

DAU, DBH, and PED Ability in Moderating the Effect of PAD on HDI and DSD of Districts / City in Bali Province

I Ketut Sujana* Ni Luh Sari Widhiyani I Dewa Gde Dharma Suputra
Accounting Department, Economic and Business Faculty, Udayana University, Denpasar, Indonesia

Abstract

It is alleged the effect of PAD on IPMD and DSD is not always linear due to existence of contingent factors; three of them are DAU, DBH, and PED. This study purposes are two. First is to determine the effect of PAD, DAU, DBH, and PED on IPMD and DSD. Second is to determine the ability of DAU, DBH, and PED to moderate the effect of PAD on IPMD and DSD. This research uses Qualitative and quantitative data from published secondary data of BPS, Setda, or Bappeda of district / City in Bali Province. The collected data is analyzed by Moderated Regression Analysis (MRA). Hypothesis test results indicate PAD, DAU and DBH does not have significant effect on IPMD. DAU and DBH unable to moderate the effect of PAD on IPMD. PAD and DBH affect on DSD. DAU and PED does not have significant effect on DSD. DBH can moderate the effect PAD on DSD. DAU and PED cannot moderate the effect of PAD on DSD.

Keywords: PAD, DAU, DBH, PED, IPMD, AND DSD

Glossary

PAD = Local Revenue
IPMD = Local Human Development Index
DSD = Local Competitiveness
DAU = General Allocation Fund
DBH = Profit Sharing Fund
PED = Local Economic Development

INTRODUCTION

Indonesia Global competitiveness rank in The Global Competitiveness Report 2013-2014 risen to 34 in 2014 from rank 46 in previous year but still ranked below Singapore, Malaysia, and Thailand. Meanwhile, Indonesia's Human Development Index (HDI) in 2014 was increased to 108 from 112 rankings in 2013 but is still the lowest IN ASEAN and even same as the HDI rank OF South Africa.

Low national competitiveness is a reflection of local competitiveness condition. Local government plays an important role to take responsibility to fix it. As emphasized by Chairman of DPD RI, Irman Gusman (2012) that governments have an important role to develop the local competitiveness in order to increase national competitiveness.

Performance of local competitiveness is not good precedent for the effectiveness of fiscal decentralization policy as part of national development strategies through strengthening of local autonomy. As criticism conveyed by Sudarsono Hardjosoekarto (2012), until before the eight-year implementation of Law No. 32 year 2004, there are still very few who realize the importance of implementation of Article 2, paragraph 3 of Law 32 year 2004 which confirms that purpose of local administration is to improve public services, improve social welfare and enhance the local competitiveness.

Fiscal decentralization policy provides greater fiscal powers to locals and government and also provides stimulus of matching grand transfer to cover the local's fiscal imbalances. Policy of fiscal decentralization can increase the local's fiscal capacity. However, effectiveness of the increase is not consistent with goals of fiscal decentralization policy, at least, can be seen from the condition of local competitiveness.

This connection is certainly questionable. First, how far the increase in revenue (in line with policy of fiscal decentralization) have increased IPMD and DSD, and secondly, is grants transfer (DAU) from the central government to local government and DBH can have a positive effect on IPMD and DSD. When the PAD, DAU and DBH insignificantly increase IPMD and DSD, the affectivity and efficiency of local employment programs funded from three sources of funds become questionable.

Normatively, higher local fiscal capacity (PAD) makes government has sufficient funds for the realization of work programs to improve IPMD and DSD. However, with reality the IPMD and DSD are still poor at when revenue increase (as the effect of fiscal decentralization policy). It does not necessarily / linear to increase IPMD and DSD. It indicates that contingency factors play a role in it. Some of factors that should be assumed has potential contingencies to moderate the effect on local's fiscal capacity and DSD IPMD are: capital expenditure, innovation, DAU, and local economic growth / PED.

Based on above explanation, it is important and urgent to review the ability of contingency factors to moderate the positive affect of local fiscal capacity on IPMD and DSD. Local economic growth (PED) is one

important contingency with moderation ability. The reason are, first, key assumptions in budget preparation, and secondly, using PED as moderation variables can be obtained by empirical evidence of economic policy synergy (which stimulate PED) to increase the local financial performance (in this case is the local fiscal capacity).

