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## **Strategy for Increasing the Use of Domestic Products in the Procurement of Goods/Services in Government Procurement Agency**

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Juniarty Erika Magdalena Saragi <sup>1</sup>, Hamka <sup>2</sup>, Mala Sondang Silitonga <sup>3</sup>

### ***Abstract:***

*This study aims to identify factors that influence the use of Domestic Products (PDN) in the implementation of Goods/Services Procurement (PBJ) at the Government Procurement Policy Institute (LKPP) and formulate effective strategies in increasing the use of PDN in the implementation of PBJ in LKPP. This research is qualitative research, using primary and secondary data sources with data collection techniques in the form of interviews with key informants and documentation studies. The results showed that the factors influencing the use of PDN in PBJ in LKPP include driving factors and inhibiting factors. The driving factors that influence the use of PDN in PBJ in LKPP include PDN Policy, Contract Process, Strict Procurement and Supervision Practices, and the Use of IT and PDN Information that is easily accessible. The inhibiting factors that affect the use of PDN in PBJ in LKPP include the uneven ability of PBJ human resources, the unavailability of PDN Goods/Services or their substitutions, and the quality of PDN Goods/Services is not optimal, including security system issues. This study recommends steps as a strategy to increase PDN in PBJ in LKPP, namely Internalization of PDN Policy, Optimization of PBJ Process starting from the Procurement Planning stage, Election Preparation, Election Implementation, and Preparation and Improvement of Documents ranging from Planning Documents, Election Preparation Documents and Election Implementation Documents in order to ensure PDN obligations in the implementation of PBJ.*

**Keywords:** Domestic Products (PDN), Procurement of Goods/Services (PBJ).

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<sup>1</sup>Politeknik STIA LAN Jakarta, Indonesia. erika.lkpp@gmail.com

<sup>2</sup>Politeknik STIA LAN Jakarta, Indonesia. laicahamka@gmail.com

<sup>3</sup>Politeknik STIA LAN Jakarta, Indonesia. malasondang@yahoo.com

## **1. Introduction**

The Coronavirus Disease 2019 (Covid-19) pandemic has had a serious impact on health aspects and also on the national economy both in terms of demand and supply. In 2020, Indonesia's economic growth recorded a significant decline, which was at -0.27 (Badan Pusat Statistik/BPS, 2021). This means that even if PPKM has been revoked, the government needs to review and make policy adjustments in an effort to recover the national economy (PEN). Law Number 11 of 2020 concerning Job Creation is an affirmation of the government's commitment to increase the use of domestic products (PDN) in the procurement of public goods/services. The overall objective of Law Number 11 of 2020 is to implement structural reforms and accelerate economic change by providing as many jobs as possible to job seekers, making it easier for the community to open and expand, and supporting efforts to prevent corruption.

The mandate in Law Number 11 of 2020 was followed, one of which was the issuance of Presidential Regulation (Perpres) Number 12 of 2021 which amended the First Amendment to Presidential Regulation Number 16 of 2018 concerning Government Procurement of Goods/Services. Presidential Regulation No. 12 of 2021 and its implementing regulations more clearly encourage the obligation to allocate at least 40% of the budget value of goods/services of ministries/institutions/local governments to small business and cooperative products from the results and increase the procurement limit for other goods/jobs/services from Rp2.5 billion to Rp15 billion for small businesses is one form of positive policy towards small businesses and cooperatives in the government's PBJ.

In addition, with Presidential Instruction (Inpres) Number 2 of 2022 concerning the Acceleration of Increasing the Use of PDN and Micro, Small Business, and Cooperative Products (UMKK) as part of the National Proud of Made in Indonesia Movement (Gernas BBI or GBBI) in the implementation of goods/services procurement (PBJ), it is proof that the public is encouraged to use PDN. The President's directive can be used as an opportunity for industrial companies to increase competitiveness through increasing the use of PDN.

In an effort to encourage domestic industry, the government also expects projects implemented in PBJ, many using goods and services from within the country (Zakaria et al, 2023) or better known as PDN, local content or domestic products. Furthermore, the PDN requirement is a policy imposed by the government that requires companies to use goods and services produced and provided domestically (Organisation for Economic Co-operation and Development / OECD, 2019).

