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DETERMINANTS OF THE POLICY ACHIEVEMENT IN INCREASING THE USE OF DOMESTIC PRODUCTS IN THE PROCUREMENT OF GOODS AND SERVICES FOR THE WEST LOMBOK DISTRICT GOVERNMENT WITH E-PROCUREMENT AS A MODERATING VARIABLE

Apriani Ani*, Santoso Budi, Suryani Embun

Master's Study Program of Accounting, Faculty of Economics and Business,
University of Mataram, Indonesia

*E-mail: ani803043@gmail.com

ABSTRACT

The research aims to test the influence of organizational commitment, internal control, and compliance with legislation on the achievement of increased domestic product usage (P3DN), with e-Procurement as a moderating variable. It utilized a sample of 140 procurement officials in the West Lombok district government and was analyzed using SEM-PLS technique. Organizational commitment, internal control, and law compliance have a significant and positive impact on achieving the policy of increasing domestic product usage (P3DN). Meanwhile, e-procurement reinforces the influence of organizational commitment on the achievement of increased domestic product usage (P3DN), but it's unable to strengthen the impact of internal control and law compliance on achieving increased domestic product usage (P3DN). These research findings align with the Goal Setting Theory and the Stakeholder Theory of Planned Behavior concerning stakeholder behavior in achieving organizational goals. Strengthening the e-procurement system is necessary, along with increasing awareness and training for procurement officials regarding the importance of using domestic products. Reevaluation of the existing rules and sanctions regarding domestic product usage is crucial for enhancement, and improving interdepartmental cooperation is essential for implementing P3DN and e-procurement policies. A more effective monitoring and evaluation system is needed to measure the performance of e-procurement in reinforcing internal control and compliance with P3DN regulations.

KEY WORDS

Organizational commitment, internal control, compliance, e-procurement.

Procurement of goods and services, according to Presidential Regulation Number 16 of 2018 concerning government procurement of goods and services, is the activity of acquiring goods and services by Ministries/Agencies/Regional Work Units/other Institutions, a process that begins with needs planning until the completion of all activities to obtain goods and services. The P3DN (Increased Use of Domestic Products) program, initiated by the government, aims to empower domestic industries and optimize Domestic Products (PDN) in Procurement of Goods/Services (PBJ). The government, be it Ministries/Agencies/Regional Work Units/other Institutions, has implemented several policies. Generally, the term 'policy' refers to the behavior of an actor (such as an official, a group, or a government institution or the sum of actors in a specific field of activity).

The P3DN policy is based on several legislative regulations, one of which is Presidential Instruction Number 2 of 2022 concerning Acceleration of the Use of Domestic Products and Micro, Small, and Medium Enterprises to succeed in the Proud Indonesian National Movement in the Implementation of Government Procurement of Goods/Services. To encourage the optimization of domestic product usage, the Minister of Industry has issued Minister of Industry Regulation Number 15 of 2011 concerning Guidelines for the Use of Domestic Products for Goods/Services. According to these guidelines, the Minister will assess and rank every year the leaders of State Ministries/Agencies/Regional Devices, BI, BHMN, SOEs, local SOEs, and Contractor Cooperation Contracts (KKKS) regarding the usage of domestic products in government procurement of goods/services. The scope of



assessment includes commitment, planning, implementation, and reporting aspects. The purpose of granting the P3DN awards is to show government appreciation to Ministries/Government non-Ministries, SOEs/local SOEs, Provincial Governments, and District/City Governments that have excelled in implementing the increased use of domestic product programs.

West Lombok District Government, as a public sector organization, has a diverse range of natural resources that can be developed, from tourism, agriculture, handicraft industries, processed food industries, agro-tourism, trade, forestry, mining, fisheries, and marine resources, supported by effective, transparent, and accountable government management oriented towards outcomes. The implementation of the West Lombok District Government's policy in the Use of Local Superior Products has been researched by Pujasetiandi et al. (2020) on the West Lombok District Head Circular Letter regarding the Circulation, Supervision, and Control of Iodized Salt in the West Lombok District Government's Environment. The research identified nine factors influencing policy implementation: (1) decision-making locus, (2) target group interests, (3) desired degree of change, (4) communication, (5) type of benefits, (6) resources, (7) organizational relationships, (8) program implementation, and (9) level of compliance and responsiveness of target groups. Out of these factors, two hurdles were identified: (1) Communication - lack of specific socialization by Bappeda as the initiator behind the issuance of the District Head Circular Letter and Bina Laut Sharia Cooperative as a salt distributor, and (2) Human Resources - limited human resources owned by the Bina Laut Sharia Cooperative.