Based on above description, this study purposes are follows: 1) to determine the effect of PAD, DAU, DBH, and PED on HDI and DSD, 2) To determine the ability of DAU, DBH, and PED to moderate the effect of PAD on HDI, 3) To determine the ability of DAU, DBH, and PED to moderate effect of PAD on DSD

THEORETICAL STUDY AND RESEARCH HYPOTHESES

Fiscal decentralization and federalism theory

Decentralization can be interpreted as a delegation of authority from the central government to other levels of governments at bottom. Theoretically, there are several types of decentralization, namely political decentralization, administrative decentralization and fiscal decentralization (Khusaini, 2006).

Fiscal federalism theory is a theory that explains how the relationship of decentralization and economy, public services and social welfare. Various studies on fiscal federalism (fiscal federalism) show two theories to explain perspective of economic effect of decentralization, namely traditional theories (first generation theories) and new perspective theories (second generation theories).

Local Human Development Index

HDI was developed in 1990 by Indian Nobel Prize winner of Amartya Sen and Pakistani economist Mahbub ul Haq, and assisted by Gustav Ranis of Yale University and Lord Meghnad Desai of London School of Economics. This index is more focused to something more sensitive and useful than just a per capita income. This index is also useful as a bridge for serious researchers to see more detail of human development report.

Human development puts man as the ultimate goal of development and not a development tool. This concurs with Anand and Sen (1996) which says that humans are primary creatures and primary development tool. Ranis et al. (2005) says there are 12 categories in human development. They are HDI itself, mental wellbeing, empowerment, political liberties, social relations, community welfare, inequality, working conditions, recreation conditions, political and security, economic security, and environmental conditions. The success of a human development can be seen from how many fundamental problem in society can be resolved (Setyowati and Suparwati, 2012).

Sumiyati (2011) states that if the status of human development is still at low criteria, this means the human development performance should be improved or still require special attention. Similarly, if the status of human development are in middle criteria, it still needs to be improved or optimized.

Local Competitiveness

Economists generally define competitiveness as the combined results of comparative advantage (market distortion), both of occurred because of government policy (intervention) and market imperfections (Sharple, 1990). According to mandate of Indonesian Government Regulation No. 6 year 2008, in order to maximize the competitiveness aspects of local, the focus of locals economic capability are:

1. Household consumption per capita is the average the household expenditure per capita.
2. Comparison of production factors to product to describe farmer exchange rate as the ratio between the index received (It) and paid (Ib).
3. Household percentage for non-food consumption as proportion of total expenditure.
4. Productivity per local sectors (9 sectors) is the amount of GDP of each sector divided by total labor force in the sector.

PAD and the effect on IPMD and DSD

PAD is earned local income based on Local Regulation in accordance with legislation (Act No. 33 year 2004). PAD has the goal to give authority to local governments to fund the implementation of autonomy in accordance with local potential. Law No. 33 year 2004 on Financial Balance between the Central Government and Local Government said that revenue source (PAD) are:

- 1) local taxes
- 2) retribution
- 3) company-owned local and separated local wealth management income
- 4) Other legal PAD, as the income sourced from local revenue other than Local Tax, Local retributions, and enterprises.

PAD increases in line with policy of fiscal decentralization to improve the local's ability to provide funds to be allocated to various programs / activities that can improve IPMD and DSD. Based on above explanation, the research hypotheses can be stated below.

Ha.1a: PAD has significant effect on IPMD

Ha.1b: PAD has significant effect on DSD

DAU and the effect on IPMD and DSD

DAU is a fund from Central Budget Fund allocated to create equality among the locals financial to fund the local needs in implementation of Decentralization (Law No. 33 year 2004). DAU itself is one component of equalization fund in state budget allocation based on a concept of Fiscal Gap as the difference between Fiscal Need and Fiscal Capacity. DAU is intended as an instrument to overcome the horizontal imbalances allocated to bring equality to financial capacity among the locals where the usage is determined entirely by local (block grants).

