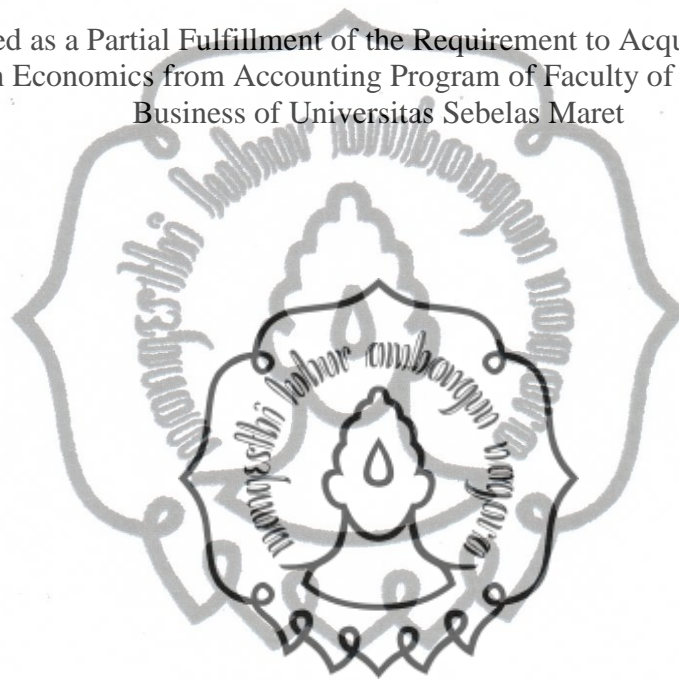


**POLITICAL AND SOCIO-ECONOMIC FACTORS BEHIND BUDGET  
DEVIATION IN THE INDONESIAN LOCAL GOVERNMENT'S  
ELECTORAL CYCLE**

Undergraduate Thesis

Submitted as a Partial Fulfillment of the Requirement to Acquire a Bachelor  
Degree in Economics from Accounting Program of Faculty of Economics and  
Business of Universitas Sebelas Maret



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**JULY 2017**

**ABSTRACT****POLITICAL AND SOCIO-ECONOMIC FACTORS BEHIND BUDGET  
DEVIATION IN THE INDONESIAN LOCAL GOVERNMENT'S  
ELECTORAL CYCLE**

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This research examines factors behind budget deviation in the Indonesian local government's electoral cycle. By using 1172 unbalanced panel data on 393 local governments in two election years (2013 and 2015), four political factors and three socio-economic factors are tested on the local government's budget deviation. The findings show that only electoral cycle affect the total budget in general. On separated test run on revenue deviation and expenditure deviation, it is found that three factors affect both revenue deviation and expenditure deviation, they are the electoral cycle, population, and income per capita (IPC). Political alignment and unemployment rate only show an effect on expenditure deviation, while political coalition and political competition do not seem to show an effect on both models tested. The only factor that has consistent result both in main test or separated test is the electoral cycle. Thus, this research provides empirical evidence supporting the findings on the relationship between electoral cycle and budget deviation.

**Keywords:** budget deviation, electoral cycle, political coalition, political competition, political alignment, population, IPC, unemployment

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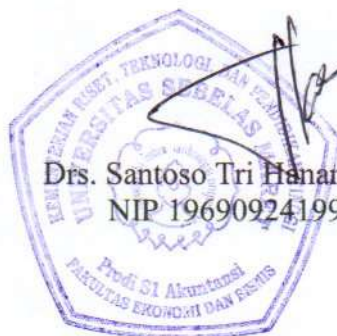
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I hereby declare that this undergraduate thesis is my original work and is not a copy of other's work, with the exceptions of those that is formally cited as listed in the References.

If in the later time this pronouncement is proven to be false, I am willing to accept the academic sanctions in the form of annulation of my undergraduate thesis and academic degree.



Surakarta, July 2017

  
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## FOREWORDS

In the name of Allah, the most gracious, the ever merciful. All praise to Allah, for none of this work will be completed without His never-ending blessing and grace. This undergraduate thesis is submitted as a partial fulfillment to achieve the Bachelor Degree in Economy from the Accounting Program, Faculty of Economics and Business of Universitas Sebelas Maret.

On the completion of this undergraduate thesis, the author gives her best gratitude to:

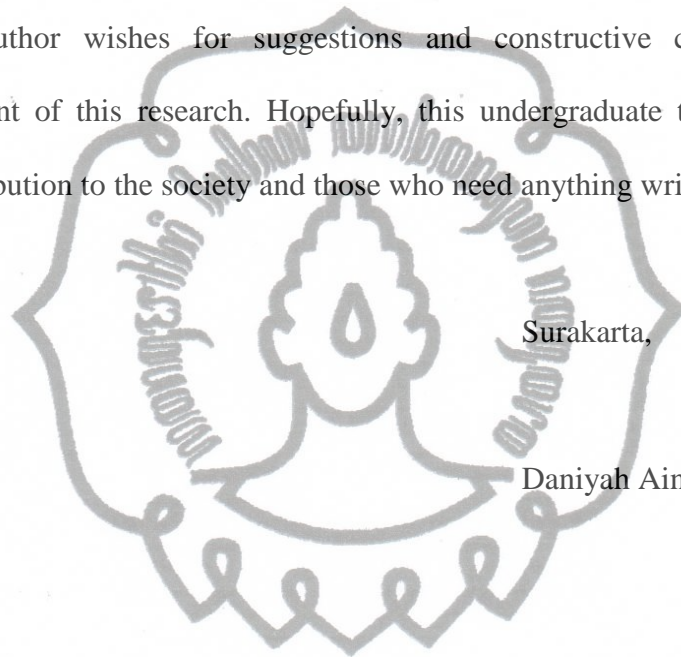
1. Dr. Hunik Sri Runing Sawitri, M.Si., as the Dean of Faculty of Economics and Business, Universitas Sebelas Maret.
2. Drs. Santoso Tri Hanato, M.Si., Ak., as the Head of Accounting Program, Faculty of Economics and Business, Universitas Sebelas Maret.
3. Drs. Sutaryo, S.E., M.Si., Ak., as the supervisor, who always gives his best and kind guidance and understanding from the beginning to the end of this undergraduate thesis.
4. Prof. Dr. Bambang Sutopo, M.Com., Ak. and Mr. Anas Wibawa, S.E., M.Si., Ak., as the examiner, for their kind guidance during the completion of this undergraduate thesis.
5. All the lecturers in the Accounting Program who patiently teach immeasurable knowledge during the author's study in Universitas Sebelas Maret.

6. The author's beloved mother, father, and brother, who always provide sincere love, warmth, support, and the feeling of home.
7. The author's colleagues during her two years of study, for every serious, hilarious, and precious moment.
8. Ze, for every inspiration and strength given by all the memories of him.

The author wishes for suggestions and constructive criticism for the improvement of this research. Hopefully, this undergraduate thesis can give a little contribution to the society and those who need anything written in this work.

Surakarta, July 2017

Daniyah Ainur Rossa



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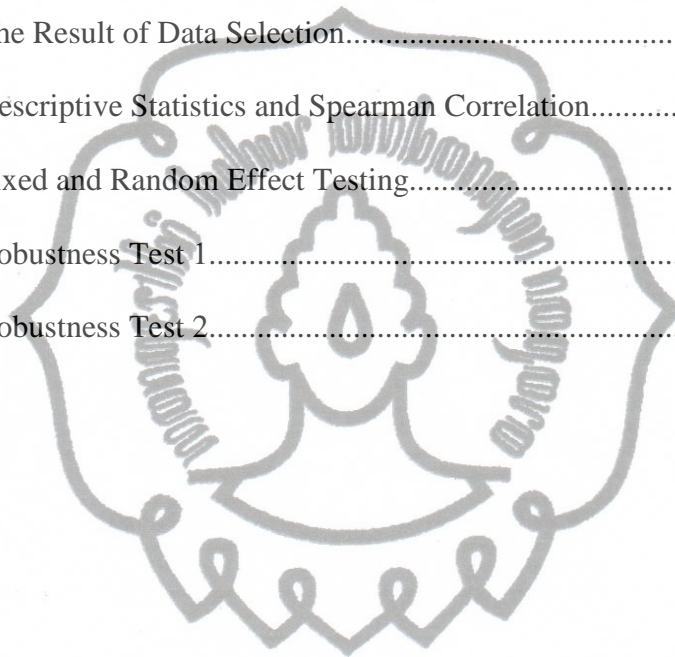


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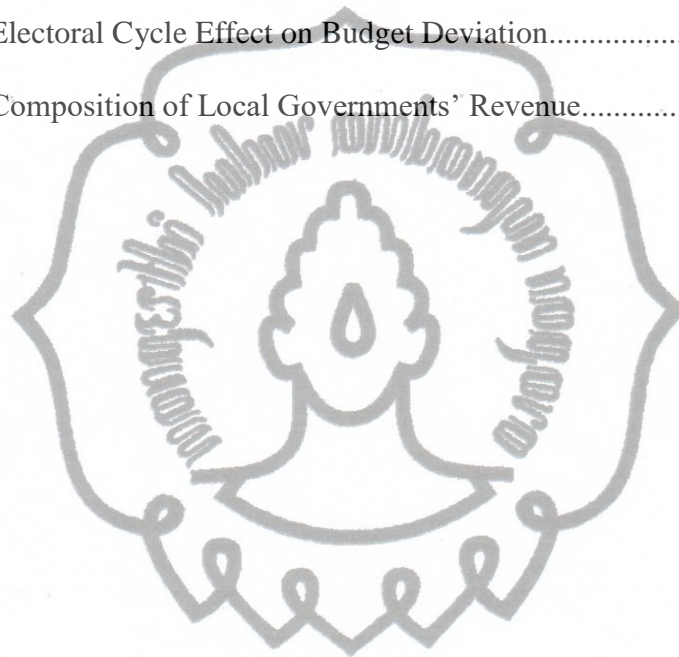
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