Currently, the issue of implementing the P3DN policy is a specific concern in the scope of government accounting. In relation to Procurement of Goods/Services, there is still extensive use of raw materials sourced from abroad, especially in the era of the global market, making protection of Domestic Products a national obligation (www.kemenperin.go.id). Based on the review results of P3DN in West Lombok by the West Nusa Tenggara Provincial BPKP regarding the implementation of P3DN in West Lombok, the realized value of PBJ according to PMEP-LKPP data with a PDN value of Rp117,057,895,340.68, or 19.07% of the total PBJ RUP (General Procurement Plan) with a PDN value of Rp265,997,400,795.00 or 43.33% of the PBJ RUP value (BPKP, 2022). From the review results, it can be concluded that the implementation of P3DN in West Lombok District indicates low realization values for PBJ and low realization of PDN usage.

In regard to this, increasing the realization of PDN achievements is oriented towards enhancing human welfare by involving all key stakeholders. Strategies implemented by West Lombok District Government through campaigns or movements such as 'Let's Use West Lombok Products' have instilled confidence in business entities to develop their products. Government intervention is crucial to provide positive appreciation and assist local products in competing with external ones. The step taken by West Lombok District Government issuing policies through the District Head Circular Letter Number: 030/223/BPBJ/2022 concerning the Increased Use of Domestic Products in the Procurement Process of Goods/Services in West Lombok District undoubtedly requires commitment and coordination from all relevant sectors.

Organizational commitment is required to support a particular policy, such as the effort to optimize the absorption of domestic products in the government procurement process, especially through electronic procurement (e-procurement) carried out through the Procurement Service Unit (ULP) and Electronic Procurement Service (LPSE). According to Effrianto et al. (2015:45), regional governments are expected to comply with the mandate of Article 111 of Presidential Regulation 54 of 2010 and Article 14 of Presidential Regulation 70 of 2012 by forming ULP and LPSE. These organizations are tasked with implementing e-procurement mandates and play a role in promoting the use of domestic products by upholding the regional government's commitment to the applicable regulations.

Internal Control System is the coordination of organizational structure, methods, and criteria used to safeguard organizational assets, check the accuracy and reliability of accounting data, improve efficiency, and ensure compliance with policies established by management (Bastian, 2011:450). In the context of the Public Sector Organization, internal



control is directed by Government Regulation No. 60 of 2008 concerning the Government Internal Control System (SPIP). Implicitly, internal control implies comprehensive supervision to prevent abuse of power or authority by involved parties (Firmansyah et al., 2021).

Compliance with legislation refers to an individual's adherence to regulations. The purpose of laws and state regulations is to regulate and organize every aspect of national life to become more orderly (Soleman: 2007). Research on the Compliance with Legislation variable by Zulmawan (2022) conducted Regulatory Impact Assessment of domestic product usage in procurement of goods/services. The analysis of the impact of domestic product usage regulations shows a crucial point where there is no provision regarding criminal sanctions if government agencies or SOEs do not implement the use of domestic products in procurement of goods/services. However, criminal sanctions are necessary to ensure compliance by government agencies or SOEs in adhering to regulations. Without criminal sanctions, maximal implementation and compliance are difficult to achieve.

A different research result was found by Purwanto et al. (2021), indicating that sanctions given based on Presidential Regulation Number 29 of 2018 are limited to the verification agency, procurement officials, and providers. However, in procurement of goods/services such as PPK, PA, technical teams, procurement expert personnel, ULP task forces, it is limited to providing advice in selecting PDN, thus there is a need for enforcement of supervision and sanctions according to the applicable regulations. Compliance with Legislation has a positive influence on government agencies' compliance in implementing the domestic product usage policy in procurement of goods/services.

In the effort to implement e-procurement, Presidential Regulation Number 54 of 2010 stipulates two main supporting entities, namely Electronic Procurement Service (LPSE) and Procurement Service Unit (ULP). This system has developed and provided services such as e-Tendering, e-Purchasing, and e-Catalog. The e-Catalog consists of three main types: national, sectoral, and local. The local e-Catalog, for instance, is an electronic information system led by the Regional Government, containing information related to goods/services from various providers, according to LKPP Regulation Number 6 of 2016. E-Purchasing using the local e-Catalog is one of LKPP's innovations in expediting the government procurement process. However, this implementation is not fully understood by many parties, leading to constraints in its practice.