DAU is addition funds for local governments that could be used to double the local expenditure in associated with various programs and activities that lead to increased IPMD and DSD. Based on above explanation, the research hypotheses can be stated below.

Ha.2a: DAU has significant effect on IPMD

Ha.2b: DAU has significant effect on DSD

DBH and the effect on IPMD and DSD

DBH (revenue sharing fund) is a fund from Central Budget Fund allocated to a local percentage to finance the local needs in implementation of Decentralization (Article 1, Regulation No. 55 year 2005). DBH is Matching Grant (Article 2, Regulation No. 55 year 2005) sourced from taxes and natural resources (Article 3, PP No. 55 year 2005). DBH come from following taxes: UN, BPHTB and WPOPDN Tax and Income Tax. Article 21 (Article 4, Regulation No. 55 year 2005) explains the DBH from natural resource is derived from: Forestry, Mining General, Fisheries, Mining Crude oil, Mining and Gas and Geothermal Mining (article 15, Regulation No. 55 year 2005).

Same as DAU, DBH are also additional funds for local governments that can be used to double the funds allocated for the various programs / activities as an efforts to increase IPMD and DSD. Based on above explanation, the research hypotheses can be stated below.

Ha.3a: DBH has significant effect on IPMD

Ha.3b: DBH has significant effect on DSD

PED and its effect on IPMD and DSD

Local economic growth (PED) can be interpreted as economic development activities to produce goods and services within community to grow and increase the prosperity of society. Economic growth can also be interpreted as an increase in Gross Domestic Product (GDP) or Gross National Product (GNP) regardless of whether the increase was greater or less than the rate of population growth or whether changes in economic structures occurs or not (Arsyad, 1999). If linked with local, it is equal with local gross domestic product / GRDP.

Local economic growth (PED) is local ability to supply goods and services to public in large numbers to increase the living standards with an effect to reduce the unemployment rate in long term. This means that higher local economic growth means increasing the local's ability to meet goods and services that can be met through the allocation of capital expenditures. It can accelerate the increase IPMD and DSD

Based on above it can be said that local economic growth as indicated higher GDP is a factor for local governments to boost capital expenditure to accelerate IMPD and DSD. Based on above explanation, the research hypotheses can be stated below.

Ha.4a: PED has significant effect on IPMD

Ha.4b: PED has significant effect on DSD

DAU, DBH and PED Ability to moderate the effect of PAD on IPMD and DSD

DAU is calculated by fiscal gap approach as the difference between the fiscal needs deducted by fiscal capacity and Basic AD Allocation is civil servants salaries. This means that DAU provides additional funds for the local other than the local income derived from PAD, DBH Taxes, and DBH Natural Resources to fund the work programs. Normatively, DAU as additional local revenue will be very meaningful to stimulate a positive effect on IPMD, PAD and DSD. Based on above explanation, the research hypotheses can be stated below.

Ha.5a: DAU moderates the positive affect of PAD on IPMD

Ha.5b: DAU moderates the positive affect of PAD on DSD

Profit sharing fund or DBH is come from Central Budget Fund allocated to locals based on percentage to finance the local needs in implementation of Decentralization. DBH is implemented with principles according to source, in sense that part of revenues is shared based on local. The principle applies to all components of DBH, except DBH fisheries divided equally to all districts / cities. In addition, distribution of taxes and SDA and DBH are carried out by realization of current budget year. Based on source, it is distinguished in DBH for Taxation

and Natural Resources (DBH SDA). DBH sourced from taxes consist of Revenue Land and Building Tax (PBB), Tax on Acquisition of Land and Building (BPHTB) and Income Tax (VAT) of Article 25 and Article 29 of individual taxpayer and PPh Article 21.

Based on above it can be seen that most of DBH is allocated to district / City to adds local revenue that can be allocated to fund programs / government. Based on above explanation, the research hypotheses can be stated below.

