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Implementation Practices of Public Procurement Plans and Policies

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Abstract

Public procurement issues have drawn many concerns and became a public debate because the rules and regulations are constantly reformed and restructured. Public procurement contributions in the world economy are very significant. In Indonesia, according to the Ministry of Finance, public procurement spending for 2009 was 33.4 percent of total government spending. This study aims to determine implementation practices of Public Procurement Plans or Rencana Umum Pengadaan (RUP) in Bitung City. The multiple statistical regression equation is used to process data from 47 respondents from regional apparatus task forces (SKPD) and the results show that the influence of independent variables (X) on dependent variable (Y) is 87.3 percent (R2), while 12.7 percent is influenced by other factors. The result of F-test shows 36.231> F- table 3.21. The calculated probability value is 0.000 which is smaller than 0.05. The partial test (t-test) from 9 independent variables (X) identifies 7 variables that have significant effects on the scores of RUP implementation (Y). The overall results of t-test show that the implementation practices of public procurement plans have significant effects of the higher compliance rates on the output of goods and services.

Key words : *Policy Implementation, Public Procurement, Bureaucratic Reformation, Bitung City.*

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INTRODUCTION

World Bank (2003) in its study reported that around 50-70 percents of state budget (APBN) were related to public procurement. An efficient procurement system can secure a significant amount of value for money spent by the government and also plays an important part in tackling huge challenges brought about by developments (Ameyaw et al, 2012). In Indonesia, the Ministry of Finance reported that the amount of public procurement spending for 2009 was 33.4 percents of total government spending (Jacob, 2014).

Therefore, according to World Bank (1995) in Onyinkwa (2013), throughout the world public procurement issues have drawn many concerns and became a public debate because the rules and regulations are constantly reformed and restructured. Public procurement refers to the acts of procuring goods, services and constructions by governmental agencies and in doing so spending government fund. Hui et al (2011) stated that because of the large amount of money spent in public procurements and the fact that the money is the people's money, transparency and accountability are necessary in managing that huge amount of money (Badaso (2014).

Even though some developed countries have taken measures to reform their procurement systems, still the processes are laden with secrecy, inefficiency, corruptions and weaknesses, resulting in a loss of resources. A study by Bukhala (2003) in Kenya, as reviewed in Mwangi (2013), showed that the practices of public procurement system in 1999 created many gaps because lack of sanctions and penalties for the perpetrators, aside from internal disciplinary sanctions there were no strict enforcement of regulations and as a result many of the code of conduct were not complied accordingly. Also, the procurement system cannot be reliably used to confirm the fairness and transparency of its implementation.

World Bank, in Setiawan (2014), mentioned several factors that influenced procurement practices in Indonesia such as lack of regulations for public procurements, low in implementation brought about by lack of procedural knowledge, weaknesses in law enforcement against any unlawful actions, low capacity of field implement weak in control and monitoring, and the lack of transparency in tender offers. Aside from bureaucratic factors, the problems of public procurement may arise from the lack of understandings about the rights and duties of goods and service providers. To win tender offers in order to secure a business order, providers often act in unfair and unlawful conducts such as by promising "yields sharing" or manipulating tender processes which are popularly known as "arisan tender".

Corruption is as misuse of power for private gain (TII, 2010 in Soseco (2012). According to the Indonesian Law No. 31, 1999 in reference to Law No. 20, 2001, there are 30 types of criminal activities that can be classified as corruption. These crime activities can be grouped into seven categories; (1) Action of public officials that cause state financial loss. (2) Bribery. (3) Embezzlement. (4) Extortion. (5) Misconduct (in public procurement). (6) Conflict of interest (in public procurement). (7) Gratification.

The Corruption Eradication Commission of the Republic of Indonesia (KPK) revealed that the dominant causes of corruption crimes in Indonesia, about 77 percents are related to public procurements (Yuwinanto, 2013). Business Competition Supervisory Commission of the Republic of Indonesia (KPPU) found that collusion in a tender offer usually starts in the procurement planning process or from the very

beginning of the procurement process. In a procurement planning, it is important to prepare and define in details the target, scope of the job, working environment, human resources, timetables, standard of quality, costs and benefits that will be used as the main guidance in implementing public procurement plans in the form of job packets (Yuwinanto, 2013).