Research related to P3DN achievements has not been extensively conducted, presenting an opportunity for research to develop related knowledge. The novelty of this research compared to previous studies is that it incorporates a moderating variable (e-procurement). This research aims to empirically prove the influence of organizational commitment, internal control, and compliance with legislation on P3DN achievements with e-procurement as a moderating variable. Research in the realm of P3DN in Indonesia is crucial to understand the impact of this policy on the national economy, local industry growth, and increased domestic product absorption.

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

The Goal Setting Theory was initially proposed by Locke (1968) as a grand theory. Through his article "Toward a Theory of Task Motivation and Incentives" in 1968, Locke introduced five principles of goal setting: clarity, challenge, commitment, feedback, and task complexity. This theory explains that an individual's behavior is determined by two cognitions: content (values) and intentions (goals). People have predetermined their future behavioral goals, and these goals will influence their actual behavior. An individual's behavior is guided by their ideas and intentions, thus affecting their actions and performance consequences. The implementation of goal setting is a management method focused on setting objectives or outcomes that assist in understanding management, outcomes, and desired targets.

The Theory of Planned Behavior (TPB), evolving from the Theory of Reasoned Action (TRA), explains that the Theory of Reasoned Action (TRA) comprises an individual's intention toward behavior formed by two main factors: attitude toward the behavior and



subjective norms. In contrast, the Theory of Planned Behavior (TPB) adds one factor influencing an individual's behavioral intention: perceived behavioral control. TPB is based on the assumption that humans are rational beings who consider the implications of their actions before deciding on a behavior they will engage in. Individual attitudes toward behavior encompass beliefs about a behavior, ethics, subjective norms, and motivation for compliance (Sulistomo, 2012).

In this research, the Theory of Planned Behavior is used to explain stakeholder behavior regarding the achievement of an organization's goals. Individuals with a positive attitude toward achieving a goal, support from those around them, and a perception of ease without obstacles toward achieving goals and targets, specifically the P3DN Policy in government procurement of goods/services. E-Government is an information technology-based system aimed at forming relationships among the public, private sector, and government. Kumorotomo (2008) states that the use of e-government systems can involve all branches of government, enabling its implementation in executive, legislative, and judicial institutions.

The government's effort to optimize domestic product absorption requires the support of policies from government agencies in the procurement process, especially through electronic procurement (e-procurement), carried out within a specific organizational framework known as the Procurement Service Unit (ULP) and the Electronic Procurement Service (LPSE) as stakeholders (principals). Locke's Goal Setting Theory (1968) proposes five goal-setting principles: "clarity, challenge, commitment, feedback, and task complexity." Robbins (2008; 239) indicates the interconnection between goals and an individual's performance regarding tasks. Latham and Searl (1979) define Goal Setting as a concept to establish goals where employees perform assigned tasks based on predetermined targets or objectives. In other words, the goal-setting theory states that organizational commitment is the driver of every organizational behavior.

Descriptive research on the Organizational Commitment variable by Isnaenah et al. (2022) investigates the policy for increasing the use of Domestic Production during the Covid-19 pandemic based on regulations. Aligned with the research by Resa et al. (2020), Purwanto et al. (2021), findings show that organizational commitment positively influences the government's efforts to increase the use of Domestic Products annually, driven by the commitment of ministries/agencies/local governments to achieve policies using sectoral/local electronic catalogs. Organizational Commitment is analyzed to assess the impact of government commitment as an internal stakeholder through procurement committees within the ULP and LPSE organizations, responsible for executing e-procurement in promoting the use of domestic products by the commitment of local governments in implementing relevant regulations. Hence, the following hypothesis can be formulated:

H1: Organizational Commitment positively influences the Achievement of the P3DN Policy in Government Procurement of Goods/Services.

Internal control involves coordinated organizational elements, methods, and measures to safeguard the organization's wealth, check accounting data accuracy and reliability, encourage efficiency, and comply with leadership policies. In the Public Sector Organization, internal control is governed by Government Regulation No. 60 of 2008 concerning the Government's Internal Control System (SPIP). Approaching the Goal Setting Theory assumes that the primary factor influencing individual choices is the goals they possess. Individuals have multiple goals, select them, and are motivated to achieve those goals. According to Wentzel (2002), goals represent the level of work an individual performs to achieve their objectives. Therefore, with a good internal control system, the attainment of the P3DN policy is more optimal.

Descriptive research on the Internal Control variable conducted by Darmada (2022) investigates the Domestic Component Level (TKDN) in government procurement (Imperative Study of IT Procurement in the NTB Regional Office of the Ministry of Law and Human Rights). Results show that TKDN in procurement is conducted with a good Internal Control System, adhering to the procurement stages as per Presidential Regulation Number 12 of 2021. Aligned with previous studies, internal control positively influences increasing the



domestic component level through the procurement process involving various parties such as PPK, PA, technical teams, procurement experts, and ULP task forces, each with their respective roles.

