

**E-PROCUREMENT IMPLEMENTATION AND BUDGET ABSORPTION IN
INDONESIAN LOCAL GOVERNMENT**

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Abstract

The information technology has been utilized widely and its utilization influences the performance level in public sector. The technology usage of goods/services procurement system electronically (e-procurement) in the government is absolutely important for achieving the acceleration of State Budget (APBN) and Regional State Budget (APBD). The acceleration of APBN and APBD implementation should be shown by the absence of buildup budget at the end of the year. This research aims at examining the influence of e-procurement technology usage toward the budget absorption. This research uses primary and secondary data. Primary data is taken from questionnaire meanwhile secondary data is taken from the Budget Realization report per trimester of East Java Province Regional Secretary. The data is collected by using 71 questionnaires which are sent to 71 Regional Working Unit (SKPD) in East Java Province. From the amount of those questionnaires, there are only 47 questionnaires can be used. The data quality test uses software SPSS 21.0 meanwhile Partial Least Square (PLS) technique with software WarpPls 5.0 is used to analyze the data. This



research result shows that e-procurement technology usage has an effect toward the budget absorption. However, e-procurement technology usage through procurement practice does not have an effect toward the budget absorption.

Keywords: *E-procurement Technology Usage, Procurement Practice, Budget Absorption.*

JEL Classification: *O57*

INTRODUCTION

Government procurement of goods/services which is efficient and effective is one of important parts in state financial management improvement. One of its embodiment is through an implementation of government procurement of goods/services electronically (e-procurement). Indonesian government has issued regulation about a mandatory of e-procurement implementation in Ministry/Institution/Local Government Working Unit/Agency (hereinafter abbreviated as K / L / D / I as stated in Presidential Regulation) as one of efforts to conduct an improvement of good state financial management.

Mandatory of e-procurement implementation in (K/L/D/I) has been defined since 2012 written in Presidential Regulation Number 70 Year 2012 which is the second amendment of Presidential Regulation Number 54 Year 2010 about Government Procurement of Goods/Services. The reason of government to establish the policy is to accelerate the implementation of goods/services. The effort conducted by government to consummate the acceleration of goods/services implementation is done through the announcement of General Draft of Goods/services Procurement (RUP) which only requires agreement of Regional Regulations Draft (Raperda) without waiting for Regional Government Budget (APBD). The policy is printed in the Presidential Regulation Number 4 Year 2015 which is the fourth amendment of Presidential Regulation Number 54 Year 2010 about Government Goods/Services Implementation.

Government sets mandatory of e-procurement obligation in K/L/D/I aiming at improving the efficiency and effectiveness of a process and procurement administration, obtaining cost reduction, and also guaranteeing the supply availability of certain types of goods/services which are urgent (bappeda.kolaka.go.id, 2016). It is in accordance with Presidential Regulation No.54 Year 2010 about Government Goods/Services Procurement stating that the implementation of e-procurement which aims at increasing accountability and



transparency, improving market access and healthy business competition, improving efficiency levels of procurement process, supporting audit and monitoring process in order to fulfill the need of information access which is 'real time'. The objectives which are about to be achieved by Indonesian Government have been perceived by countries which have already e-procurement. This is proven by researches conducted by Croom and Brandon (2005); Vaidya et al (2006); Dooley and Purchase (2006) and Quesada et al (2010) stating that the benefits of e-procurement implementation causes lower transaction cost, shorter cycle of goods/services procurement, minimum goods/services availability, higher transparency level and an increase of relationship between goods/services suppliers and users.

The benefits obtained in the e-procurement implementation are supported by the roles of advanced technology. Goodhue and Thompson (1995); Darwin (1999); Diana (2001) and Sunarta (2005) provide empirical evidence that the use of information technology can influence an individual performance. Many kinds of information technology can be used in supporting e-procurement implementation. The use of e-procurement technology is expected to influence the practice of goods/services implementation. The higher the procurement technology usage, the more procurement practice increases (Quesada et al, 2010). The procurement practices will not work if not accompanied by participation of goods/services suppliers and management support (Dooley and Purchase, 2006).

The practice of goods/services which increases more will be followed by the implementation of infrastructure building which also increases so that it will accelerate the realization of state and regional expenditures. This is in accordance with the objective of Presidential Regulation Number 70 Year 2012 about Government Goods/Services Procurement. The realization of regional and state expenditures will be achieved when the goods/services procurement can be realized immediately. Therefore, government issues Presidential Instruction Number 1 Year 2015 about Acceleration of Goods/Services Procurement and Presidential Instruction Number 1 Year 2016 about Acceleration of National Strategic Project Implementation aiming at encouraging the implementation of goods/services procurement through e-procurement so that goods/services procurement can be realized immediately. The realization of regional and state expenditures cannot be out of government control so that government establishes Evaluation and Control Team of State



Revenues and Expenditure Budget (APBN) and Regional Revenues and Expenditure Budget (APBD) (TEPRA) written in Presidential Regulation Number 20 Year 2015. It is done in order to accelerate absorption of budget and ensure that APBN and APBD are right on target in accordance with the development planning which has been issued.

