

CHAPTER I

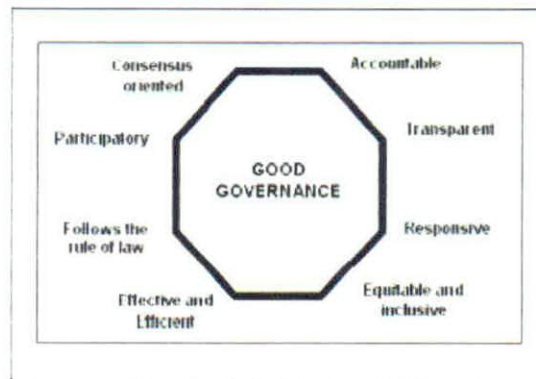
INTRODUCTION

1.1. Background

Decentralization, with the same goals as local autonomy, has been the new governmental trend. With the derivation from *power* (Kaho, 1990), the term refers to the delegation of power from the upper to lower position. In the case of Indonesia, decentralization started in the middle of Soeharto Era which the exercise of the delegation of power has changed overtime. The reformation of this decentralization can be found in UU no. 32/2004 that already changed into UU no. 12/2008. Indonesia becomes one of country which idealized as decentralization country and democracy. The one of value that included into decentralization is Good Governance.

One important characteristic that would make decentralization effective is good governance between and among the government, the private sector, and the civil society. Good Governance becomes the ideal way of government system, which is difficult to achieve the values its totality. Very few countries and societies have come close to achieving good governance's values totality. According to the United Nation on Development Programmed (UNDP), good governance has eight main points: *accountability, obedience to rules, effectiveness and efficiency, transparency, responsiveness, participatory, consensus-oriented, equitability and*

Figure 1.1 Good Governance Characteristic



Source: UNESCAP, 2016

Participation, the cornerstone of good governance, could be direct, legitimate, intermediate, or representative. Impartial enforcement of laws requires an independent judiciary and an impartial and incorruptible police force which is also called as the rule of law. In so doing, transparency is needed because enforcement should follow a set of rules and regulations.

Responsiveness in good governance requires that institutions and processes serve all stakeholders within a reasonable time frame. To be responsive means to be consensus-oriented, that is addressing the need of several actors and as many viewpoints in a given society. Being consensual in governing means that equitability and inclusivity are taken into consideration, so that members of the society feel that they are stakeholders. With this, effectiveness and efficiency in the delivery of goods and services could be expected thereby making the decision-makers accountable for their actions.

This study would focus on the application of good governance values to E-Procurement. To fulfill societal needs, the government has to procure. The procurement will be planned well when the values of good governance are implemented. There are 3 types of procurement: *construction procurement of*

goods, and procurement of services.

Public procurement has become a sensitive activity in the political realm. According to Schapper (2009), public procurement of goods or services has become the most powerful and influential in the making of local or national budget. The Indonesian budget for procurement in 2012 has been 400 billion Rupiah or 26.6% in total APBN. However, based on LKPP websites, around 30% of APBN was allocated for public procurement.

As a result of this constant discrepancy, the relationship between public procurement and public sector accountability and responsibility for development triggered issues related to financial management, not only to the budget process, but also to allocation, distribution, and monitoring.

Public sector financial management needs to be placed upon a brief regulatory and institutional footing that encourages the transparency and accountability in operations and provides for an efficient use of public funds. The important key to increase the effectiveness, efficiency and transparency of Indonesia's public procurement system, which utilizes public funds, including those provided through official development assistance (ODA). Public procurement can be subject to abuse, resulting in the lack of public funds during the procurement process, and investments that are of substandard quality and often lacking the proper quantity. GOI embarked on the reform of its national public procurement system in the context of a decentralized government system. (Office, US Government Accountable, 2009)

With all these in consideration, E-Procurement was seen to be a solution to address issues. With the issuance of the Presidential Decree No. 80 of 2003 on

Guidelines for Procurement of Government Goods and Services as amended by Presidential Decree No. 61 2004, it is allowed for government agencies to conduct procurement electronically online by the name of E-Procurement.