Internal Control is analyzed to assess its impact on the execution of PBJ activities in a government institution from planning, implementation, supervision to accountability, considering fairness and appropriateness within an organization through various policies and procedures. Thus, the following hypothesis is formulated:

H2: Internal Control positively influences the Achievement of the P3DN Policy in Government Procurement of Goods/Services.

The purpose of national laws and regulations is to organize and regulate every aspect of national life to make it more orderly. Adherence to legal regulations reflects an individual's compliance with rules established by authorized state institutions or officials, aiming to organize and regulate national life. Approaching the Goal Setting Theory suggests that commitment to goals impacts the goal-setting process, reducing goal conflict. Commitment to goals is positively related to goal-directed behavior, and goal-directed behavior positively influences performance. Therefore, adherence to legal regulations becomes a determinant factor in achieving organizational goals, minimizing deviations or violations against existing rules and driving the implementation of the P3DN policy.

Research on Compliance with Legal Regulations by Zulmawan (2022) investigates the Regulatory Impact Assessment regarding the use of domestic products in government procurement of goods/services. Analysis shows a critical point in regulations concerning the use of domestic products: the absence of criminal sanctions if the use of domestic products in government procurement is not applied by government agencies or SOEs. Criminal sanctions are crucial in maintaining compliance with regulations; without them, maximum implementation and compliance are challenging to achieve. Compliance with Legal Regulations positively influences the compliance of government institutions in applying the domestic product utilization policy in procurement.

Compliance with Legal Regulations is assessed to analyze the impact of the presence/absence of regulations regarding criminal sanctions concerning the implementation of the domestic product utilization policy in procurement by regional government agencies. Criminal sanctions are necessary to maintain compliance with regulations. Thus, the following hypothesis is formulated:

H3: Compliance with Legal Regulations positively influences the Achievement of the P3DN Policy in Government Procurement of Goods/Services.

Goal Setting Theory (Locke, 1968) outlines five goal-setting principles: "clarity, challenge, commitment, feedback, and task complexity." Presidential Regulation No. 70/2012 defines e-procurement as the procurement of goods/services conducted using information technology and electronic transactions according to statutory provisions. Article 107 of Presidential Regulation 54/2010 outlines the goals of electronic procurement, including enhancing transparency, accountability, market access, promoting healthy competition, improving procurement process efficiency, supporting monitoring and audits, and providing timely access to information.

Studies by Isnaenah et al. (2022), Purwanto et al. (2021) demonstrate the government's commitment to boosting the use of domestic products through e-procurement to enhance SMEs. In line with previous research by Oktaviana (2018), e-procurement has a positive impact on strengthening organizational changes influence on the performance of government procurement managers. The critical role of these organizations in government procurement processes necessitates clear commitment to the tasks they undertake, enabling the firm implementation of P3DN policies. Therefore, the following hypothesis is proposed:

H4: E-Procurement strengthens the influence of Organizational Commitment on the Achievement of the P3DN Policy in Government Procurement of Goods/Services.

E-Procurement is one of the most effective E-Government initiatives that provide tangible results in the form of transparency and efficiency in government procurement processes (LKPP, 2009). E-Procurement is an integrated system involving a database and communication systems for all or part of the procurement processes for goods or services



(BPK, 2014). E-Procurement technology offers mechanisms for monitoring and reporting suspected irregularities in a procurement process. Transparency and openness in the procurement process will undoubtedly facilitate the monitoring process. All elements of society, especially non-governmental organizations, are expected to actively participate in overseeing the procurement process.

Approaching the Goal Setting Theory, optimal performance is considered a corporate goal, with variables such as teamwork, work ethics, and work loyalty as determinants. When applied effectively within an institution, these factors lead to the achievement of established organizational goals (Adawiyah, 2019). Research by Anita et al. (2020), Purwanto et al. (2021), and Eny et al. (2023) indicates that internal control has a positive impact on the government's procurement process through e-procurement, involving various parties such as PPK, PA, technical teams, procurement experts, and ULP task forces, each with their respective authorities. Parallel studies by Oktaviana (2018), Syafaat et al. (2019), and Rosita et al. (2019) highlight the positive impact of e-procurement, although incentivized supervision from the public is needed to enhance competition in government procurement of goods/services. Internal supervision and sanctions, through audits, reviews, monitoring, evaluation, and the implementation of a whistle-blowing system by APIP, Internal Supervisory Officials, and the P3DN Team are crucial. Hence, the following hypothesis is proposed:

H5: E-Procurement strengthens the influence of Internal Control on the Achievement of the P3DN Policy in Government Procurement of Goods/Services.