Francesco, et al (2016) also stated that one of the important areas in public financial management is public procurement. State finance or public finance and public procurement are two interrelated concepts. Public finance includes the management and use of government financial resources, while public procurement deals with the

process of procurement of goods and services implemented by the government to meet public needs.

According to Presidential Regulation No. 16 of 2018, PDN is goods and services, including planning and designing, produced or implemented by companies that invest and produce in Indonesia, employ all or part of the Indonesian Citizen (WNI) workforce and raw materials used in the process of materials, raw materials or components sourced entirely or partially from within the country. In relation to this definition, PDN refers to products and services manufactured in a country or in the country itself.

The use of PDN is the selection of procurement preferences oriented towards domestic goods/services. Increasing domestic PBJ is one of the strategies in PBJ policy. The PBJ cycle, starting from the selection of specifications for goods/services, selection of goods/services providers, contracts, implementation and maintenance. Each of these cycles promotes goods/services that use domestic resources (Well & Hawkins, 2010).

If you look at PBJ policy practices in other countries, for example in the infrastructure sector in Africa, there are five (5) immediate benefits from promoting GDP. First, it provides local employment. Second, higher opportunities to local consultants and local goods providers. Third, increase work to local contractors. Fourth, open supply chains to domestic material and component providers. Fifth, increasing employment in the indirect provider sector, for example procuring domestic product clothes, will increase demand for domestic production of yarn, needles, buttons, and zippers (Wells & Hawkins, 2010). The impact or five (5) benefits from the procurement of PDN, will contribute to long-term benefits in development, namely reducing poverty, encouraging inclusive growth, and encouraging sustainable development (Wells & Hawkins, 2010).

In 2008, during the world financial crisis, national economies in various countries were shaken. Various strategies are carried out to be able to recover it. Some countries are undertaking ambitious policy reforms with ambitions to boost local economies, boost domestic growth and mitigate the negative impact of a troubled world economic climate. Some of these reforms (re)introduced aspects of protectionist policies. One type that is experiencing increased attention in this context is local content requirements (Deringer et al, 2018).

In line with the results of research by Deringer et al (2018), the South African government implemented local content policies as part of its post-Covid economic recovery plan. The South African government prioritized the need to encourage GDP through the PBJ. In the short term, it is evident that local content policies can attract international and domestic investment, and contribute to industrial development, job creation, and economic growth (Kaziboni & Stern, 2021).

In the industrialized world, government GDPs spend about 10–15% of annual GDP, although in many industrialized countries, purchases of government goods and services can account for 20% of GDP (in America, Europe, Canada). For most countries, procurement policy requires optimizing public purchasing means to serve national objectives and the public interest. Governments typically use their purchases as a policy tool, thus favoring domestic suppliers over foreign suppliers. The goal is to return tax money to domestic residents (Weiss & Thurbon, 2006).

From the description above, it can be concluded that the use of PDN is very important because it can help the country's economy by increasing domestic demand, encouraging domestic industrial growth, and creating jobs (Well & Hawkins, 2010; Deringer, Erixon, Lamprecht, & Marel, 2018, Kaziboni & Stern, 2021). By consuming GDP, money continues to rotate within the country and increases national income (Weiss & Thurbon, 2016).

## **2. Theoretical Background**

### **State Finance**

Willoughby (2014) defines public finance as a field related to the management of government financial resources, including budgeting, spending, and accountability in public services. Willoughby emphasized the importance of intersectoral collaboration in public financial management, namely collaboration that occurs between the government, the community, and the private sector in improving the effectiveness and efficiency of public financial management.

### **Procurement of Goods/Services**

Based on the regulation of Presidential Regulation 16 of 2018, the definition of Government Procurement of Goods and Services (PBJ) is the activities of PBJ by Ministries/Institutions/Regional Apparatus financed by the APBN/APBD whose process starts from identifying needs to handing over work results. PBJ is also an activity that is closely related to efforts to improve the quality, facilities, facilities and infrastructure, to accelerate access to public services for the benefit of the community.