Ha.6a: DBH moderate positive affect of PAD on IPMD

Ha.6b: DBH moderate positive affect of PAD on DSD

Economic growth, according to Susanti, et al (2000) shows the extent economic activity would generate additional income to people in a given period. The indicators used to measure local economic growth (PED) is growth rate of Gross Domestic Product (GDP) or the GDP at local level which reflects the amount of added value produced by all productive activity in economy. The growth of local economy is indicated by increase in GDP or the GDP per capita. Higher GDP or the GDP per capita makes government has an additional resource to moderate/increase the effect on capital expenditure and revenue, second, to moderate / increase the interaction effect of PAD and DAU or PAD on capital expenditure. Based on above explanation, the research hypotheses can be stated below.

Ha.7a: PED moderate the significant effect of PAD on IPMD

Ha.7b: PED moderate the significant effect of PAD on DSD

RESEARCH METHODS

Research sites

This research was conducted at Finance Bureau and Central Bureau of Statistics in Bali Province. The scope of this study is the Regency / City in Bali Province.

Research object

The research object is the Local Revenue, General Allocation Fund, Special Allocation Fund, Surplus Budget Financing, Capital Expenditure and Human Development Index in Bali Province from 2008-2013.

Variables identification

The variables used in this study can be identified as follows:

1. Dependent variables (Y) are variable affected by independent variables (Sugiyono, 2010: 59). The dependent variable in this study is the Local Human Development Index (IPMD) and Local Competitiveness (DSD).
2. Independent variables (X) are variables affecting the dependent variable (Sugiyono, 2010: 59). The independent variables in this study are Local Revenue (PAD).
3. Moderation variables are variables affecting (strengthen or weaken) the effect of independent variables on dependent variables (Sugiyono, 2010: 60). Moderation variables in this study are the General Allocation Fund (DAU), Profit Sharing Fund (DBH), and Local Economic Growth (PED).

Types and Data Sources

This study uses quantitative data from realization reports of budget 2009-2015, and Human Development Index (HDI) tables of all districts / municipalities in Bali Province from 2010-2015. The secondary data is derived from the documents contained in Bali Provincial Finance Bureau Year 2009-2015 for Budget Realization Report and Tables of Human Development Index (HDI) 2010-2015 issued by Central Bureau of Statistics of Bali Province.

Population, Sample and Sampling Methods

The study populations are all budget realization report from regencies / municipalities in Bali Province for 2009-2015, and Human Development Index in Bali Province 2010-2015. The sampling method is saturated samples. Sugiyono (2014) states that saturated sample is sampling technique when all members of population used as a sample.

Data is collected by a non-participant observation method, where researchers perform observation as data collection without being dragged out of observed phenomena. Data is collected from the Bali Provincial Finance Bureau and Central Bureau of Statistics of Bali Province, official website of Directorate General of Fiscal Balance and previous studies and books that support the argument of this study.

Data Analysis Technique

The data is analyzed by Moderated Regression Analysis (MRA) through Statistical Product and Service Solutions (SPSS). The analysis stages are classic assumption test, formulation of a model Moderated Regression

Analysis (MRA), suitability of model test (test F), coefficient of determination (R^2), and t test.

RESULTS AND DISCUSSION

Classical Assumption Test Results

This study covers nine districts / municipalities in Bali province.. It uses pooled data or panel data covering nine districts / cities that provided the initial data of 45 observations. Details of classic assumption test results are described below.

Normality is tested by Kolmogorov-Smirnov (K-S). The results show that Kolmogorov-Smirnov (K-S) was 1,146 and value of Asymp. Sig. (2-tailed) of 0.534 greater than 0.05 Alpha. It can be said the data are distributed normally.

Autocorrelation is tested by Durbin-Watson. The test results showed that DW value is 1.417 for the regression model with dependent variables HDI and 1.351 for dependent variables of DSD. Both the DW value is greater than du smaller than $4 - du$. It means there are no autocorrelation.

Multicollinearity is tested by looking at tolerance value and variance inflation factor (VIF). The results show that for the PAD, DAU, DBH, and PED variables have tolerance > 0.1 and VIF < 10 . It can be concluded that there are no symptoms of multicollinearity in data of this study.

Heteroscedasticity is tested by Glejser test. The result shows no heteroskedasticity, significant value of independent variables on absolute residuals are greater than $\alpha = 0.05$.