The corruption not only in the public procurement, but has spread more widely in all parts of the nation and state. According to Soseco (2012) that in Indonesia, corruption is existed in every region. Transparency International Indonesia (TII), who published Corruption Perception Index (CPI) in Indonesia since 2004, conducts research in big cities Indonesia. In 2004, TII conducted survey in 21 cities; meanwhile in 2010 the survey covered 50 cities in Indonesia. The more cities included, the interesting the result gained. Corruption is not merely happened in big or capital cities. It also existed in small and medium cities

It is acknowledged that preparing procurement plans is not an easy task. It is important to have the necessary knowledge to prepare it neatly with much accuracy. Other important factors that influence the rate of success of any governmental agency in securing the necessary goods and services are the compliance level towards the procurement policies and rules and the behavior of the human resources involved in the process. Compliance in implementing public procurement plans and policies as mandated in Presidential Decree, Number 54, 2010 and its amendments is the first necessary step for achieving a good bureaucratic performance in the management of the public procurement process that will lead to an institutional ordinance and the development of a good governance.

According to Irawati (2013), both the institutional ordinance and the development of a good governance are often interpreted as indicators of the realization of bureaucratic reformation with the fulfillment of principles such as, public participation, full enforcement of law supremacy, transparency, attention towards stakeholders, consensus-oriented, equality, effective and efficient, accountable, and have the strategic vision.

Procurement is an activity to procure materials or goods and services in a transparent, efficient and effective manner according to the needs and demands of its users. The goods here include equipment and building constructions for either private or public uses. World Bank (1995) in Jacob (2014) defines public procurement as an act of buying or renting to procure materials, constructions, and services by public sector by way of contracting or other methods.

Procurement is an acquisition process to procure materials, constructions and services by spending public/state resources (financial/budgets) taken from national budgets or Anggaran Pendapatan Dan Belanja Negara (APBN), regional budgets (APBD), or by getting loans in the form of domestic loans or secured foreign loans, or by getting it from foreign grants, or income from national economic activities. Hence, World Bank concludes that public procurement is an act of procuring goods by the government using government funds.

According to Edquist et al (2000) in LKPP (2011), essentially, public procurement is an acquisition process managed by the government and public institutions to procure goods, works, and services in a transparent, effective and efficient manner according to the needs and demands of its users.

In this regard, the users can be individuals (state officials), organizational units (agencies, faculties, hospitals, etc), or communities at large. Therefore, public procurement as suggested by Turpin (1972) in Jacob (2014) carries a very important function in an economy.

Turpin mentioned, "a substantial part of this procurement is concentrated upon crucial sectors of an industry whose welfare is of national importance, and much government contracting takes place at the forefront of technological advance. It will be realized that the way in which government procurement is carried out can have a significant effect on growth, competitiveness and efficiency..." Turpin briefly stated that the public or government procurement will bring significant effects on growth and development, competition, and efficiency. A similar opinion was suggested by Callender & D. Mathews (2000) that public procurement carries an important function because a large amount of spending associated with it has a huge impact on the economy that it should be carefully managed.

Good governance is essential for a successful implementation of the public procurement process. Good governance must be strictly maintained according to the principles of public procurement, which are effective, efficient, transparent, open, competitive, fair and indiscriminate, and accountable. These principles will enhance public confidence towards the process of public procurement, in which the outputs can be held accountable to the public for administrative, technical and financial aspects. And to do that, all the participants that are involved in the procurement process must comply with the formulated code of conduct (Jacob, 2014).

The code of conduct in the procurement process implies a sense of philosophy, ethics, and professionalism in the practice of procuring. The operational code of conduct for the procurement process typically has been formulated and put forth in the legislation in the form of rules, regulations, guidance, directions, and other statutes products (Sutedi, 2012). Hence, in all over the world the performance of procurement practice has become a challenge that draws the attention of scholars, practitioners, academic communities and researchers alike to scrutinize and examine it since the practice itself often shows underperformance caused by non-compliance towards the formulated processes and procedures (Amemba, et.al, 2013).

