in this regard is the "Merdeka Belajar" program, which introduces the Merdeka PAUD Curriculum as a flexible and child-centered learning approach. The curriculum is designed to adapt learning experiences to the distinctive requirements of each child, thereby enhancing the quality of learning in ECD institutions. The implementation of this curriculum has been shown to yield considerable benefits for children and educators alike, particularly through a more responsive and innovative approach, as evidenced by research conducted by (Nafisa & Fitri, 2023).

RA Fatimah, a religious-based ECD institution in Palembang, has leveraged this policy by integrating Islamic religious values into its curriculum. This process is conducted in accordance with the guidelines set forth in Minister of Religious Affairs Regulation No. 14/2014, which governs the establishment and operation of madrasahs, including RA. This integration enables RA Fatimah to remain pertinent in addressing the needs of the local community while adhering to national curriculum standards, such as the Merdeka Curriculum.

Furthermore, the government offers financial assistance through the Education Operational Assistance (BOP) program. In 2023, the Ministry of Religious Affairs allocated 381 billion Indonesian rupiahs for more than 28,000 RA institutions throughout Indonesia, including RA Fatimah. The objective of this assistance is to alleviate the operational burden on institutions and enhance the accessibility of early childhood education. However, a study by (Simarmata & Khoirunrofik, 2024) demonstrated that while the BOP assisted in alleviating operational expenses, its influence on the gross enrollment rate (APK) of PAUD was constrained, particularly in low-income regions. This finding corroborates the assertion that financial assistance, in and of itself, is an insufficient means of markedly enhancing participation rates.

Political policies provide significant opportunities for RA Fatimah to expand and develop, offering regulatory support, operational funds, and curriculum guidelines. Nevertheless, in order to fully capitalise on these advantages, RA Fatimah must address the local challenges it faces, including competition from other PAUD institutions in the Seberang Ulu II area, and ensure the effective utilisation of BOP funds. By aligning national policies with local needs, RA Fatimah can maintain its position as a quality and competitive faith-based education institution.

In conclusion, the studies conducted by (Kurniawati, 2017) (Zebua & Anwar, 2022) highlight the significance of comprehending the political context in order to effectively navigate regulatory shifts and secure sufficient resources for early childhood development (ECD). By adopting a strategic approach that entails aligning national policies with the local context, institutions like RA Fatimah can effectively address external challenges while capitalizing on opportunities.

2. Economic Factors

The economic factor is a crucial determinant of the accessibility and quality of early childhood education (ECD). The economic conditions of a region, including gross domestic product (GDP) growth, household income, and macroeconomic stability, exert a profound influence on the financial support that can be provided to educational institutions. Furthermore, these conditions influence



consumer behavior with regard to the selection of educational services, which in turn affects the participation rates in early childhood development (ECD) programs.

The efficacy of early childhood education (ECD) programs in Indonesia is contingent upon economic stability, which in turn impacts the program's capacity to augment the gross enrollment rate (APK). The findings of a study conducted by (Akram et al., 2024) indicate that children from households with higher incomes have more favorable access to quality education services, health services, and supportive learning environments. Furthermore, public funding is a crucial element in bolstering the infrastructure of the education sector. The Sichuan region serves as an illustrative case in point. In this context, consistent economic expansion enabled the government to expand education services and improve their quality (Wang, Lihui.; Hou, 2023). These findings offer valuable insights for Indonesia, emphasizing the significance of investing in education in conjunction with stable economic growth. Nevertheless, economic instability represents a considerable obstacle, particularly for communities with low incomes. Many families in remote areas are unable to afford the additional costs of early childhood education, despite receiving government subsidies. A study by (Perdana et al., 2024) indicates that financial constraints are a primary factor contributing to low ECD participation, particularly in regions with restricted access. As demonstrated by (Rohmani, 2020) disparities in participation between urban and rural areas illustrate the tangible impact of economic disparities on education.

Furthermore, the national economic gap is a significant factor in determining the type of education that families can access. The study by (Simarmata & Khoirunurrofik, 2024) underscores the necessity for PAUD institutions, such as RA Fatimah, to adapt their tuition fees in order to attract low- and middle-income families. Additionally, a study by (Faujiah et al., 2023) demonstrated that income disparities and rising living costs can either increase or decrease PAUD participation. Consequently, educational institutions must adopt a flexible approach to adjusting their programs and prices.

Economic factors, including household income, inflation rates, and the overall economic climate, directly impact the accessibility and affordability of education (Takerubun & Marsisno, 2021) posit that families' economic well-being is significantly influenced by their capacity to invest in children's education, particularly in ECD institutions that often necessitate regular financial commitments. Consequently, educational institutions must adopt a proactive approach in designing relevant and affordable programs to ensure broader participation.

3. Social and Cultural Factors

Social and cultural factors have a significant impact on parental participation in early childhood development (ECED) in Indonesia. Elements such as literacy initiatives, parenting knowledge, cultural preservation, and government intervention play an important role in shaping parental engagement in ECD programs. These aspects ultimately have a direct impact on the quality of education and child development.

A major challenge is the lack of public awareness of the benefits of early childhood education. Based on data from the website of the Central Bureau of Statistics, the gross participation rate (APK) of PAUD in 27 Indonesian provinces is still below the national average of 36.36%, including South Sumatra with an APK of only 26.06%. (BPS, 2024), This gap reflects low access to and awareness of educational services, especially in areas with limited infrastructure and low levels of community education.

