

Procurement Management Analysis of Goods/Service Provincial Government of Central Sulawesi

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Abstract

The objective of this research is to investigate and assess how the principles of procurement for goods and services are put into practice in the Government of the Central Sulawesi Province. Through a qualitative research methodology, information was gathered from observation, interviews, and documentation with four chosen participants. The analysis was carried out in five distinct phases: data collection, data simplification, data demonstration, validation, and final thoughts. The evaluation of procurement principles is based on the criteria specified in Presidential Regulation No. 21 of 2021. The findings reveal that the core procurement principles such as transparency, accountability, openness, competition, and fairness, have not been fully implemented. Supporting factors include adequate facilities that comply with national procurement standards and a well-structured training model aligned with institutional needs. However, several challenges persist, including technical issues during tender announcements due to server disruptions, low participation rates during the registration phase, and limited responsiveness and personnel shortages during the job explanation stage. These findings highlight the need for improved infrastructure and administrative capacity to ensure effective and compliant procurement processes.

Keywords: Accountability, Goods and Services Procurement, Public Sector, Transparency.

1. Introduction

The Indonesian people aspire and hold hope for the Government of the Republic of Indonesia to achieve good governance. The Indonesian government is striving to achieve good governance by implementing reforms in all government practices, including the use of information technology or e-government, as well as by ensuring the presence of competent and trustworthy human resources. One strategy employed by the government to promote good governance is the utilization of e-government for the procurement of goods and services (Malayu, 2016).

As the entity responsible for managing the state, the Government of the Republic of Indonesia must prioritise the well-being of the public. This means ensuring that the needs of the people are met through the provision of goods, services, and infrastructure development. The government carries out the procurement of goods and services as part of its role as a state administrator (Simamora et al., 2021). In the implementation of procurement, it is said to be successful if the community can directly feel the results carried out. Procurement must be in accordance with the concept of development planning in the use of the budget, the timeliness of implementation, and the result of the product made in accordance with the planning standards carried out by the government. The Government of the Republic of Indonesia in the use of technology in the process of procurement of goods and services by the government is a



form of change made because of the many problems that occur in the procurement of government goods/services.

The utilization of transparency, accountability, openness, competitiveness, and fairness/non-discrimination in the purchasing process of goods and services can enhance the trust of the public in the procurement procedure as the outcomes can be easily explained in terms of management, technical aspects, and finances (Wardhani & Purnamasari, 2021). When the government acquires goods and services in a transparent, accountable, open, and competitive manner, it can also lead to an improvement in public services. By following the principles of procurement and embracing e-procurement, the chances of fraud can be reduced due to the limited direct interaction between the buyer (government) and the seller (vendor) facilitated by information and communication technology (Dalimunthe et al., 2022). The acquisition of goods and services via e-procurement poses a challenge due to the longstanding prevalence of corruption, collusion, and nepotism in the procurement process (Stamati et al., 2015).

As a reference in this research, the results of previous research that have been carried out are presented, namely: 1) Karyasmita (2021) about the analysis was conducted on the Implementation of Environmentally Friendly and Sustainable Goods and Services Procurement within the jurisdiction of the Provincial Government of South Sulawesi. This research was aimed at (1) examining the factors influencing the adoption of environmentally friendly goods and services procurement by the Provincial Government of South Sulawesi (2) evaluating the procurement process of goods and services within the Provincial Government of South Sulawesi in relation to environmentally friendly goods and services procurement (3) assessing the preparedness of the South Sulawesi Provincial Government.

2. Literature Review

2.1. Principles of Goods/Services Procurement

According to Presidential Regulation No. 54 of 2010, electronic procurement of government goods/services (e-procurement) is based on the following principles:

A. Transparency

Transparency encompasses ensuring that the process and details of acquiring goods/services are easily understandable and accessible to both interested providers and the public at large (Tavares, 2024). A transparent process at every stage of goods/services procurement will create an effective public oversight system over the process and performance of procurement implementers, thus minimising public suspicion that the procurement process is conducted manipulatively. Through the principle of transparent procurement, it is expected to encourage healthy and competitive competition in the selection process of goods/services providers, so that the selected provider is the one with the highest quality to carry out the task.

B. Openness

Openness entails allowing all eligible providers of goods and services to participate in the procurement process, provided they meet the specified criteria and follow the established procedures in accordance with existing rules and regulations (Barrot et al., 2018). The principle of openness in the goods/services procurement process is applied at all stages of the selection of providers, especially in the method of public tender. Violations of the principle of openness are generally caused by collusion between prospective goods/services providers and procurement officials/Procurement Services Unit (ULP), which tends to lead to manipulative actions in the subsequent implementation process.