The procurement practices the main factor influencing delay of budget absorption (Arif, 2012; Sukadi, 2012; Juliani and Sholihin, 2014; Astadi et al, 2015; Malahayati et al, 2015; Taufik et al, 2016). This is proven that some areas whose budgets absorbed in a long period of time year 2016 including West Java Province as Rp 8,034 billion, East Java Province as Rp 3,947 billion, Riau Province as Rp 2,867, Papua Province as Rp 2,596 billion, Central Java Province as Rp 2,596 billion, East Kalimantan Province as Rp 1,572 billion, Banten Province as Rp 1,527 billion, Bali Province as Rp 1,464 billion and Nangroe Aceh Darusalam Province as Rp 1,446 billion (Tempo, 2016).

East Java Province is the province being the second largest goods/services procurement in Indonesia in 2016 with procurement amounting to 11 905 packages and total ceiling as Rp 4.793.120 million conducted by e-procurement system (sirup.lkpp.go.id, 2016). However, in fact, the realization of budget which had been achieved by East Java province government until Quarter II Year 2016 was only 20,56%. Meanwhile, the target which has been issued by the government is 35% (Development Administration Bureau, 2017). Therefore, this research was conducted in East Java Province aiming at examining the influence of e-procurement implementation towards budget absorption in East Java Province Government. Based on the above statement, therefore, the writers wanted to conduct a research related to e-procurement implication with budget absorption in the Regional Working Unit (SKPD) East java Province Government.

THEORETICAL FRAMEWORK AND HYPOTHESIS DEVELOPMENT

Regulations and Policies of e-procurement

Regulations and policies on the implementation of goods/services e-procurement in Indonesia have undergone many changes. At the beginning, goods/services procurement was conducted conventionally. Then, it changes using electronic system. Goods/services



procurement conventionally include 2 steps namely pre-qualification and post-qualification. The selection of goods/services suppliers is decided by the Service Unit of goods/services Procurement (ULP). The procurement is still conducted by general auction where the announcement of auction and the winner will be published in the national newspaper and website of national procurement (www.pengadaannasional-bappenas.go.id). The regulation is included in the Presidential Regulation Number 80 Year 2003 about Operating Procedure of Government Goods/Services Implementation.

The General Selection of District Head is conducted simultaneously and due to Tsunami in some regions it causes the regulations of goods/services procurement experience changes for seven times. The changes are done so that the implementation of goods/services procurement can be accelerated related to logistic needs. The regulation change of goods/services procurement done by government by not changing the concept of goods/services procurement implementation so that the system of goods/services procurement is still conducted conventionally. The last changes of goods/services procurement regulations was conducted in 2007 by issuing Presidential Regulation Number 95 Year 2007 as the seven changes by Presidential Regulation Number 80 Year 2003 about Operating Procedure of Government Goods/Services Procurement Implementation. In that year, the government also established National Public Procurement Agency (LKPP) by Presidential Regulation Number 106 Year 2007 about Policy Institutes of Goods/Services procurement aiming at developing and formulating the policy of government goods/services procurement.

Along with the more advanced technology development, the government starts implementing the procurement system electronically. The purpose of changing it from conventional to electronic is in order to make the procurement conducted effectively, efficient, opened and competitive. Thus, the government issued Presidential Regulation Number 54 Year 2010 about procurement. By issuing this regulation, the government started implementing e-procurement gradually in all instances and local governments in Indonesia. The government obliged the e-procurement implementation for K/L/D/I in 2012 through Presidential Regulation Number 70 Year 2012 which aimed at accelerating the procurement process.



Even though the government has obliged the implementation of e-procurement yet there are still a few disadvantaged regions which have not yet applied it so it hampers the development acceleration and state expenditure. Therefore, the government issued Presidential Regulation Number 4 Year 2015 concerning procurement which aimed at accelerating the state expenditure by using information technology. The difference between Presidential Regulation Number 4 Year 2015 with the previous regulation is that since it was issued, the implementation of procurement must be conducted electronically through Electronic Procurement system (SPSE) which was developed by LKPP (National Public Procurement Agency). The scope of e-procurement consists of e-tendering and e-purchasing so each K/L/D/I must do e-purchasing toward goods/services which have been available in e-catalogue. The implementation of e-purchasing itself can only be conducted by PPKom (Commitment Setting Official) or official appointed by the instance leader.