Sanctions in e-procurement (PP 29/2018) are imposed on Verification Agencies, procurement officials, and product manufacturers/providers. The sanctions include written warnings, administrative fines, dismissal from procurement positions, and specifically for product manufacturers/providers, revocation of Domestic Component Levels (TKDN) certificates and inclusion in blacklists. According to the Goal Setting Theory, commitment to goals impacts the goal-setting process, decreasing in the presence of goal conflict. Commitment to goals is positively related to goal-directed behavior, and goal-directed behavior is positively linked to performance (Ginting and Ariani in Matana, 2017:11).

Purwanto et al. (2021) conducted an analysis of the Implementation of Increasing the Use of Domestic Products (P3DN) through e-procurement via e-catalog, showing the role of e-procurement in boosting domestic product production and utility. Similar findings by Nafiah (2022) and Darmada (2022) illustrate that local e-catalogs brand local products, opening new job opportunities. Conducted via e-purchasing by PPK, these initiatives are deemed capable of adhering to Presidential Regulation No. 12 of 2021. Criminal sanctions are necessary to ensure compliance by regional government institutions in implementing the P3DN policy. Thus, the following hypothesis is proposed:

H6: E-Procurement strengthens the influence of Compliance with Legal Regulations on the Achievement of the P3DN Policy in Government Procurement of Goods/Services.

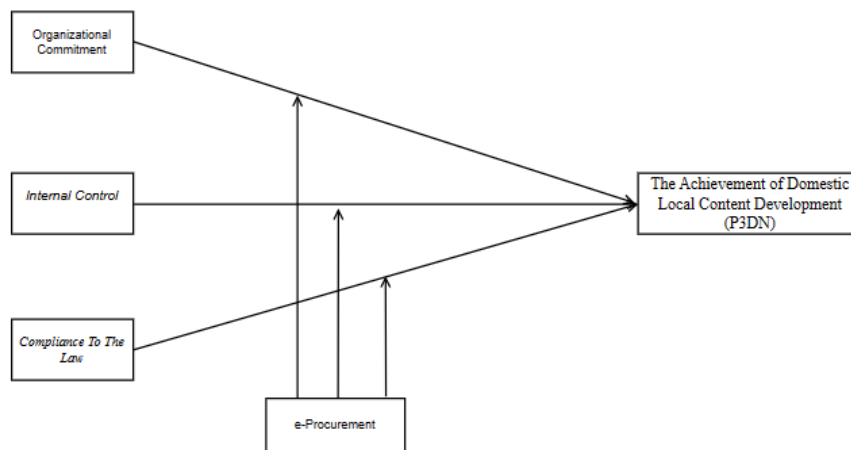


Figure 1 – Research Conceptual Framework



METHODS OF RESEARCH

This study focuses on the influence of organizational commitment, internal control, and compliance with laws and regulations on the achievement of the P3DN Policy in the government procurement of goods/services in West Lombok Regency. The research method employed an associative quantitative approach with e-procurement as a moderating variable. The study was conducted within the West Lombok Regency Local Government during the Fiscal Year 2022. The research location was chosen due to efforts aimed at enhancing Regional Original Revenue (PAD) by implementing the policy of Using Local Superior Regional Products. This study involved an analysis of domestic product expenditures, compliance levels, and the factual impact of this policy.

The sampling technique used was Exhaustive Sampling (census) involving 139 respondents, including members of the procurement team (e-procurement) and the P3DN Supervisory Team. The study encompassed three variables: Organizational Commitment, Internal Control, and Compliance with Laws and Regulations as exogenous variables, the achievement of the P3DN Policy in Government Procurement of Goods/Services as the endogenous variable, and E-Procurement as the moderating variable. Statistical testing employed Partial Least Squares (PLS) Analysis. PLS analysis is a method that negates the assumptions of OLS regression (Ordinary Least Squares). It allows testing various scale forms (categorical ratio, Likert scale, among others) within a single model (Muhson, 2022).