C. Competition

Competition is essential in ensuring that the purchase of goods and services is carried out through a fair process involving a wide range of eligible providers. This helps to ensure that high-quality goods and services are acquired without any disruptions to the market mechanisms. Healthy competition will produce credible and high-quality providers, because the selection system is essentially conducted to find the best provider among the many participants based on predetermined criteria, whereas unhealthy competition will restrict and eliminate providers who actually have the competence to carry out the task, which clearly affects the result of the work.

D. Fairness

Treating all potential goods/services providers equally, without showing favoritism towards any specific party, is the essence of fairness and non-discrimination, even as national interests are taken into account.

E. Accountability

Accountability involves adhering to the rules and regulations regarding the acquisition of goods and services in order to provide justification (Bergsteiner, 2012). It entails being responsible for carrying out the procurement of goods and services in accordance with ethical standards, norms, and relevant laws for the benefit of all stakeholders and the general public.

F. Procurement of Goods/Services

Based on the 2010 Presidential Regulation of the Republic of Indonesia regarding Government Procurement of Goods/Services, it is highlighted that the acquisition of goods/services by Ministries/Agencies/Regional Work Units/other Institutions is crucial for development. This process begins with planning and ends with the acquisition of goods/services. The government's procurement of goods and services plays a vital role in the advancement of development initiatives (Nyoman Berlian et al., 2024).

Having access to adequate goods and services within each government agency is essential for the successful execution of their duties and functions. Insufficient facilities and infrastructure can disrupt government operations and hinder optimal outcomes (Sopian, 2014). Furthermore, Wardiyanto (2012) defined public goods/services as goods whose usage is related to the interests of the general public, whether in groups or generally. According to Arrowsmith (2004), Bahagia (2011), Christopher et al. (2007) in principle, procurement is: *“an activity to obtain goods or services in a transparent, effective and efficient manner according to the needs and desires of the user.”*

2.2. Stages of Goods/Services Procurement Implementation

Government agencies require the procurement of goods and services as a necessary step in the project cycle. This process encompasses planning for the required items and carrying out all necessary activities to secure the goods and services as per the agreed upon contract or agreement. The diagram below illustrates the various stages involved in the procurement of goods and services.

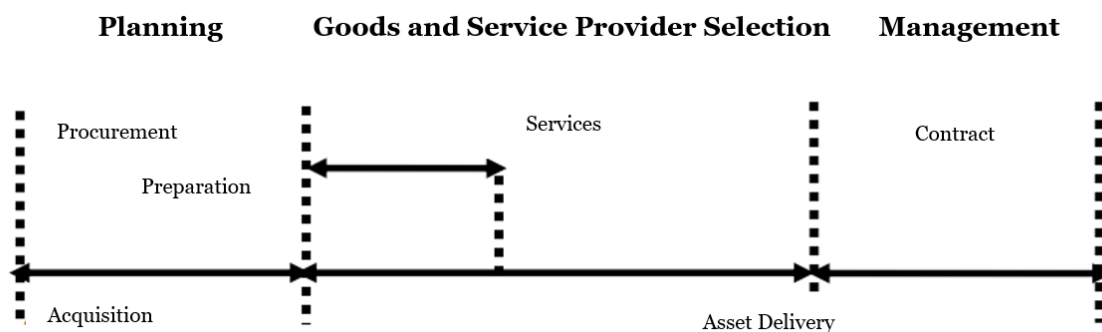


Figure 1. Goods/Services Procurement Cycle

Source: LKPP, 2012

Typically, the process of purchasing government goods and services through electronic selection of providers, as outlined in Presidential Regulation No. 21 of 2021, involves various stages. These stages include announcing the procurement, registering for auctions, providing explanations, submitting and opening bid documents, evaluating bids and qualifications, selecting winners, and announcing the results.

2.3. Implementation of Goods/Services Procurement through e-procurement

In general, there are two methods for conducting e-procurement: e-tendering and e-purchasing. E-tendering is a transparent process where all registered goods/services providers can submit a one-time offer within a specified timeframe. The e-tendering process includes announcing the procurement of goods/services and selecting a winner through the electronic procurement system (Presidential Regulation No. 21 of 2021).