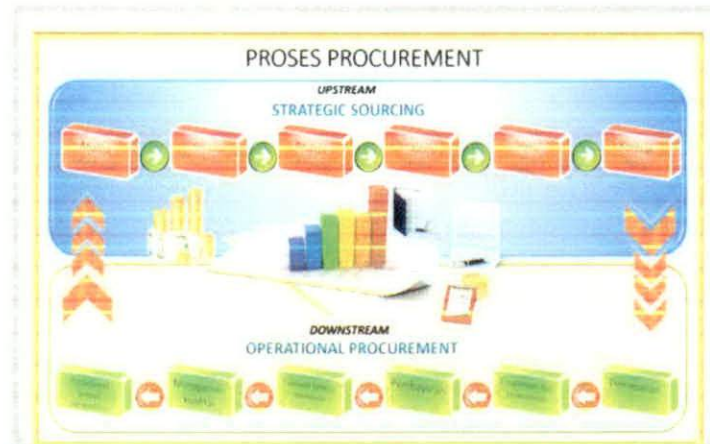
E-procurement is part of the application of e-government for the procurement of goods and services. These innovations include activities which are intended to achieve a minimum standard of quality in local government procurement systems. This activity is a manifestation of the government's seriousness in reforming the procurement process with the principles of fairness, accountability, transparency, competition, efficiency and effectiveness as well as transparency, in an effort to improve better service to the public, to empower local entrepreneurs to be more competitive broadly, and to increase the efficiency of resource development.

Upstream or strategic sourcing, which requires need analysis, market and portfolio analysis, supplier analysis, risk management, supplier negotiation and selection, and work contract has become the opening statement of procurement and auction. Strategic sourcing analyzes the pre-auction process in public procurement.

To fulfill the procurement process, downstream process or operational procurement has to be executed which focuses on the implementation of auction, begin from the planning until the evaluation. The e-procurement that hoped to be existence the availability of good plan on infrastructure. To give the little explanation of the procurement process, the author was search the simple figure.

The figure below shows the procurement process:

Figure 1.2. Process of Procurement



Sources: Indonesia Supply Chain, 2009

LPSE (Lembaga Pengadaan Secara Elektronik) decentralized E-Procurement into several provinces with the purpose of managing sustainable procurement especially in goods procurement. This is to achieve easiness in planning and or maintaining the procurement process. The supply chain institution also work for the strategic sourcing that become the upstream of procurement. Meanwhile, the operational procurement becomes the downstream.

To achieve good quality public and e-procurement, the Indonesian government created the *Unit Layanan Pengadaan (ULP)*, an institution which would focus on the implementation of procurement duty or daily operations of procurement. However, from data obtained from websites managed by LPSE, ULP has not been managing procurement that well and this is where the study derives its significance, the determination of winner factors affecting ULP's effectiveness.

1.2. Research Question

To assess the effectiveness of ULP as the daily actor in procurement, this

research attempts to answer the following questions:

1. How effective is *Unit Layanan Pengadaan* in the assessment of E-Procurement in Central Java?
2. What is the factor that influenced *Unit Layanan Pengadaan* in auction winner determination?

1.3. Objective of the Research

1. To know the effectiveness ULP in E-Procurement;
2. To clarify the roles of government in procurement implementation;
3. To examine additional factors that affected in winner determination;
4. To examine the readiness of the provider in competing the procurement; and
5. To reduce the cheating opportunity in procurement especially in E-Procurement.

1.4. Benefits of the Research

This research is an evaluation of the Independent Procurement Unit (ULP) as the assessment actor and the Independent E-Procurement Unit (LPSE) of Central Java. Results and findings from this research are expected to be significant to the monitoring and evaluation of the government in Central Java.

