

## Local Sources of Income, Capital Expenditures and Human Development Index: Evidence from Central Java, Indonesia

ARDIANSYAH, SE., M.Si.

Sebelas Maret University, Surakarta

**Abstract:** *The implementation of regional autonomy is to give authority to local governments in managing of local potentials to allocate revenues in fulfilling the public interest and enhance public welfare. The public welfare can be seen from the increasing of Human Development Index of the region through the allocation of capital expenditures. The objective of the research is to recognize the effects of the Local Own-source Revenue (PAD), the General Allocation Fund (DAU) and the Special Allocation Fund (DAK) towards the Capital Expenditures and the Quality of Human Development (which is measured by Human Development Index HDI). The sampling method used in this research is purposive sampling method, with total sample of 24 regencies/municipalities in Central Java. The research data used is the secondary data of the Regional Revenues and Expenditures Budget of regional government of regencies/municipalities in Central Java, which includes Local Own-source Revenue (PAD), General Allocation Fund (DAU), Special Allocation Fund (DAK), Regional Expenditures Actual Report and Human Development Index (HDI) in the fiscal years of 2010-2012. The results of this research show that the Local Own-source Revenue (PAD), the General Allocation Fund (DAU) and Special Allocation Fund (DAK) have simultaneously influence on the Human Development Index. Partially, only the Local Own-source Revenue (PAD) has positively influences to Human Development Index.*

**Keywords:** *Capital Expenditures, General Allocation Fund, Human Development Index, Local Revenue, Special Allocation Fund*

**Abstrak:** *Implementasi otonomi daerah adalah memberikan kewenangan kepada pemerintah daerah dalam mengelola potensi lokal untuk mengalokasikan pendapatan dalam memenuhi kepentingan publik dan meningkatkan kesejahteraan masyarakat. Kesejahteraan masyarakat dapat dilihat dari peningkatan Indeks Pembangunan Manusia di wilayah tersebut melalui alokasi belanja modal. Tujuan dari penelitian ini adalah untuk mengetahui efek dari Pendapatan Asli Daerah (PAD), Dana Alokasi Umum (DAU) dan Dana Alokasi Khusus (DAK) terhadap Pengeluaran Modal dan Kualitas Pembangunan Manusia (yang diukur oleh Indeks Pembangunan Manusia HDI). Metode pengambilan sampel yang digunakan dalam penelitian ini adalah metode purposive sampling, dengan jumlah sampel sebanyak 24 kabupaten / kota di Jawa Tengah. Data penelitian yang digunakan adalah data sekunder Anggaran Pendapatan dan Belanja Daerah pemerintah daerah kabupaten / kota di Jawa Tengah, yang meliputi Pendapatan Asli Daerah (PAD), Dana Alokasi Umum (DAU),*

*Dana Alokasi Khusus (DAK) , Laporan Aktual Pengeluaran Daerah dan Indeks Pembangunan Manusia (IPM) pada tahun fiskal 2010-2012. Hasil penelitian ini menunjukkan bahwa Pendapatan Asli Daerah (PAD), Dana Alokasi Umum (DAU) dan Dana Alokasi Khusus (DAK) secara simultan memiliki pengaruh terhadap Indeks Pembangunan Manusia. Secara parsial, hanya Pendapatan Asli Daerah (PAD) yang memiliki pengaruh positif terhadap Indeks Pembangunan Manusia.*

**Kata Kunci:** *Pengeluaran Modal, Dana Alokasi Umum, Indeks Pembangunan Manusia, Pendapatan Daerah, Dana Alokasi Khusus*

## **1. Pendahuluan**

In the publication of the UNDP (United Nations Development Programme) through the 1996 Human Development Report of the concept of human development index (HDI), human development is defined as "a process of enlarging people's choices" or a process that enhances the aspect of people's lives. The most important aspect of life is seen from a long and healthy life, adequate levels of education as well as a decent standard of living. Specifically, UNDP set four main elements in human development, namely productivity, equity, sustainability, and empowerment.