2.4. Flow of Thought

This research is a qualitative study intended to provide an overview of the implementation of the principles of electronic procurement of goods/services (e-procurement) within the Regional Government of Central Sulawesi Province in 2022. The implementation of the principles of goods/services procurement is measured by the principles of electronic procurement of goods/services namely transparency, accountability, openness, competition, fairness or non-discrimination based on Presidential Regulation No. 21 of 2021 concerning Amendments to Presidential Regulation Number 16 of 2018 concerning Government Procurement of Goods/Services. The analysis of the implementation of the principles of goods/services procurement is expected to illustrate the extent to which the procurement actors in the Regional Government of Central Sulawesi Province express their views in implementing the principles of goods/services procurement.

In terms of the research flow, an examination was carried out on how the principles of electronic procurement of goods and services (e-procurement) were being implemented in the Regional Government of Central Sulawesi Province. The analysis focused on the various stages involved in the procurement of goods and services. Each stage of the procurement process was evaluated based on the principles of e-procurement, which encompass transparency, accountability, openness, competition, and fairness in accordance with Presidential Regulation No. 21 of 2021. This regulation outlines the implementation of the principles of goods and services procurement, including transparency, accountability, openness, competition, fairness, and non-discrimination. To maintain the research's focus, the thought flow in this study is outlined as follows:

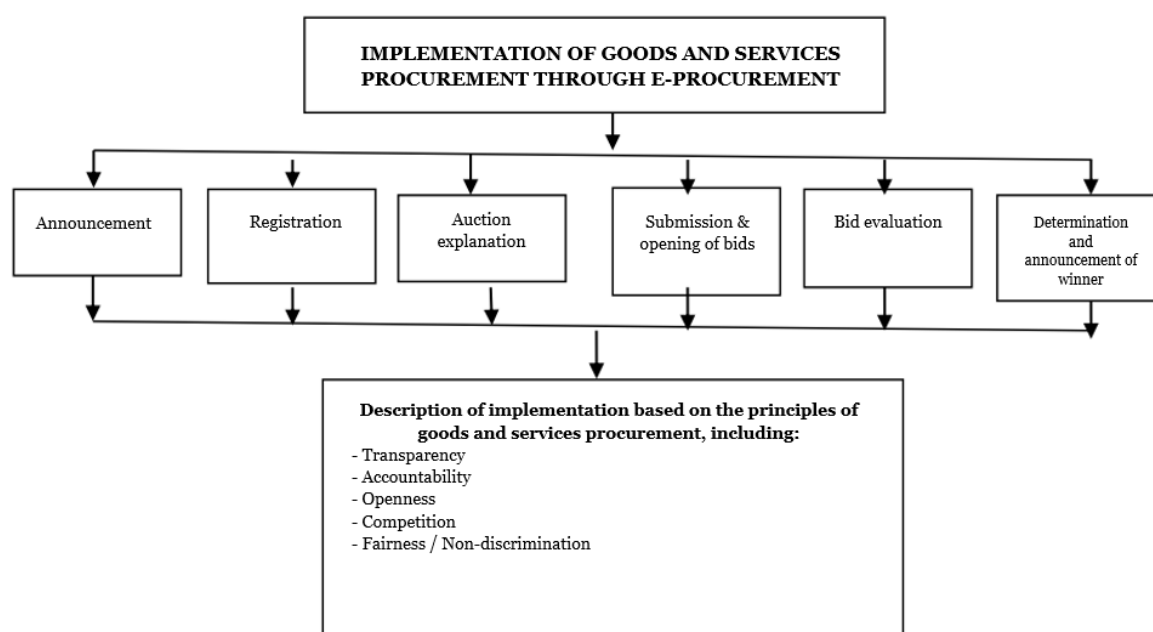


Figure 2. Flow of Thought

3. Methods

Research techniques are fundamental strategies used to gather information for particular objectives and applications. Following a scientific approach ensures that the research is logical, observational, and methodical. Logical implies that the research is conducted in a reasonable manner, making it comprehensible to human logic. Observational means that the techniques employed can be perceived by human senses, allowing others to witness and grasp the methods utilized. Methodical signifies that the research procedure adheres to a logical sequence of steps (Sugiyono, 2013).

The research being discussed is characterized by its descriptive and qualitative nature. Qualitative research involves conducting interviews with individuals who possess knowledge related to the subject of study. The descriptive method is employed to present a comprehensive understanding of the subject by gathering information from informants and facts in the relevant field (Arikunto, 2010).

3.1. Research Location and Time

The research was conducted at the Goods/Services Procurement Bureau of Central Sulawesi Province, which is the Procurement Unit in Central Sulawesi and acts as the central agency for goods/services procurement matters. Therefore, this research was conducted within the environment of the Goods/Services Procurement Bureau of Central Sulawesi Province, and the research was carried out from January to June 2025.