The definition of implementation has been put forward by many scholars of public policy, such as Meter & Horn (1975) in Hendrawangsa (2013). Meter & Horn stated that, "policy implementation encompasses those actions by public and private individuals (and groups) that are directed at the achievement of goals and objectives set forth in prior policy decision". This statement suggests that policy implementation encompasses those actions that are happening between policy formulation and the actual impacts brought about by those actions, and those actions are not limited to the actions of bureaucracy apparatus, but also include parties outside the bureaucratic domain, such as social organizations, and even individuals as the policy implementers.

Shafritz, Russel & Borick in Jacob (2013) define policy implementation as a process of putting government programs into the process of mandate manifestations in the form of regulations and legislations with the purpose as structured directions and programs in a service delivery or in providing goods and services. In a broad sense, policy implementation according to Hardiyansyah and Rahmad (2014) is the execution of a policy process immediately after

the legislation or regulation is set forth by the authorized institution. These activities are carried out by the government, private individuals or groups with the aim to fulfill the desired target. In performing these activities there should be synchronous correlations between the formulated targets and the outputs or the realization that will be or have been reached.

In implementing procurement policies as mandated in Presidential Decree, Number 54, 2010 and its amendments, the principles and ethics of its implementation shall be strictly applied and complied. Procurement principles as put forth in paragraph 5 Presidential Decree, Number 54, 2010 are efficient, effective, transparent, open, fair, and accountable.

Procurement ethics as put forth in paragraph 6 Presidential Decree, Number 54, 2010 declare that all the participants that are involved in the public procurement shall comply with the ethics as follows: (a) performing their tasks dutifully and in an orderly manner, with a sense of responsibility to fulfill the objectives of procurement process as timely and accurate as possible; (b) performing their tasks professionally and independently with a sense of honesty, guarding the confidentiality of procurement documents to prevent misconducts and deviations; (c) manipulating in any ways, both directly and indirectly, is strictly prohibited to prevent unhealthy competition; (d) accepting and taking responsibility for all the decisions that have been made as agreed by all the parties involved; (e) preventing and avoiding conflict of interest among all the parties involved, both directly and indirectly, during procurement process; (f) avoiding and preventing inefficiency and leakage of government fund during the procurement process; (g) preventing and avoiding power abuse and/or collusion in favor of personal, group or other interest that will potentially inflict a financial loss; (h) accepting, offering, or promising to give or receive rewards, gifts, bribery, rebate, etc. from and to anyone or parties that are known or allegedly have any involvement in the procurement process are strictly prohibited.

According to A.S Hornby in Hendrawangsa (2013), efficient is a capability to generate something that is needed with a satisfying outcome. And, effective is a capability to generate something that is desired or needed (even when under pressure). Efficient is a process of generating output, and that process should result in something good. The efficiency of the process is measured by cost and time. Hence, efficient must be in a quantitative term, so it can be measured.

On the other hand, effective is more oriented towards target achievement, accurately rather than not. In the procurement process, Rahayu, et al (2012) suggested that efficiency can be perceived based on a number of goods and services procured, time optimality in the procurement process, and interaction opportunities between procurement committees and the potential providers of goods and services. Transparency can be judged based on the security of offering data, the clarity of procurement processes and procedures, and distribution of procurement information.

According to Schapper (2008) transparency in the procurement process is associated with access information. Access to information about the procurement process becomes a key point for the public, media, and other stakeholders in order for them to be able to directly observe, and act if necessary, on the accountability of the procurement process. Transparency is also considered as the most

economical method to gain a bigger accountability. According to Thai (2001) in Amemba, et al (2015) the basic principles of good procurement practices includes accountability as an effective mechanism that allow procurement entities to use the already limited resources carefully and responsibly, especially their accountability to public; the competitive supply necessitates the procurement process to be performed competitively except when there are certain reasons to have it done directly; consistency to treat all tender participants equally regardless of their races, nationalities or political affiliation.

According to Jeppesen (2010) explained that accountability is the main buffer for every procurement system. Without transparency and accountability, the occurrence of corruption and misappropriation of funds will surely increase. Monitoring by the public will help identify inefficiency in the use of resources in order to improve the efficiency and effectiveness of the procurement process that will lead to the improvement of public services.

Likewise, the principles of procurement also concern with the ethics that must be followed by all the participants in the procurement process. According to Wee (2002) in Amemba et al (2013) ethic is a moral principle or values that guide all government officials in all their job aspects. Ethical behavior includes honesty, integrity, diligence, fairness, confident, respectful, and consistent. Ethical behavior also includes avoiding conflict of interest, and shy away from abusing power for private benefits.