The achievement of the goal of human development is not new for Indonesia and there is always an emphasis on the fulfillment of these goals, i.e. the fulfillment of universal education, health promotion and poverty eradication. It is as stated in the national medium term development plan (RPJMN) 2010-2014. Indonesia's national development point indeed embraced the concept of Human Development Index (HDI) published by UNDP at the top, namely the concept of a whole person development requires the improvement of the quality of life of the population both physically, mentally or spiritually.

To enhance the HDI solely not only on economic growth because of the growth of the new economy is necessary. In order for economic growth in line with human development, then economic growth should be accompanied by sufficient condition, namely, equitable development. The existence of equitable development, there is a guarantee that all residents can enjoy the outcomes of development. Based on the experience of development in different countries, learning that is acquired to accelerate human development can be done among others through two things, namely,

the equitable distribution of income and allocation of sufficient public spending (Marhaeni , *et al.*, 2008).

Local governance law (32/2004) gives full authority for their respective areas, both at the provincial level, as well as at the district/city level to arrange and take care of the household's regions with the least possible intervention the Central Government. The policy, known as the autonomy of the region. With its decentralized or autonomous region, it is expected the construction of the more successful so that one of the indicators of development, namely the human development index (HDI) are hypothesized to increase anyway (Rondinelli and Cheema, 1983; Davoodi and Zou 1998; Syaukani and Rashid, 2001; Fisman and Gatti, 2002; Devas and Grant 2003).

One of the aspects which are very crucial in decentralization is the problem of fiscal decentralization. Conceptually, the fiscal decentralization requires that any authority given to the region should be accompanied by the magnitude of financing in accordance with the authority of the burden. In other words, the Central Government is obliged to guarantee financial resources over the delegation of duties and authority from the Centre to the area. To respond to these problems, the Government published the law (25/2005) concerning at the fiscal balance transfers between the central governments and local governments. The fiscal balance transfers is comprised of the General Allocation Fund (DAU), Special Allocation Fund (DAK) and Revenue Sharing Fund (DBH). The fiscal balance transfers (DAU, DAK, and DBH) aimed at reducing inequality and interregional financial capability (horizontal imbalance). Other financing source is the Local Own-source Revenue (PAD) obtained from the local tax, retribution, the Regional Owned Enterprise's profit and other lawful local revenue. Kuncoro (2007) also mentioned that the PAD was only able to finance government spending the most high by 20%. This indicates that the independence of the region has not been fully implemented.

Strategies in allocating local expenditure plays a role that is no less important to improve the local revenue. In an effort to increase contributions of public to the local revenue, the allocation of capital expenditure should already be further improved so that people also enjoy the benefits of local development. Therefore, the regional

budget would be illogical if the proportion of the budget is a lot more to the routine expenditures (Abimanyu, 2005).

As one of Central Java province in Indonesia has felt the impact of the existence of a policy of decentralization, particularly in drawing up the local government budget (APBD). The process of preparing the Local Government Budget (APBD) often intermingled with political interests that led to capital expenditures to be not effective. Allocation of capital expenditure should be based on the needs of the local will be infrastructure, both for the smooth implementation of government or to the public facilities (Darwanto and Yustikasari, 2007 in Suparwati and Setyowati, 2012).

Various theories about the likely impact of decentralization to the HDI has been discussed by Scott (2006) and Brassard (2008). Meanwhile, from research in the country, Brata (2005) is to test how the influence of local government expenditures, especially education and health, private investment and distribution to income (Gini Index to the HDI). The results showed that the variable of government expenditures on education and health gives a positive influence to the human development, private investment variables effect negatively to the HDI, and Gini Index variable effect positively to the HDI.

Christy and Adi (2009) examines the district/town in Central Java Province (2004-2006) with the results of their research stating that DAU had positive influence towards capital expenditures as well as capital expenditures significantly influential to quality of human development. Furthermore, Syahril (2011) conducted a study with the title "The influence of the Local Own-source Revenue (PAD) and capital expenditures to the Human Development Index (HDI) at the districts/towns in North Sumatra Province". The research results showed that the Local Own-source Revenue (PAD) and capital expenditures significantly influential simultaneously against the Human Development Index (HDI). Partially, the Local Own-source Revenue (PAD) also has significantly against the Human Development Index (HDI), while capital expenditure has no effect to the Human Development Index (HDI). A similar study carried out by Lugastoro (2013) in East Java, found that the ratio of PAD and DAK towards capital expenditures significantly positive effect, while the negative effect of

variable the General Allocation Fund (DAU) significantly to the Human Development Index (HDI).

