

ABSTRACT

Azzahra, Annora. 2015. Thesis. Title: "The Effect of Local Revenue (PAD), the General Allocation Fund (DAU), Specific Allocation Fund (DAK), and the Profit Sharing Fund (DBH) on the Economic Growth of Residencies/Cities in East Java in 2011-2012"

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Keywords : Local Revenue (PAD), General Allocation Fund (DAU), Specific Allocation Fund (DAK), Profit Sharing Fund (DBH), Economic Growth

This research aims to find out the effect of Local Revenue (PAD), the General Allocation Fund (DAU), Specific Allocation Fund (DAK), and the Profit Sharing Fund (DBH) on the economic growth in the provinces of East Java. Fiscal decentralization policy plays an important role to accelerate the economic growth in a region. To increase its economic growth, a region needs funding. The income sources for local government in carrying out its fiscal decentralization include PAD, balanced fund and others.

The analysis focuses on income source indicators such as PAD, DAU, DAK, and DBH. The researcher employs the data of Gross Regional Domestic Product at Constant Prices and realization of PAD, DAU, DAK, DBH of Residencies/Cities in East Java in 2011-2012.

This research uses a multiple regression analysis. The research partial result shows that PAD, DAU and DAK influence the economic growth of residence/cities in East Java. It means that they play an important role in influencing economic growth, while DBH does not the economic growth. While simultaneously, PAD, DAU, DAK and DBH influence the economic growth.