

ABSTRACT

Fiscal decentralization policy have been implemented in 2001 which serves to increase regional income and develop all economic potentials that exist, so it can spur an increase in output and increase economic activity, and finally will impact on improve social welfare. During 5 years of fiscal decentralization in the province of Central Java is known that the period 2009-2013, Central Java province Gross Regional Domestic Product rose steadily, but only 12 districts/cities out of 35 districts/cities have average GRDP above average GRDP of Central Java Province, while 23 districts/cities have average GRDP below average GRDP Central Java.

The goals of this study was to analyze the effect of local revenue, general allocation fund, revenue sharing fund, and labor to on Gross Domestic Regional Product in the 35 District / City of Central Java. The data used is secondary data obtained from the Central Statistics Institution of Central Java Province. Data collected were analyzed with panel data with eviews 8 program. The method used in this research is the OLS (Ordinary Least Square) with a fixed effect model or LSDV (Least Square Dummy Variable).

The Results shows that variables local revenue, revenue sharing fund positive and employment significant effect on Gross Regional Domestic Product (GRDP), while variable general allocation fund does not have a significant effect on Gross Regional Domestic Product (GRDP).

Keyword : GRDP, local revenue, general allocation fund, revenue sharing fund, employment