Based on problems that have been described above, this research aims to analyze the policy of local governments in using Local Own-source Revenue (PAD), General Allocation Funds (DAU), and Special Allocation Fund (DAK) in the using of capital expenditures and the analyze the impact of using to use towards improving the quality of human development (which in this study measured through HDI). The purpose of the study is expected to be able to answer the following research question: "Is it decentralized phenomena above also applies in the Province of Central Java?".

## **2. Theoretical Framework and Hypothesis Development**

### *2.1 Agency Theory*

Agency theory is rooted in economic theory, organizational theory, decision theory and sociology (Halim and Abdullah, 2006). Agency theory can be applied in the public sector, particularly in the government sector embraced a modern democracy (Lane, 2003 in Halim and Abdullah, 2006). Agency theory in the public sector describes the relationship between the vertical of the legislative (the principal) and the executive (the agent).

According to Halim and Abdullah (2006), the making and application of public policy is loaded with contractual issues, such as the asymmetry of information and conflict of interest. Therefore, the relationship of principal and agent could serve as an approach in analyzing public policy commitments. According to Scott (2011), asymmetry of information is distinguished into two, i.e., adverse selection and moral hazard. Adverse selection is a kind of asymmetry of information where there are parties directly involved in the Organization and has the organization information on the benefits, while the other parties who are not directly involved in the organization did not have the benefit of the same information. Moral hazard is a kind of asymmetry of information where there is a related party transaction for your organization, which can be observed directly over the transaction, while the other party is not able to do the same thing.

The interconnectedness of the agency theory in this research can be seen through the relationship between the central government with local government in channeling fund balances and also the relationship between the community by the Local House of People's Representatives (principal) with local governments (the agent). The central government delegates authority to local governments in managing the household of his territory alone. Therefore, as a consequence of such delegation of authority, the central government to decrease the fiscal balance transfers whose goal is to help local governments, both in fund governance needs everyday and give a better public service to the community. In addition, agency theory is also implied in the relationship with the local government and the community. Community as a principal resource has provided to the region in the form of payment of the Local Own-source Revenue (PAD), retribution and others to be able to increase the Local Own-source Revenue (PAD). Local governments as agents in this regard, it should give reciprocal to the community in the form of adequate public services, funded by the revenues of the local itself.

## 2.2. *Local Own-source Revenue (PAD)*

According to the law (33/2004), Local Own-source Revenue (PAD) is acceptance of the local acquired from sources within its territory its own loading based on local regulations in accordance with the legislation in force. Local Own-source Revenue (PAD) is the backbone of the financing area, therefore the ability carry out economy is measured from the magnitude of the contributions given by the Local Own-source Revenue (PAD) towards the Local Government Budget (APBD), the greater the contribution that can be given by the Local Own-source Revenue (PAD) towards the fiscal balance transfers means the less dependence of local authorities towards the help of the central government. In law (33/2004), sources of the Local Own-source Revenue (PAD) consists of: (1) local tax, (2) retribution, (3) the results of the local wealth management which is separated and (4) other lawful local revenue.

## 2.3. *Equalization Fund*

Based on law (32 and 33/2004) are containing the sense that the head area is given the authority to utilize the financial resources of its own and supported with financial equalization between the central and local government. This means that the financial relationship between the central and locals need to be rendered settings in such a way so that the needs of expenditure which will be the responsibility of the locals can be financed from the resources of the acceptance.

Based on regulation of the Minister of Home Affairs (13/2006), the fiscal balance transfers is divided into:

1) General Allocation Fund (DAU)

Based on law (33/2004), General Allocation Funds (DAU) is a fund sourced from the state budget are allocated with the goal of equitable's ability to finance interregional financial needs in the framework of the implementation of the decentralization. General Allocation Funds (DAU) is used to horizontal equalization, i.e. by closing the fiscal gap are between the needs of fiscal and economic potential that owned the locals. General Allocation Funds (DAU) is often called unconditional grants, because it is a kind of government transfers that are not tied to specific spending programs.