According to Alex Sobur (2001) in Gani Rita (2006) defines ethics as values, norms, and moral principles that act as a widely-accepted guidance in determining the goodness or badness of human behaviors as a

human being. The material object of ethic is human behavior (behavior that is consciously and freely acted), while the formal object of ethic is the goodness or badness of that behavior act.

In the procurement process, according to Hendrawangsa (2013) that ethic in the procurement process is good behaviors shown by all participants involved in the procurement process. Those good behaviors include respectful towards tasks and functions of others, performing tasks professionally, and not doing manipulation with a bad intention to inflict harm on others or with the intention to gain personal benefits.

Specifically, the purpose of procurement ethics is to avoid conflict of interest, to prevent participants to assume or gain access to multiple functions, to avoid and prevent inefficiency and financial loss in the procurement process, to prevent power abuse and/or collusion in favor of personal, groups or other interest, that will directly and indirectly, inflict financial loss for government fund, and lastly, accepting, offering, or promising to give or receive rewards, gifts, bribery, rebate, etc, from and to anyone or parties that are known or allegedly have any involvement in the procurement process are strictly prohibited.

In order for procurement process to be implemented effectively and effectively, a procurement plan is needed. Procurement plan needs to be prepared in advance to ensure that the procurement process will run smoothly and to obtain goods and services that are really necessary to improve the performance of governmental institutions. Preparing public procurement plan is the first vital step to avoid any misconducts in the procurement process that may harm or obstruct the process of obtaining goods and services for governmental institutions. As stated in paragraph 22 Presidential Decree, Number 70, 2012 which is the second amendment of Presidential Decree,

Number 54, 2010, the preparation and validation of RUP is under the authorization and as the duty of Budget User or Pengguna Anggaran (PA)/ Budget User Authority or Kuasa Pengguna Anggaran (KPA).

The steps for preparing public procurement plans are as follows: (1) Identifying the goods and services that are needed and necessity; (2) Formulating and validating the budget plan; (3) Validating the public procurement plan; (4) Preparing Task Referential Framework or Kerangka Acuan Kerja (KAK); and (5) Announcing RUP. Subsequently, RUP that has been prepared by PA/KPA in accordance with paragraph 34 Presidential Decree, Number 54, 2010 needs to be reevaluated and revalidated by working together with PPK, Procurement Services Unit or Unit Layanan Pengadaan (ULP) and Procurement Officials.

The purpose of RUP reevaluated is to confirm that: (1) RUP that has been prepared by PA/KPA concerning the requirements and allocations of funds must comply with accounting codes, the allocated fund must be enough to support the implementation of tasks, and there must also be a backup fund for conducting providers/supplier selection; (2) Ensuring that KAK clearly elaborates the details of activities concerning: (a) details of types, contents, and the number of reports that have to be prepared; (b) details of implementation timetables; (c) Tasks implementation timetables; (d) detailed specifications of goods and services; (e) detailed estimations of the amount of cost incurred; (f) the prerequisites of basic materials that will be used; (g) the desired criteria for product performance; (h) the duration of warranty certification and maintenance periods; and (i) design pictures or photos of the products when needed.

Based on the aforementioned background, a study was conducted in Bitung City of North Sulawesi Province. Bitung City was chosen because it is a model autonomous district for other autonomous districts for its success in the management of the regional fund, which qualifies it to receive audit, evaluation esteem as Exception Devoid Equitable or Wajar Tanpa Pengecualian (WTP) from the Audit Board of the Republic of Indonesia (BPK). Is the WTP evaluation will be linearly correlated to the reformation of governmental bureaucracy, especially in the implementation practices of public procurement policies? A research hypothesis is proposed that the implementation of Public Procurement Plans or Rencana Umum Pengadaan (RUP) in Bitung City has been performed according to Presidential Decree, Number 54, 2010 and its amendments. Therefore, This study aims to determine implementation practices of Public Procurement Plans or Rencana Umum Pengadaan (RUP) in Bitung City.