### **Domestic Products**

Domestic Products are goods and services, including design and engineering, produced or carried out by investment and production companies that use all or part of the country's workforce, Indonesian citizens and the process uses raw materials or components that are wholly or partially derived from within the country.

### **3. Methodology**

The approach that is in accordance with the orientation and objectives in this study is the qualitative descriptive research method. The data collection technique used in this study was using interviews and documentation studies. The data obtained through in-depth interviews and documents will be collected to be further managed and analyzed using Interactive Model Analysis (Miles and Huberman, 1994). From the Interactive Model Analysis, data obtained from interviews and document analysis are examined through the mechanism of three activities, namely: data reduction, data presentation and conclusions / review. Data reduction is a selective process that focuses on simplifying, abstracting, and transforming raw data that emerges from written records in the field. This process continues throughout the study period. Data presentation is an activity in which a set of information is collected, thus providing an opportunity to draw conclusions and take action.

### **4. Empirical Findings/Result**

#### **Factors Affecting the Use of PDNs in PBJ**

##### **Driving Factors**

##### **a. PDN Policy**

Policy or regulation is the main basis for implementing government programs. Efforts in the use of PDNs have been so regulated through a series of policies that continue to be shaken.

"The most basic supporting factor is certainly policies or provisions that require the use of domestic products." Key Informant 7 A similar thing was also revealed by Key Informant 4 "What is certain is that the factor that drives it is regulation. The regulations are clear. We are encouraged because according to regulations, PDN must be carried out. There are also penalties for not using PDN."

Basically, the policy position is a response to the global situation. In other words, the existence of policies that apply in LKPP is part of national policies that are annually reviewed based on global and domestic situations. PBJ-related policies are inherently very dynamic. When various countries and Indonesia experience a pandemic situation, the government adjusts various applicable policies. In particular, in order to improve the national economy. PBJ's policy with PDN is also a policy that has received a lot of government attention. Increased collaboration to encourage PDN in the IT sector also continues to be carried out, as stated by Key Informant 1 that LKPP as an institutional entity opens cooperation with Kominfo and Kemenristekdikti to try to map various existing startups. The Collaboration Plan has been included in PDN's road map. Furthermore, Key 1 Informant conveyed that digitalization is currently a weakness as well as a challenge, such as the procurement of the Zoom application which is mostly used by K/L/PD, especially during the COVID-19

pandemic, the majority of meetings, training activities are carried out online using the Zoom application. While the Zoom application cannot be replaced by a local startup. Key 1 informant concluded that the biggest weakness at the moment is the IT spending, which until now has not been substituted by local products. Other examples mentioned by Key Informant 1 such as procurement of servers, licensing, still depend on non-local products.

The PDN strategy by using services also encourages the use of PDN, even though the goods used may not be entirely PDN. But by using services, many PDN human resources will benefit, especially if the services cover a large business chain. One of the services carried out is in the form of rent. As stated by Key Informant 2 that fellow managers of State Property (BMN) at LKPP are trying to change the paradigm from capital expenditure to rental expenditure. Furthermore, Key 2 informant said that the change in strategy from capital expenditure to rental expenditure also aims to transfer risk, risk from BMN managers to goods/services providers. LKPP tries to transfer risk by means of the lease mechanism. There is also assistance received by LKPP from providers to carry out maintenance, in case there are problems in the middle of the trip.

In line with this, Key Informant 1 also stated that rental services had been performed. "Our strategy is not to buy a car, but to rent a car to Astra. Astra is a domestic provider but its TKDN and BMP are not up to 40%. Because the car remains imported from abroad. So, converting its procurement into a service lease. Then even if it is forced to import, the contract must have an offset clause."