2) Special Allocation Fund

Based on law (33/2004), Special Allocation Fund (DAK) is funding that comes from the state budget, which is allocated to the regions to finance special needs which is the regional affairs and in accordance with national priorities by remaining attentive to the availability of funds in the state budget. Special Allocation Fund (DAK) is funds may also be referred to as funding infrastructure because it is a capital expenditure to finance investment procurement and/or improvements to the physical infrastructure and facilities with a long term economic. However, in certain circumstances, Special Allocation Fund (DAK) can also help the cost of operation and maintenance of specific facilities and infrastructure for a limited period.

3) Revenue Sharing Fund (DBH)

Based on law (33/2004), Revenue Sharing Fund (DBH) is a fund sourced from state budget, which are allocated to regions with the potential for producing locals based on a certain percentage figures to fund the needs of locals in the framework of the implementation of decentralization. The main purpose of the giving of the Revenue Sharing Fund (DBH) is to reduce the fiscal imbalances between the central and local government. Funds for the result itself can be sourced from taxes and natural resources. Funds for the balance of the funds Results are block grants as DAU so that management as well as their use is the authority of local governments. Specifically for DBH, the term block grants are actually less precise because there are several components of the DBH its use determined by the State based on the rule related (earmarking). These components include DBH forestry comes from Funds used for RHL Reforestation (forest and land rehabilitation), DBH Oil used for additional basic education budget and DBH excise tax that is used to increase the quality of the materials Baku, construction industry, construction of social environment, dissemination provisions in the field of customs and Excise taxable goods for the eradication of illegal. The portion wasn't too big and the earmarking of the three components above made a total of DBH DBH can be used flexibly through capital expenditure to make outputs DBH becomes insignificant in affecting the IPM. Therefore, the balance of funds in the form of DBH is not included as a variable in the study.

#### 4) Human Development Index (HDI)

The Human Development Index (HDI) was formed based on four indicators, namely life expectancy, the rate of literacy, the average of the old school and the capability of purchasing power (Marhaeni, *et al.*, 2008). Indicators life expectancy represents the dimensions of the longevity and healthy. Furthermore, the number of literacy and average output from the old school reflects the dimension of knowledge. As for the ability of purchasing power indicator used to measure the dimensions of the life it deserves. IPM is expressed in a scale of 0 (the level of the lowest human development) to 1 (the highest level of human



development). It should be noted that the HDI measures human development levels are relatively, not absolutely.

#### 2.4 Hypothesis Development

- 1) The influence of the Local Own-source Revenue (PAD) towards the Human Development Index (HDI)

The Local Own-source Revenue (PAD) is high should be able to make the government more passionate in building a public service that is adequate for the community (Mahmudi, 2010). This hypothesized will be able to improve the human development index in the area. The success of the local government in improving his PAD is directly proportional to the level of independence of the locals. Independence it became interesting points to be discussed because each region certainly are having the status of territories and resources are different from each other.

**H<sub>1</sub>:** The Local Own-source Revenue (PAD) is positively effect to the Human Development Index

- 2) The Influence of the General Allocation of Funds towards the Human Development Index

The General Allocation Fund (DAU) role in the equitable horizontal equalization, i.e. by closing the fiscal gap between the needs of fiscal and economic potential that owned the locals. Christy and Adi (2009) examines the district/town in Central Java Province (2004-2006) with the results of his research stating that DAU had positively influence towards capital expenditures as well as capital expenditures significantly influential to the quality of human development.

**H<sub>2</sub>:** General Allocation Fund is positively effect to the Human Development Index

3) The influence of the Special Allocation Funds towards the Human Development Index

Special Allocation Fund (DAK) can also be referred to as funding infrastructure because it is a capital expenditure to finance investment procurement and/or improvements to the physical infrastructure and facilities with a long economic lifespan. However, in certain circumstances, DAK can also help the cost of operation and maintenance of specific facilities and infrastructure for a limited period. Lugastoro (2013) in her research found that the ratio of DAK against influential positive capital expenditures significantly to IPM.