3.2. Research Informants

The technique used to determine informants in this research is purposive sampling. According to Siregar (2013), purposive sampling is a method of selecting respondents or informants based on specific criteria. The criteria for determining informants in this research are people who are appropriate, have competence, and can provide information whose truth and accuracy can be trusted. Thus, the informant criteria in this research are procurement

actors as stated in Presidential Regulation No. 21 of 2021 concerning Amendments to Presidential Regulation Number 16 of 2018 concerning Government Procurement of Goods/Services, which are described as follows:

1. Head of the Goods/Services Procurement Bureau of Central Sulawesi Province
2. Provider Working Group (*Pokja Penyedia*)
3. Procurement Officer
4. Provider

3.3. Data Analysis Technique

The methodology of data analysis is centered around information gathered from interviews and various documents. The processing of data revolves around the information acquired through interviews and other sources. The analysis of data occurs both during the data collection phase in the field and after all the data has been gathered using an interactive model for analysis. The analysis of data is conducted concurrently with the data collection process in several stages, including data collection, data reduction, data display, and drawing conclusions & verification.

4. Results and Discussion

4.1. Research Results

The Central Government designated Central Sulawesi Province as an autonomous province established by Law Number 13 of 1964 concerning the Establishment of the First-Level Regional Province of Central Sulawesi. With the development of the Government System and the demands of the community in the Reform era, which wanted the expansion of regions into regencies, on 3 November 1999, the Governor of Central Sulawesi (Brigadier General Ret. H.B. Palidju) on behalf of the Minister of Home Affairs officiated the establishment of Banggai Islands Regency, which previously was under the jurisdiction of Banggai Regency. The Banggai Islands Regency became an autonomous regency based on Law Number 51 of 1999 concerning the Establishment of Buol Regency, Morowali Regency, and Banggai Islands Regency.

4.2. Discussion

Presidential Regulation No. 21 of 2021 details changes made to Presidential Regulation Number 16 of 2018 regarding Government Procurement of Goods/Services. It highlights that the procurement process involves Ministries/Agencies/Regional Work Units/other institutions acquiring goods/services starting from planning needs to the completion of obtaining Goods/Services. Government procurement plays a vital role in the development process. The interview findings with informants regarding the principles of government procurement of goods/services in this study are outlined below.

A. Transparency

Regarding transparency in the Principles of Goods/Services Procurement in the Government of Central Sulawesi Province in this study, the researcher presents the interview results with the key informant, Mr Irwan SKM, M.Kes, as Head of the Procurement of Goods and Services Division for Staging and Certification, who was interviewed on Wednesday, 24 June 2025, from 14:07 to 15:25 WITA, as follows:

"In my view, transparency in goods and services procurement in Central Sulawesi Province is understood by some but not fully grasped because some parts of the

Presidential Regulation have changed and are sometimes confusing. Moreover, structural job duties assigned by superiors make it difficult for them to study the latest regulations about procurement, even though as procurement actors they are obliged to know and understand their duties as stated in the Presidential Regulation concerning Goods/Services Procurement.”

(Interview with Mr Irwan SKM, M.Kes, Head of the Bureau of Procurement of Goods and Services)

The informant’s opinion, in the context of transparency in the service of Civil Servants, has not yet been implemented according to standard operational procedures. This is in line with the expert opinion of Widodo and Wulandari (2024), who states that in every implementation of policy, standards need to be established as guidelines, instructions, demands, and references for policy actors so that they know what to prepare and do, who the targets are, and what results are to be achieved from the implementation of the policy. Therefore, standards and targets are part of the mechanisms that must be carried out in an institutional organisation, which in essence represents the state in implementing good policy regulations, particularly in the implementation of services by Civil Servants at the Bureau of Goods and Services Procurement in Central Sulawesi Province.

B. Accountability

Regarding Accountability in the Principles of Goods/Services Procurement in the Government of Central Sulawesi Province, here are the interview results with Mr Abd Jihad Gobel as the Goods/Services Procurement Officer, interviewed on Thursday, 25 June 2025, from 09:00 to 10:55 WITA, as follows:

“In my opinion, the implementation of goods and services procurement in terms of accountability is in accordance with the existing Standard Operating Procedures (SOP). Civil Servants in Central Sulawesi Province have treated citizens equally and fairly in goods and services procurement. They also demonstrate consistent and reliable behaviour as government administrators. Regarding accountability, values such as transparency, integrity, responsibility, fairness, and consistency have been implemented to ensure stability. Consistent implementation of a policy, procedure, and resources will lead to the achievement of accountable principles.”

