

Determination of the Economic Growth of the City and Districts of West Java Province

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Abstract—The purpose of this research was intended to 1) disclose data and information relating to regional indigenous revenue, transfer income, and other legitimate revenues to the rate of economic growth in West Java province. 2) The testing of data on the influence of indigenous revenue of the region, transfer income, and other legitimate income to the rate of economic growth in West Java province. 3) Dissemination of research results in scientific forum. The method in this study is the verifiedative study. The measurements and testing in this study are the use of multiple regression analyses. Based on the results of statistical testing shows that local revenue, transfer income and other legitimate income have significant effect on economic growth in the district and city of West Java province.

Keywords: *economic growth, local indigenous revenue, Transfer Revenue, other legitimate revenues*

I. INTRODUCTION

Economic growth is one of the indicators to measure the success of economic development in a country, where the direction of development is to strive for the revenue of the people to rise, accompanied by the best possible level of equality.

The indicator for measuring economic growth is the gross domestic growth rate (GDP) reflecting the amount of added value generated by all production activities within the economy.

Indicators that are usually used to describe the level of community prosperity macro from the economic side is income per capita (Per capita income). The higher the income received by the population in the region, the welfare level in the region in question can be said better.

The following is a table of growth of PDRB Per Capita in West Java province from 2011-2016.

TABLE I. GRDP PER CAPITA GROWTH (MILLIONS OF RUPIAH) FROM 2011-2016

Year's	GRDP per capita (Millions of Rupiah)	GRDP per capita growth (%)
2011	23.25	10.85
2012	25.27	8.69
2013	27.77	9.87
2014	30.11	8.43
2015	32.64	8.43
2016	34.88	6.85

From the table, it can be noted that nominally the Per capita income of West Java Province has always increased, but the increase is not worth the increase in the rate of the existing population, causing the level of Economic growth in West Java has decreased from year to year.

The purpose of this research was intended to disclose data and information relating to regional indigenous revenue, transfer income, and other legitimate revenues to the rate of economic growth in West Java province and The testing of data on the influence of indigenous revenue of the region, transfer income, and other legitimate income to the rate of economic growth in West Java province.

This research is beneficial to local governments in efforts to increase economic growth through regional revenues.

II. LIBRARY OVERVIEW

A. Economic Growth

Economic growth is always used as a general expression describing the level of development of a country measured by the addition of real national income. Economic growth is one of the indicators used to measure the economic achievement of a country. In actual economic activity, economic growth means the development of physical economics [1].

B. Local Indigenous Revenue

Theoretically, regional self-reliance measurements are measured from PAD. Source PAD comes from local tax, regional retribution result, the result of regional owned company, and other regional wealth processing result separated, and other legitimate regional income.

C. Transfer Revenue

Under Law No. 33 year 2004; The Equalization Fund is divided into, (1) The Yield Fund, (2) General Allocation Fund, and (3) Special allocation fund.

D. Other Legitimate Revenues

Based on applicable laws regarding local governments, regional revenue sources are also obtained from other legitimate revenues. It is not specifically explained what is included in this category of income types, but can underscore that as long as it is still fulfilling legal and accountable, then

any such type of source may be categorized in This type is Harianto et al [2]. Generally included in the source of this type of income are emergency funds and grants that constitute acceptance from other regions, whether they include provinces, districts, and cities [3-5].

III. METHODOLOGY

The method in this study is the verificative study. The measurements and testing in this study are the use of multiple regression analyses.

Research and measurement variables

A. economic Growth (Y)

$$IncomePerCapita = \frac{Gross\ domestic\ income}{Total\ Population}$$

Source: [1]

B. Locally-Generated Revenue (X1)

$$PAD = Regional\ Tax + Regional\ Retribution + The\ results\ of\ the\ management\ of\ separated + Other\ legal\ PAD\ regional\ assets$$

Source: [6]

C. Transfer Income (X2)

$$Transfer\ income = Tax\ Profit\ Sharing\ Funds + Non - Tax\ Profit\ Sharing\ Fund + General\ Allocation\ Fund + Special\ Allocation\ Funds$$

Source: [5]

D. Other Legal Income

$$Other\ Legal\ Income = Grant\ Income + Emergency\ Fund\ Income + Other\ Revenues$$

Source: [6]

Population in this study is all the local government of the regency and city of West Java in 2012-2017 except Pangandaran Regency because it is the expansion of Ciamis Regency on October 2012.