1.4.1. Theoretical Benefit

In relation to development concept, this research is expected to be the basis for Independent Procurement Unit (ULP) and Independent E-Procurement Unit (LPSE) of Central Java in the development of their ability, capability, and strategies through an evaluation of their effectiveness.

1.4.2. Practical Benefit

This research is expected to bring benefits for Central Java Provincial Government to improve E-Procurement performance so that people can feel the benefits from the results of the electronic intervention. Through this, they can monitor the performance of government activities so they would be able to provide maximum services.

1.5. Theoretical Framework

1.5.1. Literature Review

Based on US Government Accountability Office (2009) assessment is the process in managing the procurement acquisition function by implementing several critical issues in organizing, placement, responsibilities, leadership, continuous improvement, policies and processes, human capital, the last is knowledge and information management. (Office, U.S Government Accountability, 2009). These eight points are essential in the creation of the main framework in the implementation of procurement itself in the United State of America. As a federal state, U.S. should be able to distribute the same frame of law of regulation on all states. The assessment included all the economical, sociological, political and cultural aspects.

Snapshot Assessment of Indonesian Public Procurement System that was presented by June (2007) stated that public sector accountability and responsibility for development are issues related to financial management, not only with respect to those related to the budget process, but also to the processes which funds are allocated, disbursed, and monitored. Public sector financial management needs to be placed upon a sound regulatory and institutional footing

that encourages transparency and accountability in operations and provides for an efficient use of public funds. The need to increase the effectiveness, efficiency and transparency of Indonesia's public procurement system, which utilizes public funds, including those provided through official development assistance (ODA) routed through the budget process, is of concern to the Government of Indonesia (GOI). This snapshot was focused on Indonesian assessing in procurement system. This snapshot also becomes the news and the writer or author of the implementation of assessment. ODA as the official development assistance has not shown their ability in assessing, especially in goods procurement in Indonesia (LKPP, 2007).

This snapshot also mentioned about the next step that will be implemented by the LKPP as the actor of procurement. Not only did it mention about the next step of LKPP, but this snapshot also clarified about the different job descriptions of ULP as assessment actor in procurement. ULP and LPSE are both actors of E-Procurement and thus have their own dynamics.

Telgen, Harland and Knight (2010) provided findings of an international research study on public procurement involving senior government practitioners and leading management academics. In this study, there have been differences in the degree of alignment of public procurement strategy and government policy present, with some territories exhibiting close alignment and proactive use of public procurement as a lever of reform. This is a huge task for public procurement, but one that professionals involved in this area are proud to contribute to. But all of the cases exhibited an unprecedented drive towards improving the public procurement function first to provide cost efficiency, but the

important thing to deliver broader government objectives and support broader government objectives.

Sihaan and Trimuni (2014) stated that the achievement of E-Procurement policy implementation needs and depends on the *capacity, capability and working culture* of their human resources. Human resource is important in mobilizing the utilization of the other two factors of infrastructure and legal basis. Infrastructure in these research sites is still inadequate to implement the e-procurement policy. The application of latest technology is yet to be accompanied by the capability of human resources. On the other hand, the unavailability and limitation of infrastructure create difficulty to human resources in facing providers. Moreover, the development of human resource and infrastructure which is not yet optimal is one of the causes of the incomprehensible implementation regulation of e-procurement.

To apply this in the study, in order to provide common understanding among head of local governments, the executor unit, LPSE, ULP and providers, capacity, capability and working cultures are important.

Gupta, et al. (2015) stated that the area of public procurement is very important from the point of view of its magnitude and objective of spending. Public procurement is estimated as 25-30% of India's GDP and on global scale it is estimated to be 15-20% of the world GDP. Even though the magnitude and importance is so high, this area has not attracted much attention of researchers. There are several avenues for improving theory and practice of supply chain function in the context of public procurement environment.