RESULTS OF STUDY

The data analysis in this study used the Partial Least Squares (PLS) approach. The PLS approach is a variance-based structural equation analysis that can simultaneously conduct measurement model testing and structural model testing (Abdillah and Jugiyanto, 2015). The results of the PLS algorithms are as shown in the following figure:

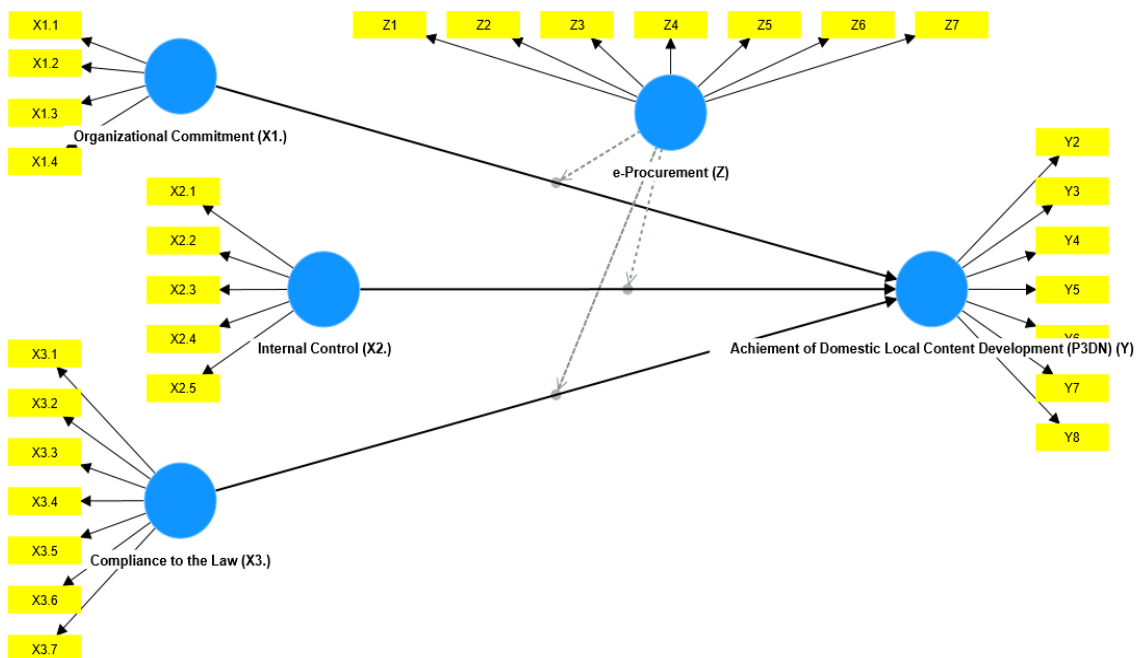


Figure 2 – PLS Algorithm

Research model regarding the determinants of P3DN policy achievement with e-procurement moderation obtained an R Square value of 0.724, meaning that 72.4% of the variation in P3DN policy achievement can be explained by the variables of organizational commitment, internal control, and compliance with regulations, while the remaining is explained by variables outside the study. An R Square value of 0.724 is considered strong.



Next, hypothesis testing was conducted by observing the Path Coefficients. This demonstrates the magnitude of the relationship/influence of latent constructs. The significance value used was t-value 1.96 (Significance level = 5%). In this study, a hypothesis is accepted if it has a t statistics value (calculated t) greater than the critical t-value (Ghozali, 2015). The path coefficients resulted as shown in the following table:

Table 1 – Path Coefficient

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
Compliance to the Law (X3.) -> Achievement of Domestic Local Content Development (P3DN) (Y)	0.303	0.309	0.094	3.237	0.001
Internal Control (X2.) -> Achievement of Domestic Local Content Development (P3DN) (Y)	0.231	0.230	0.105	2.196	0.028
Organizational Commitment (X1.) -> Achievement of Domestic Local Content Development (P3DN) (Y)	0.313	0.316	0.087	3.578	0.000
e-Procurement (Z) x Organizational Commitment (X1.) -> Achievement of Domestic Local Content Development (P3DN) (Y)	0.617	0.610	0.096	6.431	0.000
e-Procurement (Z) x Compliance to the Law (X3.) -> Achievement of Domestic Local Content Development (P3DN) (Y)	-0.299	-0.295	0.077	3.885	0.000
e-Procurement (Z) x Internal Control (X2.) -> Achievement of Domestic Local Content Development (P3DN) (Y)	-0.169	-0.172	0.063	2.667	0.008

Based on the table, organizational commitment, internal control, and compliance with regulations have a direct and significantly positive impact on the achievement of P3DN policy. This means hypotheses 1, 2, and 3 are accepted. Meanwhile, e-procurement strengthens the influence of organizational commitment on the achievement of P3DN policy (Hypothesis 4 is accepted). However, e-procurement does not strengthen the influence of internal control and compliance with regulations on the achievement of P3DN policy, meaning hypotheses 5 and 6 are not supported. This is due to correlation coefficients being less than zero (0), indicating a negative relationship between these variables, even though the P-value is significant (<0.05).

