

CHAPTER V

CONCLUSIONS AND IMPLICATIONS

A. Conclusion

Based on the results of the study and analysis in the discussion in the previous chapters, the author tries to provide conclusions on the analysis of the impact of General Transfer funds (DAU and DBH) and special Transfer funds (DAK) on capital expenditure. Conclusions among others are as follows:

1. The General Allocation Funds (DAU) which is the first independent variable (X1) has a positive and significant effect on capital expenditure (Y), this means if there are an increase in the amount of General Allocation Fund, the Capital Expenditure will also increase.
2. Revenue sharing (DBH) which is the second independent variable (X2) has a significant and positive influence on capital expenditure (Y), this means if there are an increase in the amount of Revenue sharing Fund, the Capital Expenditure will also increase.
3. Special Allocation fund (DAK) which is the third independent variable (X3) has a significant and positive influence on capital expenditure (Y), this means if there are an increase in the amount of Special Allocation Fund, the Capital Expenditure will also increase.
4. The results of the data analysis above, in line with the Grand Theory that the authors use in this study is Flypaper Effect Theory. The results of this study explain that the central government budget stimulus in the form of General Allocation Funds, Revenue Sharing Funds and Special Allocation

Funds have a significant and positive impact on the budgeting of regional expenditures, especially capital expenditure which is a dependent variable in this study. Theory Flypaper Effect is also proven in this study by the existence of direct attachment between variables so that the increase in funds transfer from the central government to the regions resulted in an increased capital expenditure as one of the instruments of the role of local governments in the development of infrastructure and public services for the welfare of the community

B. Implications

1. Local governments should be able to better balance the portion of mandatory spending / routine spending with the portion of capital expenditure so that with the allocation keseimbangan is expected to have an equitable development in the region in the improvement of infrastructure in the region that ultimately can increase GDP per capita and complete the flagship program in each region.
2. Local governments are expected to be able to conduct good, transparent and accountable management of transfer funds from the central government, both block grant funds such as DAU and DBH and specific grant funds such as DAK so that they can be more useful in regional development, reduce unemployment and poverty and improve community welfare.
3. The Local Government is expected to reduce the high dependence on regional transfer funds, given the very high budget burden. Therefore,

regions should further optimize resources in their regions, both through local revenue (PAD) and other sources of income that can support the financing of priority programs in their regions.

C. Limitations Of Research

1. The author only took and analyzed 3 (three) independent variables, namely General Allocation Funds, Revenue Sharing funds and Special Allocation funds as the main variables, so with these limitations the author can not see the whole other variables outside DAU, DBH and DAK that can determine the effect of capital expenditure.
2. The authors include the magnitude of DAU, DBH and DAK in general to be included in the calculation of statistical data. Meanwhile, there are components of DAU and DBH whose use has been determined (earmarking), so there should be a separation in the allocation data. The separation is referred to as DAU components that are mandatory spending or employee spending, 10% DAU and DBH for Village Fund Allocation (ADD), components from DBH such as DBH SDA derived from tobacco excise that its use has been determined/earmarking for health spending. Likewise, the separation of DAK into 2 and physical and Non-physical DAK which came into force in 2016. The author does not separate the above data components because of the limitations of the data owned.