#### b. Rigorous Contracting Processes, Practices, and Supervision

At the end of 2014, Government Procurement of Goods/Services (PPBJ) was often considered an ineffective activity, instead it was considered a waste. In addition, it is also considered a source of unused funds. In terms of PBJ, the results of the second semester 2014 examination from the Audit Board (BPK) showed that 17 (seventeen) K/L suffered state losses of Rp43.62 billion. Such losses are due to the lack of volume of work. There is also a possibility of state losses of IDR 4.11 billion. This is due to overpayment in PBJ at 7 (seven) K/L. Since LKPP was formed in 2007 and carried out duties and functions to oversee procurement, LKPP has made various efforts to improve transparency, accountability, and efficiency of the procurement process. Here are some of LKPP's successes in controlling the PBJ, namely:

1. Formation of electronic catalogs. LKPP has successfully built and managed an Electronic Catalog as a standardized price reference for various goods and services needed by government agencies. This helps in obtaining more transparent and competitive pricing;

2. Electronic Procurement System (SPSE). LKPP has developed and operated SPSE, an electronic platform for the online procurement process of goods/services. SPSE increases transparency and efficiency in the procurement process, ensures wider participation of goods/services providers, and minimizes the risk of corruption;
  3. Training and Certification. LKPP organizes training and certification for Procurement Human Resources. It aims to improve the competence and knowledge of Procurement HR in carrying out procurement that is effective, efficient, and in accordance with the principles of good governance;
  4. Drafting Regulations and Policies. LKPP periodically formulates regulations and policies related to the procurement of government goods/services. This provides a clear and up-to-date framework for government agencies to implement procurement, as well as reducing the risk of violations or non-compliance with the rules. More technically, in the process of implementing contracts with providers, according to Key 5 Informer, ensuring adequate availability in the country is also an important factor in fulfilling the use of PDN in LKPP. Even if there are times when you experience challenges. In addition, according to Key Informant 5, based on their role as Government Internal Supervision Apparatus (APIP), Auditors continue to encourage P3DN to always prioritize P3DN first, be it spending from catalogs, protection, including if procurement or from selection tenders. Supervision, which manifests itself in the ME process, is a very important process in successfully achieving targets. The ME process at LKPP has been carried out according to the rules. Routine coordination is also carried out between LKPP and providers.
- c. Easily Accessible Use of IT and PDN Information

Basically, IT innovation and collaboration facilitate efforts to increase PDN. In recent years, the common vision and mission of K/L has made it easier for KDP to find information, especially for PDN. According to Key Informant 3, previously it was quite difficult to find information related to PDN. "There are items that are very difficult to find information about. With the integration between the government related to PDN data through the Ministry of Industry, it is now easier to find domestic products through the Ministry of Industry's P3DN application." However, unlike 5 or 10 years ago, what is difficult to guess whether a good and service is PDN or not, especially whether that product can be substituted with PDN is very difficult. Now it has become easier because of the synergy between governments. The government through the Ministry of Industry has built an application to provide TKDN and BMP Certificate Data that have been issued by the Ministry of Industry and provide TKDN Certificate Recapitulation Data based on the group of goods and company location.

## **Inhibiting Factors**

The use of PDN has not been realized 100%. A number of inhibiting factors or challenges are experienced in the implementation of this policy.

- a. **Uneven Human Resources Capability:** To support PDN policy, LKPP encourages human resources to always prioritize PDN to be crucial. This is also related to a sense of nationalism towards the state which encourages natural awareness to prioritize PDN. In the implementation of PDN, LKPP has divided many balanced roles across work units. On the other hand, the division of tasks between units makes knowledge and information about PDN uneven or causes gaps. So the challenge that exists now is how especially those in functional positions (jabfung) can get the same experience. In addition, although a lot of information is obtained about PDN, sometimes not all information is also available. "The obstacle is, first, the lack of information and knowledge about PDN. Second, it is less sure of the use of PDN for some products because it has not been proven. To anticipate the emergence of new problems due to not knowing information or not sure of domestic products, keep using these products." Key Informer 4

Human resource awareness and internalization of the use of PDN also still needs to be improved. The same thing was also conveyed by Key Informant 2 that internalization of PDN values needs to be done, and it may be necessary to repeat the internalization because in this LKPP the turnover is very high, there may be personnel changes or there are new policies so that re-internalization is needed related to the PDN policy. Human resources are also expected to have high awareness, so as not to just meet minimum targets. HR also needs to be reminded always to be aware that PBJ with PDN is a mandate. As stated by Key Informant 8 that to meet the target of using PDN at least 40%, it is necessary to participate procurement actors, equally side and aware of PDN.