RESEARCH METHODS

This study was conducted in July 2015 in Bitung City of North Sulawesi Province, using samples from regional apparatus task forces or satuan Kerja Perangkat Daerah (SKPD) from 47 agencies. Data were collected in the form of both quantitative and qualitative data. Quantitative data were collected using questionnaires, as a source of primary data that were collected directly from respondents who answered in written a list of questions that has been prepared earlier by the researcher. Respondents in this study were Commitment Maker Officials or Pejabat Pembuat Komitmen (PPK), and/or Procurement Officials or Pejabat Pengadaan (PP), and Procurement Committee or Panitia Pengadaan (POKJA) from 47 agencies in Bitung City. Several questionnaires were uncompleted

because there were some items in the questionnaires that were not fully understood by the respondents. These questionnaires were then reevaluated upon returned.

Qualitative data were collected during recheck by interviewing respondents face-to-face or by phone. Responds from respondents in the questionnaires were scored using a conventional scale Al-Qu'ayyid,(2008) by evaluating respondents perceptions about an object using scores 1 to 10. The scoring results were then incorporated into a multiple statistical regression equations and analyzed using Software SPSS Version 19.

The equation is:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \beta_7 X_7 + \beta_8 X_8 + \beta_9 X_9 + \mu_i, \dots\dots\dots\dots\dots\dots(1)$$

Where, Y = the score of implementation of RUP; α = Constant; β = intercept or regression coefficient of each variable; μ_i = Residual, X_1 = RUP is prepared according to directions in Presidential Decree, Number 54, 2010; X_2 = RUP is prepared according to standards in Presidential Decree, Number 54, 2010; X_3 = RUP is prepared according to job packets in Presidential Decree Number 54, 2010; X_4 = RUP is prepared according to procurement instructions in Presidential Decree, Number 54, 2010; X_5 = RUP has been reevaluated before public announcement; X_6 = RUP is prepared according to identified necessities; X_7 = RUP is prepared according to available budget; X_8 = RUP is prepared according to Task Referential Framework or Kerangka Acuan Kerja (KAK); and X_9 = RUP is prepared according to organizational structure. In hypotheses testing and analyzes, the data were processed using statistical software SPSS.19. Next, the processed data were tested using both F-test and t-test.

F-test is to determine whether all independent variables X_1 to X_9 have significant influences on dependent variable Y, the regression coefficients were tested using degree of significance F value. If H_0: $\beta_1=\beta_2=\beta_3=\dots\dots= \beta_9=0$. It means that all independent variables have no significant effects on the dependent variable. If H_0: $\beta_1\neq\beta_2\neq\beta_3\neq\dots\dots\neq\beta_9\neq0$. It means that all independent variables have significant effects on the dependent variable. The criteria for decision making are as follows: H_0 is accepted when F-result < F-table which is $F\alpha$ (k-1, n-k) at α = 0,05. And, Ho is rejected when F-result > F-table $F\alpha$ (k-1, n-k) at α = 0,05. Where $F\alpha$ (k-1, n-k) is a critical F value at α significance level and degree of freedom (*df*) with the numerator (k-1) and degree of freedom (*df*) with denominators (n-k).

t-test which is also known as the partial regression coefficient test is used to determine the partial effects of independent variables X_1 to X_9 on dependent variable Y, under the assumption that the other independent variables are constant. If H_0: $\beta_1=0$, H_0: $\beta_2=0$, H_0: $\beta_3=0$, H_0: $\beta_4=0$, H_0: $\beta_5=0$, H_0: $\beta_6=0$, H_0: $\beta_7=0$, H_0: $\beta_8=0$, H_0: $\beta_9=0$. It means that there are no partial significant effects of all independent variables on the dependent variable. If H_1: $\beta_1\neq0$, H_1: $\beta_2\neq0$, H_1: $\beta_3\neq0$, H_1: $\beta_4\neq0$, H_1: $\beta_5\neq0$, H_1: $\beta_6\neq0$, H_1: $\beta_7\neq0$, H_1: $\beta_8\neq0$, H_1: $\beta_9\neq0$. It means that there are partial significant effects of all independent variables on the dependent variable. T

he criteria for decision making are as follows: H_0 is accepted and H_1 is rejected when t-result< t-table *tα* (n-k), which means that variable X has no effect on variable Y. H_0 is rejected and H_1 is accepted when t-result > t-table *tα*(n-k), which means that variable X has an effect on variable Y. α is the significance level and (n-k) is the degree of freedom, which is calculated by subtracting the numbers of

independent variables from the numbers of observations in the model.