Udovono (2012) stated that the result in the brief discussion of several

questions about E-Procurement availability was to create the accountability in procurement. This section was found in the fields reality as two types both are: first, availability dimension should be fulfilling the whole of values of properness such as regulations that will be guarantee in implementation of E-Procurement, found a institutional support in implementation E-Procurement, found stakeholder's support for E-Procurement anymore, and the last is society support and demand in implementation of E-Procurement. Second, accountability dimension that has not included of report regulations from the procurement of goods and services, political report become internal characterized in the field of government, and the last is closed financial report.

Others affecting the accountability process in E-Procurement are the lack of monitoring processes in the implementation, abuse of power and authority in the procurement process, the negation of contract in the implementation, and the last is the weaknesses of human resources actors. On other hand, the supporting factor that come from political side was the monitoring from the house of representative (DPR) and Non-Governmental Organization, and LOD.

Udoyono also said that the weakness of regulation in Yogyakarta city is the society cannot do the right monitoring in the implementation process of the tender. Based on the support for the implementation of e-procurement in Yogyakarta city, the implementation of E-Procurement is carried out by the committee in Independent E-Procurement Unit (LPSE) in each regional work unit (SKPD).

Joseph (2012) in the International Handbook of Procurement is that the procurement in federal system has the strongest outcome to be achieved: it is the

pendulum that becomes the most attractive in procurement. After the pendulum era has broken down, the reformation of public procurement raised in order to “still” improve human life under the government authority. The assessing system came out to monitor and control the implementation of procurement. Rather, this assessment will focus on, for practical reasons, easy to measure factors such as the number of purchase cards, the average time to award contracts, the number of protests, and other measures. In other words, these assessments are more along the lines of administrative case studies rather than scientific studies. And assessment here used to redeem the pendulum procurement system to be stopped from swinging.

Dai and Kauffman (2006) pointed out in a research in IOS adoption and electronic markets in several different disciplines the analyses channel selection issues in electronic procurement. To develop an approach into characterize the variety of internationalization of information systems for corporate purchasing, it identified two relevant types of E-Procurement channels, extra-nets and e-markets. They differ in the extent to which the trading network is open to participation and in the level of information sharing. Accordingly, the benefits and costs that they bring to participants in their trading networks are different. After analyzing these features and emphasizing the effects of competitive advantage, marketplace benefits and variable costs on e-procurement channel adoption decisions.

Nurmandi (2015) confirmed conventional variables that actually affect the efficiency and effectiveness of E-Procurement. His research tries to answer why some variables have no effect on the dependent variable. Throughout the test, the impact of all independent variables on efficiency and effectiveness of E-

Procurement were not statistically significant at any of the local governments. These differences tell us the relative effectiveness of the e-procurement initiative. The varying degrees of success in e-procurement implementation and a different mix of determinants affecting e-procurement efficiency and effectiveness in three Indonesian cities imply that it is too crucial to consider local contexts in carrying out reforms. The synergy between the central government and local governments, the effective response of local governments to the central government, and reinforcement of local capacity and willingness to fight corruption and carry out e-procurement programs are important factors for successful e-procurement implementation.

However, the significant implementation of E-Procurement has not been done correctly in Indonesia. The three cities that took for the research were Tangerang, Yogyakarta, and Kutai Kertanegara. Based on the research, Tangerang and Yogyakarta has the better effectiveness in e-procurement than Kutai Kertanegara (Nurmandi & Kim, 2015). The effectiveness is in the human resources, leadership, Planning and Management, Rules and Regulations, Infrastructure and Standardization. Those are the factors that enact the availability and capability approach of LPSE in the three cities. The lack of leadership planning become the one issue that should be evaluate and maintain to the government actor. So this research was focused to mix the demand between three cities above, into the new input and recommendation.

So, based on several authors that written above known that public procurement or E-Procurement become the significant issue in governmental area.