**H<sub>3</sub>:** Special Allocation Funds is positively effect to the Human Development Index

### 3. Research Method

The population in this research is all the regency and city in Central Java Province. The determination of the sampling done by using *purposive sampling method* (Ghozali, 2012). As for the criteria of the samples used in this study are as follows:

- 1) Statement of Budget Realization per 31 December (2010-2012);
- 2) Have the data complete and consistent of the HDI (2010-2012); and
- 3) Have a complete and consistent data in the form of PAD, DAU, DAK, Capital Expenditures and HDI.

Data source this study is secondary data. The Budget realization report and the districts/cities Human Development Index in Central Java Province is taken from the official website of Directorate-General of Regional Fiscal Balance ([www.djpk.kemenkeu.go.id](http://www.djpk.kemenkeu.go.id)) and the Central Bureau of Statistics ([www.bps.go.id](http://www.bps.go.id)). This research uses 24 samples out of 35 districts/cities in Central Java Province. It refers to the determination criteria of the samples above.

The method of data analysis is using *multiple linear regression*, with a mathematical model as follows:

$$IPMit = \beta_1 + \beta_2PADit + \beta_3DAUit + \beta_4DAKit + \varepsilon$$

where:

IPMit = Human Development Index

PADit = Ratio of the Local Own-source Revenue (PAD) towards Capital Expenditures (PAD/BM)

DAUit = Ratio of the General Allocation Fund (DAU) towards capital expenditures (DAU/BM)

DAKit = Ratio of the Special Allocation Fund (DAK) towards capital expenditures (DAK/BM)

Data processing is carried out using SPSS program. Testing conducted include a classic assumption test (normality, multicollinieritas, auto-correlation, and heteroscedasticity), t-test and F-test as well as the coefficient of determinant ( $R^2$ ).

## 4. Result and Discussion

### 4.1. Descriptive Statistics Results

Table 1.

Descriptive Statistics Result

Variables	N	Minimum	Maximum	Mean	Deviation Standard
IPM	72	6820,00	7860,00	7275,7639	222,47719
PAD	72	31,00	214,00	80,6528	38,60787
DAU	72	194,00	1809,00	513,2639	276,36825
DAK	72	0,00	182,00	52,5278	34,98530

Based on the table, DAU variable has the greatest standard deviation (276.36825) compared to other variables. Standard deviation is a reflection of the average deviation from the mean value of the data.

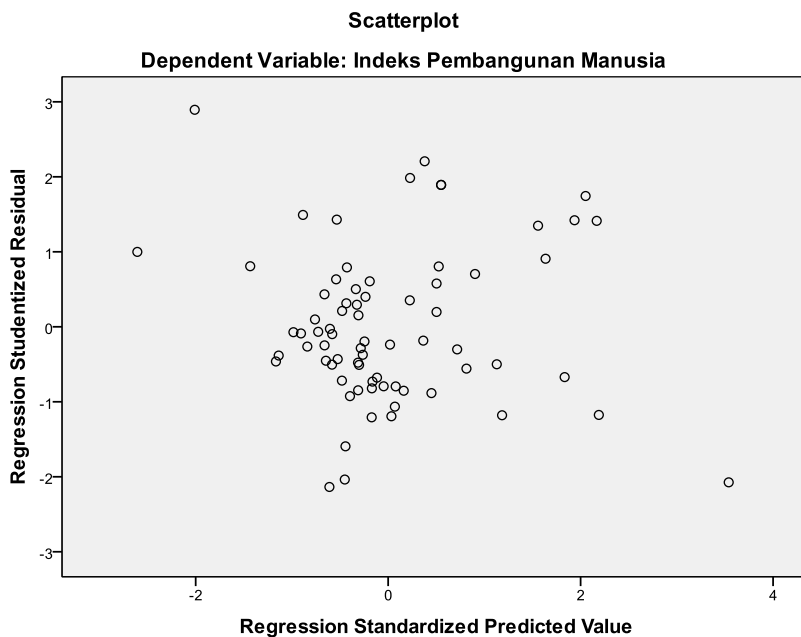
4.2. Classic Assumption Test Results

Prior to testing the hypothesis, first performed a classic assumption test that includes a test of normality, multicollinearity, auto-correlation, and heterocedasticity with the results presented in the following table:

Table 2.  
Classic Assumption Test Results

Classic Assumptions	Tests	Results
Normality	One-Sample K-S Test	0,517
Auto-correlation	Durbin Watson Test	1,734
Multicollinearity	Tolerance:	
	PAD	0,660
	DAU	0,138
	DAK	0,161
	VIF:	
	PAD	1,516
	DAU	7,253
	DAK	6,196

Heterocedasticity test results:



The testing normality with the Kolmogorov-Smirnov showed normal distributed data as evidenced by the value significance of 0.517 ( $> 0.05$ ). Auto-correlation test results show the value of DW (Durbin-Watson) produced was of 1.734, while with the number of  $N = 72$  retrieved value  $dU = 1.709$  so  $4-dU = 2.291$ . The value of the 1.734 DW lies between value of  $dU (1.709)$  and  $4-dU (2.291)$ , which is the area free of auto-correlation. This means that the research data do not contain symptoms of autocorrelation. Furthermore, the results of the test multicollinieritas in the table above shows that the value of tolerance (0.660; 0.138; 0.161) for all variables is greater than 0.1 and so does the value of the VIF (1.516; 7.253; 6.196) for all variables is smaller than 10. This means multicollinieritas symptom did not occur in these regression models. Lastly, the test results show that the heterokedastisitas points on graphs scatterplots spread randomly, either above or below the 0 on the Y axis. It can be inferred that the symptom does not occur heteroscedasticity on the regression model.

#### 4.3. Hypothesis Test Results

The results of this research hypothesis testing in brief is presented as follows:

Table 3.  
Hypothesis Test Results

Variables	t-test/Sig.	F-test/Sig.	Adj. R Square
PAD	5,139/0,000	15,049/0,000	0,373
DAU	-0,024/0,981		
DAK	-2,554/0,013		

Based on the results of hypothesis testing on table 3, PAD of the HDI has positive and significant effect. Thus,  $H_0$  is rejected and the  $H_1$  is accepted. Variable PAD or PAD/BM has a positive coefficient of 5.139, which means any increase in 1 unit ratio PAD/BM increases HDI to 3.43.

Next to the variable ratio or DAU DAU/BM obtained different results than the other independent variables. From table 3 to see that the variable is the only DAU variables negative effect is not significantly to IPM, where the value of their

significance of 0.981 ( $> 0.05$ ) and the value of the coefficient of 0.24. Thus, H0 H2 accepted and rejected. This means any increase in 1 unit ratio DAU/BM will not cause the increase/decrease in HDI. Because the variable DAU is insignificant, the discussion should be focus on knowing why variable of DAU are not significantly affect IPM. DAU is mostly used for employee expenditures, rather than capital expenditures. This can be seen from the formulation components that incorporate DAU basic allocation as the main component which dominates the whole DAU received by the regions. The basic allocation is the allocation of the budget used to shop for employees.

The next test results indicate that the variable DAK or DAK ratio/BM negative effect significantly to IPM. Significance value obtained of 0.013 ( $< 0.05$ ) and the value of the coefficient of 2.554. Thus, H0 H3 accepted and rejected. This means that any increase in the ratio of 1 unit of DAK/BM will cause a decrease in HDI of 2.56.

Simultaneous hypothesis testing results indicate that PAD, DAU, and DAK effect significantly to IPM. This can be seen from the significance value obtained of 0.000 ( $< 0.05$ ). Thus, H0 is rejected and H4 are accepted. The results of this research is in line with the argument of Mardiasmo (2002) which States that local governments need to further closer on a range of basic services to the community. The efforts that the government is expected to provide a meaningful impact for improving the quality of human development (which in this study measured through HDI). Adjusted R Square value is 0.373 variable indicates that the human development index is capable of independent variable explained by the form of the Local Own-source Revenue (PAD), the General Allocation Fund and the Fund Special Allocation of 37.3% and 62.7% of the remainder described by the other independent variables outside of this research model.