RESULTS AND DISCUSSION

The results from multiple regression analysis are presented in Table 1. According to the above summary output of SPSS model, it can be seen that the value of adjusted R^2 is 0.873, which indicates that 87.3 percent of the variations in RUP value (Y) as a dependent variable can be explained by variations in all nine independent variables (X_1 to X_9). While the rest percentages (100 – 87.3 = 12.7) or 12.7 percent are explained by other factors beyond the model.

The results of simultaneous analyses are presented in Table 2 below:

Table 1. Model Summary of Multiple Regression Analysis

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistic		
					R Square Change	F Change	Df 1
1	,948[a]	,898	,873	2,268	,898	36,231	9

Source: Processed of primary data

Tabel 2. Simultaneous Significance Test (Uji-F)

A^{NOVA}

Model	Sum of Square	df	Mean Square	F	Sig
1 Regressions	1677,105	9	186,345	36,231	,000[a]
Residual	190,299	37	5,143		
Total	1867,404	46			

Source: Processed of primary data.

Table 3. Individual Parameter Significance Test (t-test)

Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig
(Constant)	-9,887	5,998		-1,648	,108
RUP_1	1,020	,516	,196	1,978	,055
RUP_2	1,807	,577	,241	3,130	,003
RUP_3	,435	,431	,067	1,008	,320
RUP_4	1,470	,602	,169	2,444	,019
RUP_5	,882	,360	,141	2,449	,019
RUP_6	1,682	,604	,229	2,787	,008
RUP_7	1,668	,581	,201	2,871	,007
RUP_8	,768	,515	,135	1,492	,144
RUP_9	,802	,428	,128	1,875	,069

Source: Processed of primary data

As can be seen from the table of ANOVA test or F-test above, the value of F-result is 36.231 with probability value 0.000. Since the probability value is smaller than 0.05, it can be inferred that the regression coefficients of all the independent variables are not the same as zero, or that all nine independent variables simultaneously influence RUP value. This also means that the determination coefficient of R^2 is not the same as zero or significantly. The results of partial analyses are presented in Table 3.

From the table 3 of Uji-t above, it can be explained that: (1) For variable X_1 (RUP_1), the t-result value of 1.978 relative to the t-table value of 1.679 at *dk* 45 and significance level 0.05, thus because t-result > t- table, hence H_0 is rejected and H_a is accepted. This means that variable RUP_1 has a significant effect on RUP value; (2) For variable X_2 (RUP_2), the t-result value of 3.130 relative to t- table value of 1.679 at *dk* 45 and significance level 0.05, thus because t-result > t- table, hence H_0 is rejected and H_a is accepted. This means that variable RUP_2 significantly influences RUP value; (3) For variable X_3 (RUP_3), the t-result value of 1.008 relative to t- table value of 1.679 at dk 45 and significance level 0.05, thus because t-result < t- table, hence H_0 is accepted and H_a is rejected. This means that variable RUP_3 does not significantly influence RUP value; (4) For variable X_4 (RUP_4), the t-result value of 2.444 relative to t- table value of 1.679 at *dk* 45 and significance level 0.05, thus because t-result > t- table, hence H_0 is rejected and H_a is accepted. It means that variable RUP_4 has a significant effect on RUP value; (5) For variable X_5 (RUP_5), the t-result value of 2.449 relative to t- table value of 1.679 at *dk* 45 and significance level 0.05, thus because t-result > t- table, hence H_0 is rejected and H_a is accepted. It means that variable RUP_5 significantly influences RUP value; (6) For variable X_6 (RUP_6), the t-result value of 2.787 relative to t- table value of 1.679 at *dk* 45 and significance level 0.05, thus because t-result > t-table, hence H_0 is rejected and H_a is accepted. It means that variable RUP_6 significantly influences RUP value; (7) For variable X_7 (RUP_7), the t-result value of 2.871 relative to t- table value of 1.679 at *dk* 45 and significance level 0.05, thus because t-result > t- table, hence H_0 is rejected and H_a is accepted. It means that variable RUP_7 significantly influences RUP value; (8) For variable X_8 (RUP_8), the t-result value of 1.492 relative to t- table value of 1.679 at *dk* 45 and significance level 0.05, thus because t-result < t-table, hence H_0 is accepted and H_a is rejected. It means that variable RUP_8 has no significant effect on RUP value; (9) For variable X_9 (RUP_9), the t-result value of 1.875 relative to t- table value of 1.679 at *dk* 45 and significance level 0.05, thus because t-result > t- table, hence H_0 is rejected and H_a is accepted. It means that variable RUP_9 significantly influences RUP value.