Conformance Test Model (F test) showed that p-value respectively by 0,038 and 0,000 are smaller than the value of $\alpha = 0.05$, which indicates both the research model is feasible to be used as an analysis tool to test the research hypothesis.

Analysis of coefficient (adjusted R^2) of independent variables showed that Adjusted R^2 value of 22.9%, which means that 22.9% variation IPMD changes can be explained by PAD, DAU, DBH, and moderation variable, while the remaining 77.1% is affected by other variables outside the model.

Adjusted R^2 value of 55.6% means that 55.6% of variation changes Local Competitiveness can be explained by PAD, DAU, DBH, and moderation variable, while the remaining 44.4% is affected by other variables outside the model.

Moderated Regression Analysis (MRA)

Tests were conducted to determine whether a variable is moderation variable. Regression to test the interaction between the variables is called Moderated Regression Analysis (MRA). MRA Analysis processed with SPSS.

Hypotheses Test Results (t test)

Hypotheses test (t test) in table 1 is done to show the effect of independent variable and moderation variables in explaining the variation of dependent variable. Hypotheses test (t test) is done by comparing the value of significance of P-Value in Table 1 with $\alpha = 0.05$.

Table 1. Test Result of Moderated Regression Analysis (MRA)

Model		Unstandardized Coefficients		Standardized Coefficients	Sig.	Test Results
		B	Std. Error	Beta		
1	(Constant)	54.800	12.356		.000	
	PAD	1.287E-10	.000	2.443	.352	Rejected
	DAU	1.761E-11	.000	.535	.423	Rejected
	DBH	3.176E-11	.000	.060	.905	Rejected
	PED	224.761	269.456	.346	.413	Rejected
	PAD_DAU	-3.809E-24	.000	-.043	.978	Rejected
	PAD_DBH	-1.658E-21	.000	-1.050	.416	Rejected
	PAD_PED	-1.864E-9	.000	-2.120	.499	Rejected
a. Dependent Variable: IPMD						

Hypothesis Testing of Ha.1a: PAD positive has effect on IPMD

Testing the effect of PAD on IPMD has P-Value of 3.52 greater than $\alpha = 0.05$, with a beta coefficient 1,287e-10. PAD has positive but insignificant effect on IPMD. It means the test results reject the hypothesis Ha.1a that PAD has significant effect effect on IPMD.

Hypothesis Testing of Ha.2a: DAU has a significant effect on IPMD

Testing the effect of DAU on IPMD has P-Value of 0.423 P greater than $\alpha = 0.05$, with a beta coefficient of 1,761e-11. DAU has positive but insignificant effect on IPMD. It means the test results reject the hypothesis Ha.2a that DAU has significant effect effect on IPMD.

Hypothesis Testing of Ha.3a: DBH significant effect on IPMD

Testing the effect of DBH on IPMD has P value of 0.905 greater than $\alpha = 0.05$, with a beta coefficient 224.761. DBH has positive but insignificant effect on IPMD. It means the test results reject the hypothesis Ha.3a that DBH has significant effect effect on IPMD.

Hypothesis Testing of Ha.4a: PED significant effect on IPMD

Testing the effect of PED on IPMD has P-value of 0.413 greater than $\alpha = 0.05$, with a beta coefficient 3,176e-11. PED has positive but insignificant effect on IPMD. It means the test results reject the hypothesis Ha.4a that PED significant effect effect on IPMD.

Hypothesis Testing of Ha.5a: DAU moderate the significant effect of PAD on IPMD

Testing the effect of DAU to moderate the effect of PAD on IPMD has P-Value of 0.978 greater than $\alpha = 0.05$, with a beta coefficient -3,8092e-24. DAU decreases the effect of PAD on IPMD but insignificantly. It means the test results reject the hypothesis Ha.5a that DAU moderate the significant effect of PAD on IPMD.