## 5. Conclusions, Implications and Limitations

---

### 5.1. *The Conclusions*

Based on hypothesis testing research on the previous section, the results of this research can be summed up as follows:

- 1) Local Own-source Revenue (PAD) affects significantly and positive towards Human Development Index (HDI) districts/cities in Central Java Province. It can be assumed that the greater ability of the PAD in financing capital expenditures will be able improve IPM. The results of this study are in line with the results of previous studies ever undertaken by Syahril (2011) and Lugastoro (2013).
- 2) General Allocation Fund (DAU) affects insignificantly and negative towards the Human Development Index (HDI) districts/cities in Central Java Province. It can be assumed that the ability of the General Allocation Fund (DAU) in financing capital expenditures does not affect the HDI. The results of this research across research results before ever undertaken by Christy and Adi (2009).
- 3) Special Allocation Fund affects significantly and negative to Human Development Index (HDI) districts/cities in Central Java Province. It can be assumed that the greater ability of the DAK in financing capital expenditures will be lower the HDI. The results of this research were not in line with the results of previous studies ever undertaken by Lugastoro (2013), where the variables are positively influential DAK significantly to IPM.
- 4) Local Own-source Revenue (PAD), General Allocation Funds (DAU), and Special Allocation Funds (DAK) effect significantly and effect against the Human Development Index (HDI) districts/cities in Central Java Province. Thus, this meaning that the hypothesis of the researchers as expected ( $H_0$  is rejected, the  $H_a$  is received). The study results also support the theories presented by Mahmudi (2010) in his book, which mentions that the success of local governments in improving his PAD is directly proportional to the level of independence of the local. This hypothesized will be able to improve the Human Development Index in the local.

### 5.2. *Implications for Research*

From the discussion of the results of the research in the previous section, Central Java Province was categorized as quite successful in exploring its PAD potentials along with the use of most of the PAD for capital expenditure. This will indirectly increase the Human Development Index (HDI) in the province. The success of the local governments in the Central Java Province is in achieving the independence area must appreciated because this is the essence of holding decentralized or autonomous region. The implications of the research can be drawn is that the spirit of decentralization to increase self-sufficiency through the fiscal independence of the region in efforts to increase the PAD should have been a serious concern for those areas that have not been reach it. However, to consider also that efforts increased PAD should see the resources and capabilities of the area so there happen to trade off, where desire desirous to push up PAD thus became a lethal potential disincentive economic (investment) area. This condition occurs if the local government makes a lot of policies through regional regulations (Perda) taxes and retributions, without seeing the ability of the region itself so that it makes the public burdened and makes investors reluctant to invest or expand their business in the local.

### *5.3. The Limitations of the Research*

This study certainly did not escape from many of the limitations inherent in it. Some of the limitations of which the researcher uses a three-year period, the scope of sampling observations just districts/cities in Central Java Province as well as the value of the determinant of the coefficients only 37.3% indicates that there is still other independent variables that can still be dug.

## **References**

- Abimanyu, Anggito. 2005. *Format Anggaran Terpadu Menghilangkan Tumpang Tindih*. Bapekki Depkeu.
- Badan Pusat Statistik. 2014. *Indeks Pembangunan Manusia dan Komponennya, 2010-2012*. <http://www.bps.go.id>, diakses pada tanggal 08 Juni 2014.