The linear regression equation can be obtained from not standardized beta coefficients as shown in Table 3 above. Thus the regression equation is: Y = -9.887 + 1.020RUP_1 + 1.8072RUP_2 + 0.435RUP_3 + 1.470RUP_4 + 0.882RUP_5 + 1.682RUP_6 + 1.668RUP_7 + 0.768RUP_8 + 0.802RUP_9 + µi. The constant value (α) at -9,887 indicates that when there is non-compliance towards implementation practices of RUP as mandated in Presidential Decree No. 54, 2010, the RUP implementation value of -9,887 indicates a negative outcome.

On the other hand, with compliance towards implementation practices of RUP, the value of RUP implementation will be positive. The regression coefficient for each independent variable (RUP_1 to RUP_9) shows a positive value. It means that all independent variables have positive effects on the dependent variable (RUP value).

Problems and obstacles in public procurement processes may hindrance an autonomous district to be proclaimed as having good governance systems. The administrative echelons of Bitung City have taken measures to improve and reform the administrative bureaucracy, among others, in the management and practices of public procurement systems. The change of procurement tender system from a manual system to electronic procurement system (e-procurement) has made Bitung City to become a model city for the administrative reformation system in North Sulawesi Province. In his study, Jacob (2014: 302) found that Bitung City shows better compliance from its administrative bureaucratic apparatus in practicing good governance principles in the management of public procurement processes.

Factors that play as reminders and leverages for the high performances of bureaucratic apparatus in the procurement processes are: (1) Religious attitude as the basic capital. Religious principles and teachings become the foundation in performing tasks and in delivering services; (2) Cultural and customary attitudes towards local wisdom. The majority of bureaucratic apparatus and citizens of Bitung City are Minahasanese. Minahasanese people and its culture have open-minded characteristics and show great welcome to anybody. The Minahasanese has a life principle called, *"Si Tou Timou Tumou Tou"* which means that every Minahasanese is obliged to help others in need to be better; and lastly, (3) Government Regulations. Regulations concerning public procurement processes and practices issued by the central and regional administrative agencies are strictly followed and complied.

Based on the results of the multiple statistical regression analysis using SPSS.19, it can be concluded that the implementation practices of RUP in Bitung City have been carried out according to Presidential Decree, Number 54, 2010 and its amendments. This is shown by the large effects of independent variables (X_1 to X_9) on the dependent variable (Y) as estimated in RUP implementation value at 0.873, or 87.3 percents, while the rest of 12.7 percents are influenced by other factors. This means that administrative bureaucratic apparatus has done great in the implementation practices of RUP, which have been carried out according to regulations. This is consistent with the results of F-test (ANOVA), where the estimated F-result is 36.231, and F-table is 3.21 with measurement probability at 0.000, and probability value at 0.05. Because F-result > F-table or 36.231 > 3.21, it means that H_0 is rejected. The measurement probability value of 0.000 is also much smaller than 0.05. It can be concluded that the performances of administrative bureaucratic apparatus in implementing RUP have significant correlations or significant effects on RUP value for procurement practices in Bitung City.

From partial test (t-test) results, it is found that of all nine independent variables (X), there are seven variables that have significant effects on RUP value, while the other two have no effects. Independent variables that show significant effects from the highest to the lowest are: (1) RUP_2, that the RUP has been prepared according to standards in Presidential decree 54, 2010 which is t-result 3.130 > t-table 1.679; (2) RUP_7, that the RUP has been prepared according to the available organizational budgets, which is t-result 2.871 > t-table 1.679; (3) RUP_6, that RUP has been prepared according to the identified organizational needs, which is t-result 2.787 > t-table 1.679; (4) RUP_5, that RUP has been reevaluated before public announcement as

directed in Presidential decree No. 54, 2010, which is t-result 2.449 > t-table 1.679; (5) RUP_4, that the RUP has been prepared according to procurement methods as indicated in Presidential decree No. 54, 2010, which is t-result 2.444 > t-table 1.679; (6) RUP_1, that RUP has been prepared according to directions in Presidential decree No. 54, 2010, which is t-result 1.978 > t-table 1.679; (7) RUP_9, that the RUP has been prepared according to organizational structures, which is t-result 1.875 > t-table 1.679.