The most important key that should be related on this research was the assessing

will never be forgotten in every procurement. The significant example of this assessing was in evaluation process. The evaluation process can be determined to give a feedback and correcting to certain institution in achieving their goals. Public procurement also cannot be separated by the National Budget or Regional Budget

1.5.2. E-Procurement

According to Davila, et al. (2003) in (Harjito, 2015) E-Procurement technologies are defined as technologies that are designed to facilitate the existence of goods (public goods) by organizations commercial or government via the Internet. Internet technology including e-procurement software, B2B (business to business) auction, B2B market exchanges, and purchasing focused on the automation work flow, consolidation and spending power of the organization and identify opportunities via the Internet.

E-Procurement covers every stage of purchasing, from the initial identification of a requirement, through the tendering process, to the payment and potentially the contract management by the internet (Corsi, 2006). On the other side, according to Sutedi (2012, p.254) in Nurchana, et al. (2014, p.02), E-Procurement is an auction system in the government procurement by using the technology, an information and communication with internet-based in order to take place in an effective, efficient, open/transparent and accountable.

E-Procurement then becomes a substitute for a closed auction. The auction can be accessed online through the Internet. The system is expected to increase openness, transparency, and accountability in central, provincial, and regency or city government agencies, and BUMN, BUMD, BHMN, and public service

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agencies. According to Nurmandi (2013), Indonesia has implemented E-Procurement since 2008. This E-Procurement was implemented to minimize the possibility of corruption budget on the provision of goods and services in the government and create the effective and efficient in procurement implementation.

According to Nurmandi (2013), the following are the several factors that can affect E-Procurement:

1. Leadership. The leader and his team are responsible for creating goals; installing a commitment in implementing E-Procurement;
2. Human resources. The good quality of human resources are one factor that can determine the success of E-Procurement acceleration;
3. Planning and management. Implementation of E-Procurement requires planning and good management;
4. Policy and regulations. Policies and regulations can distinguish the differences between the procurement in government and private sectors.
5. Infrastructures and standardization. Infrastructure is a crucial factor in the implementation of E-Procurement; and
6. Private integration systems of e-government procurement on the efficiency and the effectiveness of E-Procurement.

Besides minimizing corruption in the process of procurement, one of the goals of e-procurement is to facilitate transactions between the government and the provider as the provider services. Procurement Service Unit (ULP) performs the function to conduct procurement activities as a facilitator in the procurement, become a policy maker, as well as monitoring the process of procurement

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implementation. E-Procurement becomes an arena where information on the provision of the tender will be informed via Independent E-procurement Unit (LPSE). So that providers can immediately find out tenders without having to meet directly with the government through the LPSE official website which has been available in every region in Indonesia.

According to Asliana (2012), procurement should be efficient, effective, open and competitive, transparent, fair and non-discriminatory, and accountable. These principles are the foundation for government procurement. It aims to create a clean government and to prevent the use of state budget which is not effective and efficient.

The main different focused that created by the researcher were in the focused on assessment values that affected the effectiveness of ULP officer in e-procurement. The e-procurement that hoped to be implemented in the shorter time and cheaper price was become another target of effectiveness.

Process of E-Procurement

ULP, in cooperation with LPSE, will be the practical implementator of E-Procurement. The following are the processes:

1. Registration

As the first process of procurement, registration will include public participation, procurement process officer (Pejabat Proses Pengadaan/PPE) and a certificate agent.

2. Auction Preparation

This section will create the auction committee and the auction

announcement through LPSE application/websites. This auction include of procurement process officer (Pejabat Proses Pengadaan/ PPE).

3. Auction

This auction can be implemented by several methods:

- a. Post-Qualification. This involves the registration committee, and procurement process officer (Pejabat Proses Pengadaan/ PPE). The documents of this auction need one file.
- b. Pre-Qualification by Two Auction's File. This involves the registration committee, and procurement process officer (Pejabat Proses Pengadaan/ PPE). The documents of this auction need two files.
- c. Pre-Qualification by Two Auction's Step. This involves the registration committee, and commitment maker officer (Pejabat Pelaksana Kegiatan/ PPK). This auction process needs two steps.