Hypothesis Testing Ha.6a: DBH moderate the significant effect of PAD on IPMD

DBH ability to moderate the effect of PAD on IPMD has P- value of 0.416 greater than $\alpha = 0.05$, with a beta coefficient -1.658E-21. DBH means decrease the effect of PAD on IPMD but insignificantly. It means the test results reject the hypothesis Ha.6a that DBH moderate the significant effect of PAD on IPMD

Hypothesis Testing Ha.7a: PED moderate the significant effect of PAD on IPMD

PED ability to moderate the effect of PAD on IPMD has P-value of 0.499 greater than $\alpha = 0.05$, with a beta coefficient of -1.864E-9. PED decreases effect of PAD on IPMD but insignificantly. It means the test results reject the hypothesis Ha.7a that PED moderate the significant effect of PAD on IPMD.

Table 2 shows the hypotheses test results the effect of PAD, DAU, PED and DBH on DSD

Table 2. Test Result of Moderated Regression Analysis (MRA)

Model		Unstandardized Coefficients		Standardized Coefficients	Sig.	Test Results
		B	Std. Error	Beta		
1	(Constant)	5.525	1.529		.002	
	PAD	-3.567E-11	.000	-3.702	.045	Accepted
	DAU	2.084E-12	.000	.346	.443	Rejected
	DBH	-1.407E-10	.000	-1.455	.000	Accepted
	PED	-11.705	33.335	-.098	.729	Rejected
	PAD_DAU	2.398E-24	.000	.149	.886	Rejected
	PAD_DBH	6.086E-22	.000	2.107	.022	Rejected
	PAD_PED	2.730E-10	.000	1.697	.424	Rejected
a. Dependent Variable: DSD						

Hypothesis Testing Ha.1b: PAD has significant effect on DSD

Test result the effect of PAD on DSD has P-Value of 0.45 greater than $\alpha = 0.05$, with a beta coefficient -3,567e-11. PAD has a significant negative effect on DSD. It means the test results accept the hypothesis Ha.1b that PAD has significant effect on DSD.

Hypothesis Testing Ha.2b: DAU has a significant effect on DSD

Test result the effect of DAU on DSD has P-value of 0.443 greater than $\alpha = 0.05$, with a beta coefficient 2,084e-12. DAU has positive but insignificant effect on DSD. It means the test results reject the hypothesis Ha.2b that DAU has significant effect effect on DSD.

Hypothesis Testing Ha.3b: DBH has significant effect on DSD

Test result the effect of DBH on DSD has P-Value of 0.000 greater than $\alpha = 0.05$, with a beta coefficient -1,407e-10. DBH has significant and negative effect on DSD. It means the test results accept the hypothesis Ha.3b that DBH has significant effect on DSD.

Hypothesis Testing Ha.4b: PED has significant effect on DSD

Test result the effect of PED on DSD has P-Value of 0.729 greater than $\alpha = 0.05$, with a beta coefficient -11.705. PED has negative but insignificant effect on DSD. It means the test results reject the hypothesis Ha.4b that PED has significant effect effect on DSD.

Hypothesis Testing Ha.5b: DAU moderate the significant effect of PAD on DSD

DAU ability to moderates the effect of PAD on DSD has P-value of 0.886 greater than $\alpha = 0.05$, with a beta coefficient 2,398e-24. DAU decreases the effect of PAD on DSD but insignificantly. It means the test results reject the hypothesis Ha.5b that DAU moderates the significant effect of PAD on DSD.

Hypothesis Testing Ha.6b: DBH moderate the significant effect of PAD on DSD

DBH ability to moderates the effect of PAD on DSD has P-Value of 0.022 smaller than $\alpha = 0.05$, with a beta coefficient 6,086e-22. DBH decreases the negative affect of PAD on DSD significantly. It means the test results reject the hypothesis which states that DBH moderates the positive affect of PAD on DSD

Hypothesis Testing Ha.7b: PED moderates the significant effect of PAD on DSD

PED ability to moderates the effect of PAD on DSD has P-value of 0.424 greater than $\alpha = 0.05$, with a beta coefficient 2.730e-10. PED decreases the negative effect of PAD on DSD but insignificantly. It means the test results reject the hypothesis Ha.7b that PED moderates the significant effect effect of PAD on DSD.