"To be more aware, it is necessary to remind that PBJ with PDN is a mandate. There is a role for procurement actors. How aware they are of implementing the mandate, since it is mandated that the PDN is at least 40%. For example, if you want to optimize up to 80%, all actors need to be aware and side with PDN. It is not limited to meeting the 40% criteria." Key Informants 8 awareness of the use of PDNs will make HR naturally side with existing PDNs. In addition, it will also encourage the implementation of more useful programs. Furthermore, improving the ability of human resources Procurement on a regular basis should also be a concern.

It is indispensable. For example, by implementing product knowledge, as stated by Key Informant 3, that as one of the strategies to increase PDN to overcome inhibiting factors in the form of not knowing which products are PDN, Procurement HR needs to learn or implement product knowledge to overcome these inhibiting factors. Key Informant 3 also added, for example, there is a need



for goods in the form of chairs, but Procurement Human Resources are limited to information on which quality chairs are PDN, so it needs product knowledge, acquaintance with the product, acquaintance with its features. So that in the end information and data are obtained that it turns out that in the market there are substitute products or substitutes for goods that previously still used imported products.

Key Informant 3 concluded that in essence, LKPP needs to conduct product knowledge within LKPP to strengthen market research. Through product knowledge, it is hoped that many choices will emerge and ensure that indeed the services can be accommodated with PDN. As a further explanation related to product knowledge, Brucks (1984) provides a definition that product knowledge is consumer knowledge about terminology, attributes, and use of situations. There are three types of product knowledge, namely:

1. Subjective knowledge or perceived knowledge. This subjective knowledge is concerned with improving the processing of product information, so it can be interpreted as an individual's perception of how many know;
2. Objective knowledge, related to the actual information processing capabilities. It pertains to the number, type, or organization in which individuals work; and
3. Experience-based knowledge. Knowledge because this experience is related to the amount of experience buying or using the product.

Suppose an individual's experience with a class product is considered part of his product class knowledge. From here then the notion of knowledge products developed rapidly. In its development, Rao & Monroe (1988) explained that knowledge is an important factor in decision making. In simpler language, Wirtz and Mattila (2003) provide an understanding of product knowledge. Starting from the meaning of knowledge, that is, knowledge is a fact or state of knowing something with familiarity obtained through experience or education. He points out differences in newly acquired and frequent knowledge.

More knowledgeable consumers can distinguish between simple and complex information of a product (IDX & Widdows, 1999). Consumers will judge a product that is considered quality if it is able to meet wants or needs and consumers are satisfied with the product (Kottler, et al, 1999 & Kotler & Armstrong, 2008 & 2010).

- b. Not yet available PDN goods/services or their substitutions

As mentioned earlier, the availability of goods when needed is also not always ready. This condition really needs to be anticipated. As mentioned earlier, annual

planning is also prepared in more detail in the year before goods and services are needed. It is also important to look at the market situation.

The IT products used by LKPP are very diverse. Today the use of software, as explained earlier, is also a big challenge. In terms of the local industrial base, IT application providers in Indonesia are still limited, for example the Zoom application which until now has not been substituted for local products. As mentioned by Key Informant 5.

“Existing problems are related to IT procurement. This IT procurement is still in the process of finding a solution, because LKPP's dependence on IT is quite large.”

Based on APIP's internal assessment, LKPP is quite good. This means that it has met the minimum standard requirements according to the Presidential Regulation. Currently, IT is the core or core of LKPP, so the discussion is a priority. According to Key Informant 5, for other shopping outside IT, there are no factors that are so inhibiting, so that they can be fulfilled from within the country.