1.5.3. Effectiveness

Effectiveness is a relation between output and goals in order to measure how far the output stages and the procedure policy (organization) have achieved goals. Theoretically, no one universal agreement states the exact definition of effectiveness. However, effectiveness could generally mean that a policy have made an impact by using the method/way in activity implementation (achieve the optimal result). The effectiveness in simple way is focused on the result or achievements.

Based on Gibson in (Heri Risal Bungkaes, 2013), effectiveness is an assessment related on achievements of personnel group and organization. The

more distance the standard of achievement, and then it is more effective. Based on that paradigms above, the author identified into 3 degree of analysis: personnel, group, and organization. Personnel will be focused on the achievements of the officer. Group will be reached out from the good target and the way of group in achieving the target with the better time and price (effective and efficient). And the last is organization , this organization becomes the larger group of groups. The grouping group will create the stability of organization.

Those three analyses will become one vision of responsible managerial that will affect the effectiveness of the three actors. The efficiency of resources will identify the capability of the input. The organization’s capability to utilize the resources management and the technology users affect in the achievement of goals. In this step, the expertise of human resources and the organizational values become the environmental alteration that produces the productivity. Meanwhile, outputs are the services given after being utilized by the technology users. The output is also taken as the final result.

Figure. 1.3. Work Effectiveness Measurement



Source: Alat Ukur Efektifitas Kerja, Yazid 2009:49

Work will be implemented successfully when the quality and quantity of

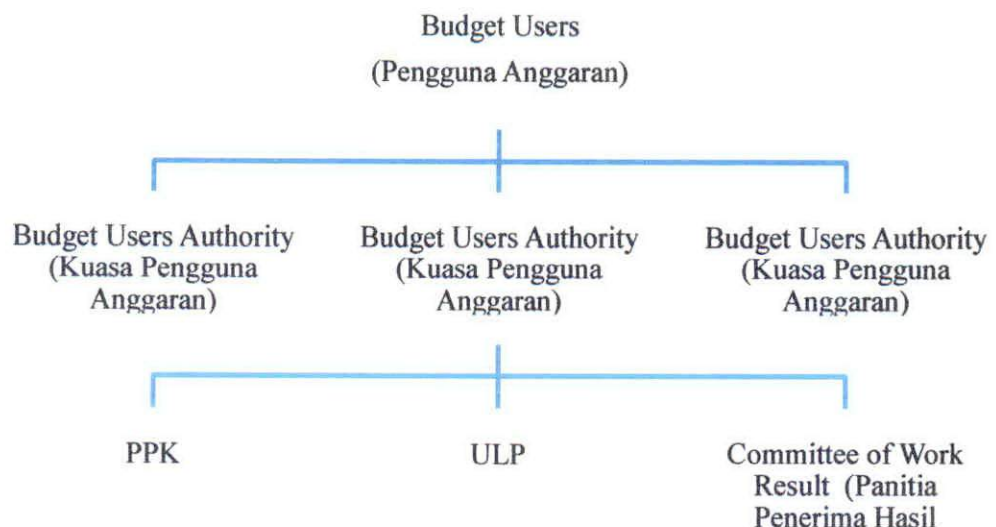
work has the same quality and quantity result or output. The plan of output is usually created on the first month, or January. Meanwhile, the punctual time and target also is also used as a measurement of effectiveness in the work, job and function for every employee. When those four tools are done by the employee, effectiveness is assured. In this research the researcher will be focused on two measurement; *price and time*.

1.5.4. ULP as Assessor

Based on Chief's Regulation of ULP (PERKA ULP) No. 5, Y.2012, the job and function of ULP included the creation of electronic auction. LPSE as the electronic institution will help ULP through updating E-Procurement.

Below is the procurement organizational structure.