DISCUSSION

Effect of PAD on IPMD and DSD

Hypothesis test results indicate that PAD has significant effect effect on DSD. On other hand, PAD has positive but insignificant effect on IPMD. It reject the hypothesis that PAD has significant effect effect on IPMD. This means that although the PAD has increased from year to year but insignificant enough to encourage an higher IPMD. This occurs most likely because the allocation is not big enough and also still needs to be improved in various programs to increase IPMD, such as: programs to increase the quantity and quality of education, health and people's purchasing power, which is basically the composite of IPMD.

In this regard the district / City governments need to ensure the allocation proportion of related program to enlarge IPMD improvement and should monitor the realization in field.

Effect of DAU on IPMD and DSD

Hypothesis test results showed that DAU has positive but insignificant effect on IPMD. It means reject the research hypothesis that DAU has significant effect effect on IPMD. This means that although a large proportion DAU and more revenue from year to year but was unable to significantly improve IPMD. This phenomenon occurs because a large DAU is the majority absorbed very little by personnel expenditure for allocation on programs that support IPMD directly.

Hypothesis test results showed that DAU has positive but insignificant effect on DSD. It means reject the hypothesis that DAU has significant effect effect on IPMD. This means that although a large proportion DAU from year to year and more than the PAD but not able to significantly improve the DSD. Allegedly this phenomenon occurs because a large DAU is the majority absorbed very little personnel expenditure for allocation on programs that directly support the per capita consumption levels are used as parameters DSD in this study.

Test results shows that DAU does not moderates the effect of PAD on IPMD and PAD on DSD. In this regard the central government needs to consider the DAU transfer to certain conditions, for example, determine the proportion of allocation to capital expenditure and expenditure to support IPMD which amount increased gradually from year to year. In addition, government policies for employees moratorium still needs to be continued so that DAU support the program to increase the quantity and quality of IPMD. It is also needed to support the acceleration program of per capita consumption levels.

Effect of DBH on IPMD and DSD

Hypothesis test results showed that has DBH significant effect effect on DSD. Meanwhile, hypothesis testing results showed that DBH has positive but insignificant effect on IPMD. It means reject the hypothesis that DBH has significant effect effect on IPMD. This means that when the DBH increases, IPMD also increase but

insignificantly. Allegedly this phenomenon occurs because the DBH is relatively small proportion, so that district / City in Bali Province need to make efforts to increase the amount of DBH. It need to ensure the allocation at programs related to effort to improve IPMD, such as programs to improve the quality of education, health, and consumer purchasing power.

Effect of PED on IPMD and DSD

Hypothesis test results indicate that PED has positive but insignificant effect on IPMD. It reject the research hypothesis that PED has significant effect effect on IPMD. This means higher PED will increase IPMD but insignificantly. Allegedly this phenomenon occurs because the district / City governments are unable to capitalize the growing PED stimulus to boost IPMD and DSD.

CONCLUSIONS AND SUGGESTIONS

Conclusion

Based on hypothesis testing results and discussion that has been done, it can be concluded below.

- 1) PAD, DAU and DBH does not have significant effect on IPMD.
- 2) DAU and DBH unable to moderate the effect of PAD on IPMD.
- 3) PAD and DBH affect on DSD.
- 4) DAU and PED does not have significant effect on DSD.
- 5) DBH can moderate the effect PAD on DSD.
- 6) DAU and PED cannot moderate the effect of PAD on DSD.

Suggestion

Based on above conclusions, suggestions that can be recommended are below.

- 1) DBH and the allocation needs to be oriented in proportions to improve IPMD, such as programs to improve the quality of education, health, and consumer purchasing power.
- 2) The district / City should more creative to utilize the higher stimulus of PED to improve IPMD (program to improve the quality of health, education, and purchasing power) and DSD (per capita consumption levels).
- 3) The central government needs to consider the DAU transfer to certain conditions, for example, determine the proportion of allocation to capital expenditure and expenditure that support IPMD with amount increased gradually from year to year. In addition, government policies to do moratorium for employees still needs to be continued so that DAU support the program to increase the quantity and quality IPMD and DSD.

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