The overall t-test results show that the RUP implementation practices significantly affect procurement outputs in the administrative district of Bitung City, because the administrative bureaucracy apparatus show a relatively high compliance in implementing public policies. However, since there are two independent variables that show no significant effects on RUP value, based on statistical analysis, which are: (1) RUP_3, that the RUP has been prepared according to job packets in Presidential Decree, Number 54, 2010, which is t-result 1.008 < t-table 1.679; and (2) RUP_8, that RUP has been prepared according to KAK t-result 1.008 < t-table 1.679, it means that there are some improvements need to be done in regulating and allocating job packets and KAK for procurement practices in Bitung City.

For improvement measures concerning goods and services packets, PA/KPA must formulate and allocate as many job packets as possible for Small & Micro Enterprises (SMES) and Small Cooperatives as mandated in paragraph 100 Presidential Decree, Number 54, 2010. In addition, PA/KPA must decide whether the procurement of goods and services must be self-provided or self-made by the appointed enterprises or obtained via other suppliers of goods and services, either of which the emphasizes is on improving the

utilizations of domestic products. In the preparation of RUP, it was noted that SMES and Small's Cooperatives were still largely ignored. The bureaucratic apparatus as the users of goods and services preferred using imported products. The government efforts to empower Medium & Small Micro Enterprises as mandated in the Legislation No. 20, 2008, can actually be realized through procurement practices so long as the job packets and budget allocations for SMES and Small Cooperatives in the preparations of RUP are formulated rightly so. The utilization of domestic products in the preparation of RUP will enhance the growth of economics rates, create job opportunities, increase incomes, consumptions, and public savings, raising accumulation of investments, and increasing state incomes from taxation.

Task Referential Framework (KAK) is a document which contains descriptions of guidelines that must be strictly followed in the implementation practices of public procurement plans. In reevaluating and revising the preparations of KAK, attention should be focused on the details of activities that need to be performed, the time of execution that must be accomplished within or before the end of the fiscal year, the place where the goods and services must be delivered, technical specifications of goods and services required, and the amount of allocated funds that can be spent on buying goods and services required and also backup funds for facilitating the procurement process.

A well-prepared KAK will ensure the procurement of goods and services as required by organizations (SKPD), effective and efficient use of budgets, and the precise time when the goods and services will be delivered and received by organizations, and these will ensure the improvements of bureaucratic apparatus performances.

CONCLUSION

Based on this study, it can be concluded that to ensure the successfulness of public procurement practices the first vital requirement is a strong commitment from bureaucratic apparatus to conduct and comply with good governance principles in the implementation practices of public procurement processes.

Results from this study show that implementation practices of RUP in the administrative district of Bitung city indicate a good compliance level. Results from interviews with bureaucratic apparatus in 47 SKPD show that there are several factors that functioned as reminders and leverages for the high performances of bureaucratic apparatus in the procurement processes, which are: (1) Religious attitude as the basic capital. Religious principles and teachings become the foundation in performing tasks and in delivering services; (2) Cultural and customary attitudes towards local wisdom that influence behaviors and activities of bureaucratic apparatus and citizens of Bitung City which predominantly are Minahasanese. Minahasanese people and its culture show great welcomeness to anybody with their life principle called, *"Si Tou Timou Tumou Tou"* which means that every Minahasanese is obliged to help others in need to be better; and lastly, (3) Regulations concerning public procurement processes and practices issued by the central and regional administrative agencies are strictly followed and complied.

The theoretical implications of this study open up new areas for policy implementations in the practice of RUP preparation using good governance principles which are: effective, efficient, transparent, open, competitive, fair and indiscriminate, and accountable. All of which should be in accordance with the procurement ethics as mandated in the Presidential Decree, Number 54, 2010 and its amendments.

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