(Interview conducted at the Bureau of Procurement of Goods and Services of Central Sulawesi Province)

C. Openness

Regarding Openness in the Principles of Goods/Services Procurement in the Government of Central Sulawesi Province, here are the interview results with Mr Hendrikus V Watuna, S.Sos as the Selection Working Group, interviewed on Tuesday, 30 June 2025, from 11:00 to 12:55 WITA, as follows:

“The procurement of goods/services can be followed by all providers of goods/services, provided they meet specific requirements/criteria according to applicable regulations and clear procedures. Based on my opinion and experience, the principle of openness in the procurement process has not been fully implemented at all stages of provider

selection, especially in the public tender method. Now, all processes use computer applications, making it seem difficult to commit deviations or violate the law in the following implementation processes.”

D. Competition

Regarding Competition in the Principles of Goods/Services Procurement in the Government of Central Sulawesi Province, here are the interview results with Mr Ir. Dedi, ST, MT (CV.STB 4), interviewed on Monday, 22 June 2025, from 17:00 to 17:45 WITA, as follows:

“The aspect of competition in goods/services procurement must be conducted through healthy competition among as many equal and qualified providers of goods/services as possible so that competitive goods/services can be obtained. Of course, this should comply with applicable regulations in the Unitary State of the Republic of Indonesia, whether the procurement is through tender or otherwise.”

E. Fairness

Regarding Fairness in the Principles of Goods/Services Procurement in the Government of Central Sulawesi Province, here are the interview results with Mr Ir. Dedi, ST, MT (CV.STB 4), interviewed on Monday, 22 June 2025, from 17:00 to 17:45 WITA, as follows:

“Goods/services providers should not be favoured to benefit specific parties while still considering national interests. The information provided must be accurate and not used for personal gain. Conflict of interest among procurement officers must be eliminated. Furthermore, procurement officers are prohibited from receiving gifts, facilities, benefits, or anything reasonably suspected to be related to the ongoing procurement. The information provided must be accurate and not used for personal gain. Management officers should have divided authority and responsibilities through an internal management system, and there should be complete archives and documentation of all activities.”

The results of interviews with informants indicate that the employees’ work in goods and services procurement is already in accordance with the predetermined schedule. Regarding the work of employees in procurement, an expert in Indonesian civil service, Thoha (2017), argues that if employees have skills and knowledge, it will be easier to perform procurement tasks and other duties.

The findings revealed that only a small portion of the environmentally friendly and sustainable goods and services procurement mechanism has been put into practice, particularly evident in the criteria used in selecting suppliers through the tender process. The primary obstacle or hindrance identified was the lack of demand in the procurement planning stage conducted by PA/KPA/PPK to fulfill the needs for goods and services in their respective departments. This was further exacerbated by the limited validity period of the decree appointing budget users/budget user proxies/commitment-making officials, resulting in a tendency to prioritize budget utilization for goods and services expenditure within the stipulated validity period.

5. Conclusion

Based on the results of the research and analysis conducted by the researcher on the implementation of the principles of procurement of goods/services in the Provincial Government of Central Sulawesi, it can be concluded that the implementation of the principles (a) transparency (b) accountability (c) openness (d) competition and (e) fairness has not been carried out optimally. This is evidenced by the interview results from all informants involved in the study. Several supporting factors were identified, including (a) supporting facilities that meet the standards of Indonesian procurement laws and (b) a training model for procurement that aligns with the policy implementation monitored by the National Institute of Public Administration, as well as the needs of participants to be applied in regional agencies. However, there are also inhibiting factors, such as (a) issues during the auction announcement stage where document upload failures often occur due to server disruptions and (b) the auction registration stage which has not been maximally effective, evidenced by the low number of providers participating and varied understanding of the procurement mechanisms and regulations among participants.

Based on the findings and conclusions of this study, several suggestions are offered. First, the Central Government of the Republic of Indonesia should issue a law that mandates transparency in goods and services procurement through e-procurement, accompanied by implementation guidelines and legal sanctions for violations. Second, during the bid submission and opening stages, LPSE is advised to provide technical guidance to participants on using the SPSE application, considering the frequent errors that occur during electronic bid submissions which result in bid documents being inaccessible at the opening stage. Third, future researchers are encouraged to expand this study by exploring the implementation of procurement principles across the entire Sulawesi region and Eastern Indonesia to provide more comprehensive insights into the practice of goods and services procurement.

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