- c. The quality of PDN Goods/Services is not optimal, including Security System Issues

Observing a number of products used, quality is also an important thing to note. It is undeniable, the existence of poor quality will also have an impact on the service life and vulnerability of an item. If the goods are perishable, it will also cost money that should be used to support other effective programs. For example, in terms of laptop use. There are a number of laptop providers made in the country. However, it is recognized that the quality is not so guaranteed. With the purchase cost that is considered cheaper, but also costs quite expensive if there is damage. When tried to use the laptop, the substitution between the previous goods which were imported goods, Key Informant 5 said that there were indeed a number of complaints.

“We heard some complaints. Suppose the most real of the laptops. Previously, full imported goods became local goods. We from the Inspectorate side have never conducted a deeper review, reviewing the impact when substitutions are made.” Substitution still needs to be reviewed more carefully, as to what the impact will be. This is in order to maintain the quality and durability of the goods used. In addition, every item has a risk of use. A number of items are used with due regard to the existing security system. To get minimal risk from the use of goods, there is a tendency to use goods that have often been used. For example, for purposes A used goods from brand B.

In addition, there is also resistance to change that has become accustomed to using imported products or dependence on foreign technology and resources.

There are concerns that domestic products or technologies will not be comparable in terms of quality or performance with imported products or proven foreign technology. Key 4 informant said that "we are not sure about domestic products. So finally because for the sake of safety (procurement of fire alarm detection systems), it feels more appropriate to use foreign products."

Sometimes, not all parts or parts of an item are also available in the country. There are electronic goods providers whose products are not fully PDN. In repairing an item, there are times when orders are made for parts produced also in other countries.

### **Strategy to Increase the Use of Domestic Products in PBJ**

Through the research conducted, Well and Hawkins (2010) suggest that policymakers need to develop a clear and transparent policy framework that balances local content requirements with procurement goals. Well and Hawkins (2010) also recommend that policymakers work closely with industry and other stakeholders to develop locally necessary skills and expertise and ensure compliance with international trade agreements and regulations. Finally, it emphasizes the importance of monitoring and evaluating the effectiveness of local content policies to ensure that intended objectives can be achieved.

In their research Deringer et al (2018) examined the impact of local content requirements (LCR) on domestic industries, employment and economic growth. The results of his research stated that LCR had a positive impact on the domestic industry, resulting in increased production and absorption of local labor. However, LCR has also led to increased costs for consumers and has limited the competitiveness of the industry. The recommendations are that policymakers need to carefully balance the benefits of LCR with potential costs to consumers and industry competitiveness, and policymakers need to consider implementing LCR in conjunction with other policies aimed at increasing competitiveness and innovation in domestic industries.

Furthermore, the results of this study are built after researchers listen to answers from key informants, study previous research, conduct documentation studies, examine facts, and study the theory or model used for this research. Based on the results of the study, the stages of strategies to overcome existing inhibiting factors were obtained, as follows:

#### **1. Internalization of PDN Policy**

- a. LKPP through the HR Bureau / HR Center needs to internalize the policy of using PDN to PBJ HR in LKPP.
- b. Internalization of PDN usage policies can take advantage of the PDN Usage Improvement Training Program (P3DN) through e-learning applications that

have been developed by the HR Training Center (Puslat). Follow-up internalization in the form of monitoring and evaluation also needs to be carried out, to ensure that PBJ's human resources have understood the P3DN policy on PBJ.