A study conducted by Nurrachmah, Zwagery, and Dewi (2019) in a report (Badan Pusat Statistik, 2023) confirmed that parents' lack of understanding of the importance of PAUD is a major cause of low participation. This was aggravated by the COVID-19 pandemic, which reduced PAUD participation in 2021-2022. However, the data show an increase in participation in 2023, reflecting that public perceptions of ECD continue to improve as the country recovers from the pandemic.

The social and cultural background of the family, including the educational level of the parents, is also an important determinant of the decision to enroll children in PAUD. Research by (Senza et al., 2020) shows that families who view education as an investment are more likely to enroll their children in PAUD. In contrast, families with limited access to educational services tend to overlook the importance of ECD. Parents' level of education is also directly related to their awareness of the benefits of PAUD, with more educated parents having a better understanding.

According to the General Guidelines for the Implementation of Quality ECD (Kemendikbud, 2022), parental and community involvement is essential for creating sustainable early childhood education. In this case, RA Fatimah can take advantage of opportunities through community-based programs that emphasize the importance of faith-based education. These programs could be designed to educate the community about the benefits of ECD and integrate religious values into the curriculum to attract families with strong cultural and spiritual values.



Overall, social and cultural factors have a major impact on ECD participation. By raising parental awareness, leveraging cultural values, and engaging the community, RA Fatimah can play a strategic role in promoting increased ECD participation. Given the post-pandemic trend of increased participation, RA Fatimah has a great opportunity to expand its influence in the community.

4. Technological

In contemporary educational settings, the integration of technology has emerged as a pervasive phenomenon, encompassing the incorporation of an array of technological resources and tools into the learning process. This shift is not merely aimed at facilitating the attainment of educational objectives, but also at enhancing the learning experience for learners (Celeste & Nimfa, 2024). Technology in education has transcended its role as a mere supplement, becoming a pivotal component in the creation of an interactive and efficacious learning environment.

The advent of new technologies, including artificial intelligence, big data, and online learning, presents invaluable opportunities for educational institutions to enhance their services. In the context of early childhood education (ECED), technology provides the capacity to develop more engaging and interactive learning methodologies, as well as enhance communication between educational institutions and parents. For instance, the utilisation of tools such as PowerPoint, educational videos and digital storytelling has been demonstrated to enhance children's cognitive and linguistic abilities, stimulate creativity and augment motivation to learn (Emi et al., 2024).

The findings of (Sulistyaningtyas et al., 2023) indicate that the utilisation of technology in early childhood development (ECD) has a beneficial impact on numerous aspects of child development. Technology facilitates the growth of cognitive abilities, social skills, self-confidence and curiosity in children. Furthermore, technology plays a role in supporting children in the management of emotions and the enhancement of communication skills and social interactions. The incorporation of digital learning tools and interactive platforms enables educational institutions to establish a more effective and immersive learning environment.

From an operational standpoint, technology offers substantial advantages in enhancing administrative efficacy within educational institutions. Online student enrollment, student data management, and payment of school fees through digital platforms are illustrative of the ways in which technology can reduce the burden of manual administration while increasing convenience for parents. A study by (Kusumaningrum et al., 2024) indicates that educational institutions that integrate technology into their operations tend to be more appealing to parents. This efficiency allows educators to devote more attention to developing innovative teaching strategies.

Nevertheless, the implementation of technology in early childhood development (ECD) institutions, such as RA Fatimah Sriwijaya, continues to encounter considerable obstacles. The primary impediments to integrating technology into pedagogical practices are the limited budgetary resources and restricted access to requisite resources. This reflects the situation of Furthermore, the study underscored the necessity for sustained assistance, enhancements to infrastructure, and professional development opportunities for educators to surmount these challenges.

Notwithstanding these impediments, there are considerable prospects for advancement. In light of the growing expectation among families for educational institutions to integrate digital learning into their curricula, RA Fatimah can leverage this opportunity to enhance its attractiveness to prospective students. The strategic integration of technology can assist educational institutions in enhancing the quality of their services while aligning with the evolving societal preference for technology-based education.

CONCLUSION

This paper highlights the important role of external environmental factors in shaping the strategic management of early childhood education institutions. Using the PEST framework, this study identifies political, economic, social and technological influences that affect the operation and sustainability of RA Fatimah Sriwijaya. Policies such as the One Village One PAUD initiative, the independent curriculum, and Operational Assistance for Education Implementation (BOP) offer great opportunities for institutional development, but implementation challenges remain, especially in underserved areas. Economic factors, including income disparities and financial constraints, underscore the need for adaptive pricing strategies to encourage wider participation. Social and cultural dynamics, such as parental awareness and community engagement, remain important in promoting early childhood education. Finally, technological advances offer transformative potential in education delivery and operational efficiency, although barriers to their adoption remain.



These findings underscore the importance of a strategic and integrated approach that aligns national policies with local contexts, harnesses technological innovations and actively engages communities. By addressing these factors, ECD providers can better address external threats, capitalize on emerging opportunities, and ensure long-term sustainability. This research provides actionable insights for practitioners and policymakers, and contributes to a broader discourse on improving the quality and accessibility of early childhood education in Indonesia.

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