The Definition of e-procurement

Presidential Regulation Number 4 Year 2015 on the fourth amendment of Presidential Regulation Number 54 Year 2010 concerning procurement states that the definition of e-procurement is the procurement of goods and services that are implemented using information technology and electronic transactions in accordance with the provisions of regulation which consists of e-purchasing and e-catalogue. Based on Australian Government Information Management (AGIMO), the definition of e-procurement is business to business purchase (business to business-B2B) and goods and services sales through internet (www.agimo.gov.au).

That definition is also supported by the research of Panayioutou (2004); Croom and Brandon (2005) and Quesada et al (2010) which state that e-procurement is the using of the integrated database system with website based through communication network system either in partly or the whole process of goods/services procurement.

E-procurement Technology Usage

The utilization of technology can be defined as the benefit which is expected by information technology users in conducting their duty measured by the usage intensity, the



usage frequency and amount of applications or software used (Thompson et al, 1991). E-procurement technology utilization and its practice which facilitates the connection electronically, information change, transactions supported by both private and public network (Quesada et al, 2010).

Goodhue and Thompson (1995); Darwin (1999); Diana (2001) and Sunarta (2005) prove that the utilization of information technology has a positive effect toward individual performance. Yet, Jurnal (2001) and Jin (2003) prove that the utilization of information technology does not have any influence toward individual performance. The same thing is also conducted by Quesada et al (2010) in his research which shows that the higher e-procurement technology usage, the higher the procurement practices so it can influence the capital expenditure budget absorption (Taufik et al, 2016).

Procurement Practice

The procurement practice of goods/services includes five stages which are started from gathering information, selecting the goods/services supplier before making goods/services procurement agreement, handing over the goods/services, and evaluating the goods/services activity (Quesada et al, 2010). That definition is almost the same with the definition stated by LKPP (Governmental National Public Procurement Agency) in the head of LKPP Regulation Number 14 Year 2015 about e-purchasing which states that procurement practice consists of Preparation Stage and Implementation Stage. Procurement practice can also include planning, programming, budgeting, selecting goods/services supplier, making procurement practices and payment agreement, the job handover, maintenance, utilization ([www. dinus.ac.id_korupsi_dalam_pengadaan_barang _ppt &usg](http://www.dinus.ac.id_korupsi_dalam_pengadaan_barang_ppt_usg)). The previous research proves that the procurement practices influences the performance of procurement practices (Quesada et al, 2010) and the absorption of capital expenditure budget (Taufik et al, 2016).

Budget Absorption

Based on Governmental Accounting Standard Statement Number 02 Year 2010, the definition of budgeting is an action principle which is going to be conducted by the government that includes the plans of income, expenditure, transfer and costing that are



measured in Rupiah and arranged based on certain classification systematically for one period. Mardiasmo (2005) defines the budget absorption as an image of local government ability in conducting and accounting for each activity that has been planned. The absorption of the local government budget is the accumulation of budget absorption conducted by SKPD. SKPD budget absorption is the unit budget proportion that has been released or realized in one budgeting year (Malahayati et al, 2015) and stated in percentage form (Taufik et al, 2016). The budget absorption is a measurement which states how far the planning target has been achieved by an governmental office (Kuncoro, 2013 in Taufik et al, 2016).

Based on the research results above, the hypothesis which can be tested in this research are as follow:

H1: e-procurement technology usage has effect toward budget absorption.

H2: e-procurement technology usage has effect toward budget absorption through the procurement practices.

RESEARCH METHOD

Research Model

This research is conducted by SKPD in East Java Province. The population in this research is SKPD which has applied e-procurement in conducting goods/services procurement and obtained PPKom. The sample consists of 71 respondents which confirmed to 71 SKPD. The source of data used are the primary and the secondary data.

The primary data are collected from the by using Likert scale of 6 (six) alternatives, such as Never (1), Rarely (2), Fair (3), Often (4), Always (5), and Not Know (6). The secondary data uses Budget Realization Report per quarter of the year 2016 which is obtained from Development Administration Bureau of East Java Province regional secretary. This research examines the influence of e-procurement technology usage toward budget absorption in SKPD level of East Java Province. The variable indicator used in this research is taken from the research of Quesada et al (2010) and Taufik et al (2016).



Analysis Model

This research uses line analysis model, that is the usage of regression analysis to estimate the causality relationship between variables (causal model) that has been set up previously based on theories (Lind, 2014). The research is conducted in purpose to explain the direct influence of e-procurement technology usage toward the budget absorption and the effect of e-procurement technology usage toward the budget absorption through Procurement Practice.