Structure 1.1. Procurement Organizational Structure



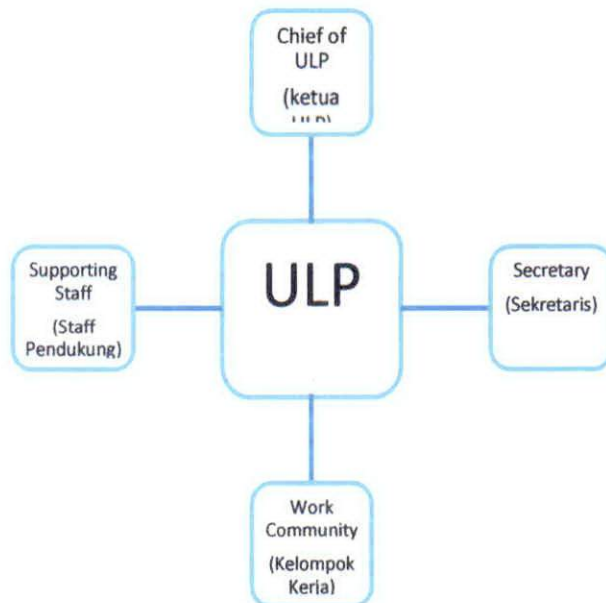
Sources: LKPP Modul, 2010

Figure 1.1 shows that the organization structure begins from Budget Users

(PA) that becomes the higher position in this structure. The job and function of this Budget Users were to create and analyze the amount of fund and have the budgeting planning. The right of budget users was divided into three types: PPK, ULP, and the actor that receives the result of procurement. Every type has different and significant organizational structure.

Below is a figure of the organizational structure of ULP.

Structure 1.2. ULP Set (Perangkat ULP)



Sources: LKPP Modul, 2010

Figure 1.2 shows that Unit Layanan Pengadaan consists of 3 main actors: Chief of ULP, Secretary, supporting staff, and work group/community. These three actors should have good relation and coordination to achieve the good quality of public procurement and E-Procurement. The work group, due to all the duty of the procurement actor, plays a role in planning, managing, implementation, until the last step of evaluation. The evaluation also needs to be monitor by the chief of ULP and Secretary of ULP as well.

1.6. Conceptual Definition

1.6.1. Effectiveness

Effectiveness is the way to achieve the goals by vision and mission. Effectiveness can also be called as the tools to measure the attainment of goals by comparing the goals and the achievement of the policy. Effectiveness is the relationship between output and the attainment of the objective. ULP will be effective when all the officers are doing their job and function punctually as written in regulations.

1.6.2. E-Procurement

E-Procurement is the procurement process based on technology/internet/electronic in order to improve the efficiency in monitoring, assessing and evaluating. Auditing is also conducted to facilitate government in the provision of goods and services faster and more efficient. E-procurement also hoped to decrease the availability of corrupt in procure.

1.6.3. ULP as Assessor

The stability of work, effectiveness and efficiency are crucial in the accountability of provider qualification. The efficiency of time management and budget management are crucial as an assessor. In other hand, the dividing of job also needs to be detected as the assessor. The handover management with another institution would be implemented by the assessor as well.

1.7. Operational Definition

The following are the operational definition of terms as used in this study:

1.7.1. Effectiveness

There are several indicators of effectiveness; however, the author focused on

two indicators as price and time. Price refers to minimizing the price credit. The price of procurement is beneficial to the utilization of the local budget. Time, on the other hands, refers to the attainment of a shorter time in bidding of procurement. Time is a great indicator of responsiveness in E-Procurement.

1.7.2. ULP as Assessor

ULP is an authorized administrator of E-Procurement websites (LPSE) to achieve work stability and is tasked to monitor and control the Provider Qualification and Provider Electability in the auction. It cooperates with LPSE in planning and selecting the good qualification and electability of each provider before auction are implemented.

Responsibility and responsiveness are the main characteristic of an assessor. Responsiveness here means that ULP should responsive in auction issues, most especially when auctions are pending. ULP should use the authority in managing the situation to alleviate the situation.