## 2. PBJ Process Optimization

**Table 1. PBJ process Optimization**

Procurement Planning Phase	Election Preparation Phase	Election Implementation Stage
<ol style="list-style-type: none"> <li>1. In identifying needs, KDP needs to increase the intensity of market surveys;</li> <li>2. In carrying out market surveys, in the procurement of goods that are industrial products, KDP can access the website managed by the Ministry of Industry to check the TKDN and BMP values;</li> <li>3. Based on the results of the market survey:                             <ol style="list-style-type: none"> <li>a. In the event that there is a PDN that has a TKDN value plus a BMP value of at least 40%, then KDP must use a PDN with a TKDN value of at least 25%;</li> <li>b. In the event that there is no PDN that has a TKDN value plus a BMP value of at least 40%, then KDP uses a PDN with a TKDN value of at least 25%;</li> <li>c. In the event that PDN in letters a and b is not available or the volume is not sufficient, then KDP uses PDN with</li> </ol> </li> </ol>	<ol style="list-style-type: none"> <li>1. The Procurement Officer/Election Working Group reviews the Technical Specifications/KAK set by the KDP.</li> <li>2. In conducting the review, the Procurement Officer/Election Working Group accesses the P3DN portal managed by the Ministry of Industry to recheck the TKDN and BMP values.</li> <li>3. In the event that the goods/services required have a TKDN + BMP value of at least 40%, the Procurement Officer/Election Working Group</li> </ol>	<ol style="list-style-type: none"> <li>1. If there are participants who submit offers for goods/services with a TKDN + BMP value of at least 40%, the Selection Working Group cancels the offer which is an imported product.</li> <li>2. Domestic products used have at least a TKDN value of 25%.</li> <li>3. The Selection Working Group provides price preference in the process of conducting the selection/evaluation of offers.</li> <li>4. The results of the evaluation are stated in the Minutes of Offer Evaluation document.</li> </ol>

Procurement Planning Phase	Election Preparation Phase	Election Implementation Stage
<p>TKDN value less than 25%;</p> <p>d. In the event that PDN in letters a, b and c is not available or the volume is not sufficient for needs, then KDP uses the PDN stated by the business actor.</p> <p>4. KDP submits the results of market surveys and identification of needs in technical specification documents / KAK.</p>	<p>informs the KDP to adjust the Technical Specifications/KAK by being obliged to use domestic products.</p> <p>4. The results of the review are poured and documented in the Minutes of Review of Procurement Preparation Documents.</p>	
<p>3. Preparation and refinement of a number of documents to ensure the mandatory use of PDN:</p>		
<p>a. Improvement of Procurement Planning SOP, in order to strengthen the obligation to use PDN since the stage of identifying the needs of goods/services to ensure the availability of domestic goods/services or products that can meet the needs of organizational units. If domestic products are available, then the steps that must be implemented, namely by giving priority to PDN in the procurement process.</p> <p>b. Preparation of Standard Document Model / Technical Specification Template, in order to strengthen the obligation to use PDN since the procurement planning stage.</p> <p>c. Preparation of Standard Document Model / Template Minutes of Review of Procurement Preparation Documents, in order to strengthen the obligation to use PDN since the election preparation stage.</p>		

## 5. Conclusions

The conclusion that the author can draw is that the factors that influence the use of PDN in PBJ in LKPP include driving factors and inhibiting factors. The driving factors that influence the use of PDN in PBJ in LKPP include PDN Policy, Contract Process, Strict Procurement and Supervision Practices, and the Use of IT and PDN Information that is easily accessible. The inhibiting factors that affect the use of PDN in PBJ in LKPP include the

uneven ability of PBJ human resources, the unavailability of PDN Goods/Services or their substitutions, and the quality of PDN Goods/Services is not optimal, including security system issues.

This study recommends steps as a strategy to increase PDN in PBJ in LKPP, namely Internalization of PDN Policy, Optimization of PBJ Process starting from the Procurement Planning stage, Election Preparation, Election Implementation, and Preparation and Improvement of Documents ranging from Planning Documents, Election Preparation Documents and Election Implementation Documents in order to ensure PDN obligations in the implementation of PBJ.

Based on the conclusion of the study, then as an output of the objectives of this study, the researcher provided recommendations for several suggestions in order to optimize the use of PDN in PBJ implemented by Regional Ministries/Institutions/Devices. This suggestion is inseparable from the Collaboration of Ministries/Institutions/Local Governments in order to Accelerate the Increase in the Use of PDN in Government Goods/Services Spending. Among them are LKPP and the Ministry of Industry to facilitate collaboration between domestic producers and also related K / L / PD in order to meet the needs of goods / services that are not yet available. The form of collaboration that can be done is business matching that needs to be attended by K / L / PD, BUMN / BUMD, as well as certain business entities and domestic business actors.

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