DISCUSSION OF RESULTS

The research findings indicate that organizational commitment significantly and positively influences the achievement of the P3DN policy. Strong commitment from local governments to domestic products directly affects the local market. By providing incentives, support, supportive regulations, and effective promotion, local governments stimulate local economic growth, job creation, and enhance the competitiveness of local products in the domestic market. The commitment of local governments has a significant impact on the absorption of domestic products (P3DN) through various policies and support for local products. This is achieved through procurement patterns prioritizing domestic products, providing financial incentives to local producers, conducting promotional campaigns and education, fostering partnerships with local industry players, regulating supportive policies, and supporting innovation and local product development. Active support from local governments can significantly boost the local product market and enhance its competitiveness at both the local and national levels. These research findings align with studies by Isnaenah et al. (2022), Resa et al. (2020), Purwanto et al. (2021), indicating that organizational commitment has a positive influence on government efforts to increase the use of domestic products.

Internal control has a positive and significant influence on the achievement of the P3DN policy. Internal control, in the context of absorbing domestic products, serves as a framework regulating the use of local products in government or organizational operations. This involves purchasing policies, monitoring the availability of local products, controlling quality and availability, evaluating local suppliers, performance reporting and evaluation, and



the commitment of internal stakeholders. Success in using domestic products is related to how effectively internal control ensures that local products are adopted and used effectively in operational activities.

Strong internal control concerning the selection, use, and evaluation of local products plays a key role in increasing the absorption of domestic products. This helps ensure that local products are recognized, considered, and effectively used in government or organizational operational activities and procurement. These research findings are in line with studies by Anita et al. (2020), Resa et al. (2020), Purwanto et al. (2021), Darmada (2022), and Eny et al. (2023), concluding that internal control has a positive influence on increasing the level of the local component (P3DN) through the procurement of goods/services and involves various stakeholders such as PPK, PA, technical teams, procurement experts, and ULP committees, each having specific roles and authorities.

Compliance with regulations has a significantly positive impact on the achievement of the P3DN policy. Compliance with regulations has important implications for the adoption of Micro, Small, and Medium Enterprises (MSMEs)-based Domestic Products. The implementation of regulations related to P3DN has several significant impacts, such as providing vital legal stability for the growth of micro, small, and medium businesses. This compliance also plays a role in enhancing economic self-reliance by encouraging the use of local products, supporting the growth of the P3DN sector, and improving the quality and competitiveness of local products. Additionally, adherence to P3DN rules helps reduce dependence on imported products, creates opportunities to strengthen the local economy, and encourages closer collaboration among local stakeholders, supporting sustainable economic development.

Compliance with regulations related to P3DN forms a strong foundation for the development of this sector. Its influence extends beyond increasing the absorption of domestic products, having broader implications for inclusive and sustainable economic growth. These research findings align with studies by Purwanto et al. (2021), Zulmawan (2022), concluding that compliance with regulations has a positive influence on the compliance of government agencies in implementing domestic product use policies (P3DN) in the procurement of goods/services.

E-procurement strengthens the influence of organizational commitment on the achievement of the P3DN policy. As an electronic process in procuring goods and services, e-procurement can reinforce organizational commitment to the P3DN policy (Domestic Products Based on Micro, Small, and Medium Enterprises) in several ways. First, by providing higher transparency in the procurement process, e-procurement allows easier access for stakeholders to information about local products, enhancing the chances for P3DN products to be considered. Second, the e-procurement platform can be utilized to facilitate the discovery and emphasis on local products, enriching the absorption of P3DN products. Third, the improved procurement process efficiency by e-procurement reduces bureaucracy, enabling quicker responses to local product offerings, supporting the absorption of P3DN products in a shorter time. Fourth, through this platform, local manufacturers can more easily engage in the procurement process, increasing the chances of absorbing P3DN products. Fifth, e-procurement enables more detailed monitoring and evaluation of participation and absorption of P3DN products, providing information groundwork for policies that support the growth of this sector. By integrating e-procurement into the procurement process, governments or organizations can strengthen their commitment to the absorption of P3DN policy. This platform provides supportive infrastructure, enhances accessibility to local products, and facilitates better engagement and evaluation, all contributing to increased absorption of P3DN products in the scope of procuring goods and services. These research findings align with studies by Isnaenah et al. (2022), Purwanto et al. (2021), and Oktaviana (2018), indicating that e-procurement has a positive impact in reinforcing the influence of organizational commitment on the performance of government procurement management.