1.8. Research Methods

1.8.1. Type of Research

This research uses qualitative research methods to collect data and information. Qualitative research aims to describe and interpret the data to achieve the final result. Qualitative research is a phenomenon in carefully through from the viewpoint of participant (Williams, 2007). To explain qualitative data, this research used descriptive methods in presenting a systematic and detailed analysis.

1.8.2. Research Location

The locale of the study is Central Java, focusing on the case of Assessing

System and Process ruled by the Unit Layanan Pengadaan (ULP) and Layanan Pengadaan Secara Elektronik (LPSE). Both of this institution is located in Semarang City, Central Java Province.

1.8.3. Analysis Unit

In this research, researcher will obtain information or data source from The head of Independent E-Procurement Unit (LPSE) of Central Java or their representative and the head of Procurement Service Unit (ULP) of Central Java and other stakeholders;

1.9. Types and data sources

A. Primary data

Direct observation and in-depth interview are utilized by the researcher to obtain data through asking the management system of procurement and E-Procurement in Central Java, the qualification of provider, number of providers every year, a detailed data of provider auction in 2015, and the evaluation process of E-Procurement.

B. Secondary Data

The secondary data are obtained from PERKA ULP, Keputusan Gubernur Jawa Tengah about procurement and the contract of ULP and the providers.

1.9.1. Technique of Data Collection

1. Observation

This research observes the situation of significant objects such as: work habits, the provider electability in joining the competition, amount of auction each year, and the brief effectiveness of ULP in assessing process.

2. Documentation

The researcher will take documentation from the database of the provider such as SOP and regulations. In addition, data were also obtained from the complete data of auction from the Self Consultation Services.

1.10. Data Classification

In this research, researcher will use primary data and secondary data to come up with an analysis. Primary data is taken through in-depth interviews and secondary data are collected through various sources such as books, records, journals, articles, documents, official government websites etc.

Table 1.1 Data Classification

NO	Data	Primary	Secondary	Source
1	The report of program/activities result in 2015		√	ULP or LPSE of Central Java
2	The report of Tender result to the regent in 2015		√	ULP or LPSE of Central Java
3	The monitoring and evaluating report from supervisor		√	ULP or LPSE of Central Java
4	The report of tender winner in 2015		√	ULP or LPSE of Central Java
5	The report of operational tender activity to National Procurement Agency (LKPP) in 2015		√	ULP or LPSE of Central Java and Official Website of LKPP
6	E-procurement in Indonesia		√	Journal, Books, Article, Newspaper
7	Independent Supervisor	√	√	Interview
8	Human Resource in Independent e-procurement Unit (LPSE) DIY	√	√	Archive and interview

1.11. Data Analysis Technique

The process of data analysis includes collecting data, analyzing data, interpreting data, and ends with a conclusion that refers to the analyses of data

First, the researcher will be classifying the data to determine the critical data related to assessment. *Second*, the researcher will classify data that is still in need or is not required. *Third*, the researcher will interpret the data that has been selected to be used as material in this research. *Fourth*, the researcher will use in-depth interviews to check the validity of the data. *Fifth*, the researcher will achieve at a conclusion.

1.12. Systematic Writing

In this study, Chapter 1 consists of: background, research question, objectives and benefit of the research. The theoretical framework consists of theoretical framework, literature review, and definition concept, and operational concept, type of the research, research location, data collection technique, data classification, and data analysis technique.

Chapter II consist the description of Central Java: boundary, location and population, physical conditions of Central Java and description about organization structure, number of staff and the function of Independent E-procurement Unit (LPSE), and Independent Procurement Unit (ULP).

Chapter III consist the results and discussions of this research. This chapter will discuss the LPSE history in Central Java, its process of implementation, role, and performance of Independent E-Procurement Unit (LPSE), and Independent Procurement Unit (ULP), the assessment process of both of institution to come up with policy measures.

Chapter IV consists of the conclusions of the research and recommendations.