

ABSTRACT

THE INFLUENCE OF PERMANENT INVESTMENT AND FIXED ASSETS ON REGIONAL REAL INCOME WITH GROSS REGIONAL DOMESTIC PRODUCT AS INTERVENING VARIABLE

BY

MARYANI

The purposes of this research are to investigate whether: permanent investment influence on PDRB; fixed asset affect on PDRB; permanent investment effect on PAD; fixed asset effect on PAD; and permanent investment and fixed asset influence PAD through PDRB.

The hypotheses are tested by using path analysis. In addition, hypothesis is tested using t-test with the level of confidence of 95% and error level 5 %. Lastly, this research applies LISREL program version 8.30.

The findings of this research are: 1) permanent investment has a positive correlation on PDRB with 82%. 2) Fixed assets are not significantly influence PDRB. 3) Permanent investment has a positive influence on PAD 4) fixed asset has not a positive impact on PAD; 5) The direct influence of permanent investment on PAD is 0.2025, and indirect influence of fixed asset on PAD is 0.6724, indirect affect fixed assets on PAD is 0.3264. This research shows that only permanent investment which the bigger indirect influence from direct influence on PAD and PDRB is intervening variable between permanent investment and PAD.