IV. RESULTS AND DISCUSSION

A. Economic Growth Rate

The development of the District and city economy in West Java province has been carried out optimally as demonstrated

by gross regional domestic product (PDRB) and economic growth rate achievement. Below is a graph of the average economic growth rate of the district and the city of West Java province that shows an increase from year to year.

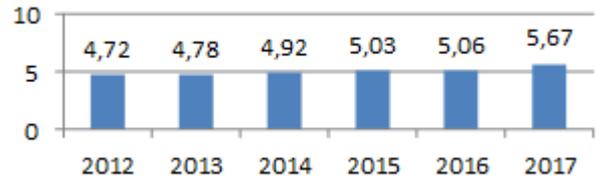


Fig. 1. The average rate of economic growth in 2012-2017.

B. Regional Revenue

Revenues are local government rights that are recognized as an increase in equity in the relevant fiscal year period and do not need to be repaid. Income transactions not only include income received in cash but also include income in the form of collection rights and revenue in the form of goods / services. Besides income transactions not only include transactions that have been budgeted in the APBD but also include all revenue transactions that are not through the APBD mechanism.

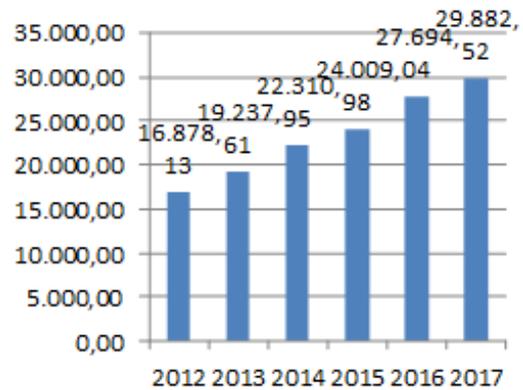


Fig. 2. Realized revenue for fiscal year 2012-2017.

Based on the figure above it can be concluded that the trend of realization of regional original income has increased with an average increase of 11.36%. The realization of this revenue is derived from local own-source revenue, transfer income and other valid revenue with the composition described in the following graph:

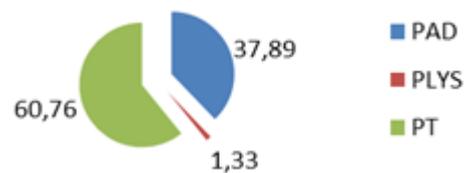


Fig. 3. Average composition of realized revenues for 2012-2019.

Based on statistical analysis, a linear regression equation is obtained as follows: This regression equation can be interpreted as follows:

$$PE = 11,231 + 0,327 PAD + 0,442 PTF + 0,479PLYS + e \quad (1)$$

A constant value of 11.231, indicating the outcome that if the regional original revenue, transfer income and other legitimate income are considered constant, the economic growth value of 11.231.

The regional indigenous revenue variable regression coefficient of 0.327 means that if other variables remain and the regional original revenue is increased by 1 unit, economic growth will increase by 0.327 or 32.7%.

Variable regression coefficient of Transfer revenue of 0.442 means that if other variables remain and revenue Transfer is increased by 1 unit then economic growth will increase by 0.442 or 44.2%.

Variable regression coefficient value another legitimate income of 0.479 means that if other variables remain and the other legitimate income has increased by 1 unit then economic growth will increase by 0.479 or 47.9%.

C. Discussion

1) *PAD influence on economic growth*: The results of this research in line with the research Harianto [2] where PAD is one of the factors that can affect the economic growth of an area, because PAD is one of the sources of income, so if the PAD increases then the funds Owned by the local government will be higher. With greater funds, local governments can maximize potential areas to increase economic growth.

2) *Influence of revenue transfer to economic growth*: The greater the funds received by the local government from the central government, the greater chance of local governments

to build the area so as to increase economic growth in their respective areas.

3) *Influence of other legitimate income to economic growth*: This means that, there is an influence of other legitimate income to economic growth. Other legitimate income is derived from grant income and tax revenue share funds. The higher the other legitimate income means the higher the grant Fund of all the elements that can be used to increase economic growth.

V. CONCLUSION

Based on the results of statistical testing shows that local revenue, transfer income and other legitimate income have significant effect on economic growth in the district and city of West Java province.

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