- Brassard, C. 2008. Decentralization, Democratization and Development in Bhutan. *Working Paper*, February, Lee Kuan Yew School of Public Policy, National University of Singapore.
- Brata, A.G. 2005. *Investasi Sektor Publik Lokal, Pembangunan Manusia, dan Kemiskinan*. Yogyakarta: Lembaga Penelitian-Universitas Atma Jaya.
- Christy, Fhino Andrea dan Priyo Hari Adi. 2009. *Hubungan Antara Dana Alokasi Umum, Belanja Modal dan Kualitas Pembangunan Manusia*. The 3rd National Conference UKWMS, Surabaya.
- Davoodi, H. & Zou, H.F. 1998. Fiscal Decentralization and Economic Growth: A Cross-Country Study. *Journal of Urban Economics*, 43: 244-257.
- Devas, N. & Grant, U. 2003. Local Government Decision-Making-Citizen Participation and Local Accountability: Some Evidence from Kenya and Uganda. *Public Administration and Development*, 23.
- Direktorat Jenderal Perimbangan Keuangan. 2010. *LGF Realisasi (Annual)*. <http://www.djpk.kemenkeu.go.id/> diakses pada 20 Mei 2014.
- \_\_\_\_\_. 2011. *LGF Realisasi (Annual) update per 3 November 2012*. <http://www.djpk.depkeu.go.id/> diakses pada 20 Mei 2014.
- \_\_\_\_\_. 2012. *LGF Realisasi (Annual) update per 20 Oktober 2013*. <http://www.djpk.depkeu.go.id/> diakses pada 20 Mei 2014.
- Fisman, R. & Gatti, R. 2002. Decentralization and Corruption: Evidence across Countries. *Journal of Public Economics*, 83: 325–345.
- Ghozali, Imam. 2012. *Aplikasi Analisis Multivariate dengan Program IBM SPSS 20 Edisi 6*. Semarang: Badan Penerbit UNDIP.
- Halim, Abdul & Abdullah, Syukriy. Hubungan dan Masalah Keagenan di Pemerintah Daerah: Sebuah Peluang Penelitian Anggaran dan Akuntansi. *Jurnal Akuntansi Pemerintahan*, 2 (1): 53-64.
- Kuncoro, Haryo. 2007. *Fenomena Flypaper Effect pada Kinerja Keuangan Pemerintah Daerah Kota dan Kabupaten di Indonesia*. Simposium Nasional Akuntansi X.
- Lugastoro, Dectra Pitron. 2013. *Analisis Pengaruh PAD dan Dana Perimbangan terhadap Indeks Pembangunan Manusia Kabupaten/Kota di Jawa Timur*.
- Mahmudi. 2010. *Manajemen Kinerja Sektor Publik*. Yogyakarta: UPP STIM YKPN
- Mardiasmo. 2002. *Otonomi Daerah Sebagai Upaya Memperkokoh Basis Perekonomian Daerah*. Makalah. Disampaikan dalam seminar pendalaman ekonomi rakyat.

- Marhaeni, Harmawanti; Sri Yati dan Bambang Tribudhi M. 2008. *Indeks Pembangunan Manusia Tahun 2006-2007*. Jakarta: Badan Pusat Statistik.
- Rondinelli, D.A. & Cheema, G.S. 1983. Implementing Decentralization Policies: An Introduction, in *Decentralization and Development: Policy Implementation in Developing Countries*, edited by G.S. Cheema & Rondinelli, D.A., Beverly Hills, California, Sage.
- Scott, T. 2006. *Decentralization and Human Development: Findings and Recommendations from a Review of National Human Development Reports*. United Nations Development Programme, National Human Development Report Unit, Bureau for Development Policy.
- Scott, William R. 2011. *Financial Accounting Theory*, 6th Edition, USA: Prentice Hall.
- Setyowati, Lilis dan Yohana Kus Suparwati. 2012. Pengaruh Pertumbuhan Ekonomi, DAU, DAK, PAD dengan Pengalokasian Anggaran Belanja Modal sebagai Variabel Intervening (Studi Empiri pada Pemerintah Kabupaten dan Kota se-Jawa Tengah). *Jurnal Prestasi* Vol. 9 No. 1.
- Syahril. 2011. *Pengaruh Pendapatan Asli Daerah dan Belanja Modal terhadap Indeks Pembangunan Manusia pada Kabupaten/Kota di Provinsi Sumatera Utara*.
- Syaukani, A.G. & Rasyid, R. 2001. *Otonomi Daerah dalam Negara Kesatuan*. Yogyakarta: Pusat Pengkajian Etika Politik dan Pemerintahan.
- Republik Indonesia. *UU Nomor 25 Tahun 2005 tentang Perimbangan Keuangan Antara Pemerintah Pusat dan Daerah*. Kementerian Dalam Negeri, Jakarta.
- \_\_\_\_\_. *UU Nomor 32 Tahun 2004 tentang Pemerintahan Daerah*. Kementerian Dalam Negeri, Jakarta.
- \_\_\_\_\_. *UU Nomor 33 Tahun 2004 tentang Perimbangan Keuangan Antara Pemerintah Pusat dan Pemerintahan Daerah*.
- \_\_\_\_\_. *Peraturan Menteri Dalam Negeri Nomor 13 Tahun 2006 tentang Pedoman Pengelolaan Keuangan Daerah*.
- UNDP. 2004. *Indonesia, Indeks Pembangunan Manusia*. <http://www.undp.or.id>, diakses pada 10 Juni 2014.