The research findings state that e-procurement does not strengthen the influence of internal control on the achievement of the P3DN policy. The influence of internal control on



the absorption of the P3DN policy highlights the complexity in the relationship between this electronic system and internal control practices. Although e-procurement brings transparency and efficiency to the procurement process, several factors limit its role as a strong link between the P3DN policy and internal control.

The alignment of e-procurement systems with existing internal procedures poses a major challenge. When the e-procurement platform is not fully integrated or compatible with established control procedures, it can reduce the effectiveness of controls related to the selection of P3DN products. Additionally, limitations in management and oversight within the e-procurement platform can hinder the implementation of necessary controls. The lack of integration of the e-procurement system with the organization's internal infrastructure and systems is another issue. This lack of integration can impede the implementation of internal controls necessary to ensure compliance with the P3DN policy. The limited available data within the e-procurement platform can also be a barrier to effectively overseeing and controlling the absorption of P3DN products.

Apart from technical factors, ambiguity in internal policies related to local products also affects the role of e-procurement in moderating internal control. Ambiguous or inconsistent internal policies supporting P3DN can reduce e-procurement's ability to be a strong link between policy and internal control practices. Improving the role of e-procurement requires more comprehensive steps, starting from better technical integration to stronger clarity in internal policies. Better synergy between e-procurement and internal control practices becomes crucial to ensure effective compliance with the P3DN policy.

The research findings show that e-procurement does not strengthen the influence of compliance with regulations on the achievement of the P3DN policy. This analysis highlights several factors that hinder e-procurement from moderating the influence of regulation compliance on the acceptance of the P3DN policy. Despite the significant potential of e-procurement in facilitating the procurement process for goods and services, challenges persist in strengthening the absorption of P3DN products.

Firstly, limitations in access and knowledge pose significant barriers, especially for P3DN producers who may not fully understand or have adequate access to e-procurement technology. Secondly, transparency of information about P3DN products within the e-procurement platform remains an issue, reducing the potential acceptance of local products. Thirdly, the effectiveness of e-procurement in influencing the absorption of P3DN products depends on procurement policies and criteria supporting local products. Without broad support, its impact on significant changes in absorbing P3DN products will be limited. Fourthly, although e-procurement facilitates an efficient procurement process, the implementation of P3DN policies and their oversight still requires careful manual control. This indicates that e-procurement is not yet sufficiently effective in ensuring the use of P3DN products without appropriate manual oversight. Fifthly, uncertainty in rules or policies related to P3DN can reduce consistency in e-procurement implementation, reducing its influence in promoting the absorption of local products. Understanding these constraints is essential as it helps identify challenges in implementing e-procurement to strengthen the absorption of P3DN products. Solutions need to be sought, such as providing further training for stakeholders, improving transparency of information within the e-procurement platform, and updating policies and regulations supporting local products. Synergy between e-procurement and internal policies needs to be considered to maximize the potential of e-procurement in moderating the influence of compliance with regulations on the acceptance of the P3DN policy.

CONCLUSION

Organizational commitment has a significant positive influence on the achievement of the P3DN policy. Strong commitment from local governments to domestic products directly impacts the progress of the local market. Internal control significantly and positively influences the achievement of the P3DN policy. Internal control in the context of absorbing



domestic products serves as a framework regulating the use of local products in government or organizational operations.

Compliance with legislation has a significant positive influence on the achievement of the P3DN policy. Adherence to legislation has important implications for the adoption of Micro, Small, and Medium Enterprises (MSME)-based Domestic Products (P3DN). E-procurement strengthens the influence of organizational commitment on the achievement of the P3DN policy. As an electronic process in procuring goods and services, e-procurement is capable of reinforcing organizational commitment to the P3DN policy. By integrating e-procurement into the procurement process, governments or organizations can strengthen their commitment to the absorption of the P3DN policy.

E-procurement does not strengthen the influence of internal control on the achievement of the P3DN policy. The influence of internal control on the absorption of the P3DN policy has high complexity in the relationship between the electronic system and internal control practices. E-procurement does not strengthen the influence of compliance with legislation on the achievement of the P3DN policy. Although e-procurement has great potential in facilitating the procurement process for goods and services, challenges and constraints faced in reinforcing the absorption of P3DN products still exist.

Limitations of this research:

- Data Limitation: The study might be constrained by the availability of relevant and accurate data;
- Limited Generalization: Research findings may only apply to a specific sample or population and cannot be widely generalized to all types of organizations. This limits the ability to claim that the results can apply universally;
- Confounding Effects: Other factors outside the studied variables could influence the results;
- Subjectivity Limitation: Because this research is opinion-based, there's a possibility of subjectivity in respondents' responses or perceptions. Factors such as respondent bias or subjective interpretation of research questions could affect the results.

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