Data Quality test is done by using validity test and reliability of a set of questionnaire used. Rule of Thumb that is used for validity test is $<0,05$ significant value, while the data is considered reliable if it has $>0,70$ Composite Reliability value and $>0,60$ Cronbach's Alpha (Hair et al, 1998). The descriptive statistic and the data quality testings use software SPSS 21.0. Further, the hypothesis is tested by using two substructure model through software WarpPls 5.0. The first substructure model calculates path coefficient of e-procurement technology usage toward the budget absorption. The second substructure model determines path coefficient of e-procurement technology usage toward the budget absorption through procurement practice.

Operational Definition and Variable Measurement.

E-procurement Technology Usage

E-procurement technology usage is defined as technology network usage which its practice facilitated through connection electronically, information change and transaction supported through private and other public connection (Quesada et al, 2010). E-procurement technology usage shows how far the benefit obtained by technology users measured through application usage intensity and software used.



Table 1. Variable Measurement of E-procurement Technology Usage

No	Indicator
1	Internet
2	Intranet
3	Electronic Data Interchange (EDI)
4	Email
5	e-Catalogue
6	Electronic File Transforming (EFT)
7	Video Conference
8	Electronic Markets (website: LPSE)
9	e-Tendering

Source: Quesada et al. (2010)

Procurement Practice

Procurement practice includes planning, programming, budgeting, selecting goods/services supplier, implementation of procurement practices agreement and payment, job handover, maintenance and utilization (www.dinus.ac.id_korupsi_dalam_pengadaan_barang_ppt & usg). That procurement practice itself is a process of conducting procurement practices which includes gathering information, selecting goods/services supplier, agreement of goods/services procurement, goods/services handover and evaluation of goods/services procurement activity.

Table 2. Variable Measurement of Procurement Practice

No	Dimension and Indicator
1	Gathering Information
	Finding goods/services supplier to make agreement of goods/services procurement.
	Finding conformity of goods/services that are going to be ordered.
	Consulting about the quality of goods/services
	Finding requirement information about its service follow-up, installation, maintenance and goods/services guarantee.



2	Selecting goods/services supplier (before goods/services)
	Request of document goods/services offer to goods/services supplier.
	Request of goods/services Proposal to goods/services supplier.
	Request of goods/service information to goods/services supplier.
3	Goods/services procurement agreement (negotiation and fulfillment)
	Doing negotiation and fulfillment of goods/services price.
	Doing negotiation and fulfillment of goods/services standard (specification).
	Doing negotiation and fulfillment of the possibility goods/services conformity
	Doing negotiation and fulfillment of goods/services shipping schedule.
	Doing negotiation and fulfillment of the amount of goods/services shipping.
	Doing negotiation and fulfillment of goods/services procurement agreement.
4	Goods/services handover (negotiation)
	Doing negotiation of reception over goods/services submitted.
	Doing negotiation of place over goods/services handover.
	Doing negotiation of goods/services supplier facture making.
	Doing negotiation of goods/services payment.
5	Evaluation of goods/services procurement activity
	Finding information about goods/services order.
	Finding information about goods/services shipping.
	Finding information about goods/services specification and goods/services shipping delay.
	Finding information about goods/services supplier performance.
	Finding information about goods/services procurement history.
	Finding information about goods/services procurement performance.

Source: Quesada et al (2010)

Budget Absorption

Mardiasmo (2005) defines budget absorption as the image of local government ability in conducting and accounting for every activity that has been planned. The budget absorption of SKPD is a unit budget proportion which has been released or implemented in one budget



year (Malahayati et al, 2015) and stated in percentage form (Taufik et al, 2016). The measurement of budget absorption in this research uses the amount of budget realization percentage from trimester I to IV in 2016 which taken from budget realization report of Development Administration Bureau of East Java Province Regional Secretary.

DISCUSSION RESULT

Pilot Test

The pilot test is conducted in Bina Marga Public Work Department of East Java Province. The purpose of this pilot test is to examine the validity and construct reliability by using software SPSS 21.0. The parameter that is used to examine the validity is significance value $<0,50$ (Hair et al, 1998). A construct is called reliable if the value of Composite Reliability is $>0,70$ and Cronbach's Alpha is $>0,60$ (Hair et al, 1998). Based on rule of thumb, the analysis result of the pilot test shows that validity test and reliable are fulfilled. From 32 variable indicators of e-procurement technology usage and procurement practice, there is only 1 invalid indicator. That invalid indicator has been omitted and the valid instrument can be tested further in the field.

Descriptive Statistic

Table 3. Descriptive Statistic

Information	N	Minimal	Maximal	Mean	Deviation Standard
e-procurement Technology Usage	47	1,44	5,33	3,0047	0,76208
Procurement Practice	47	2,77	5,23	4,1944	0,70359
Budget Absorption	47	77,00	98,00	93,5319	3,49441

Source: Data Processing Output SPSS 21.0



Based on the descriptive statistic, it can be concluded that minimal value of e-procurement technology usage is 1,44 and procurement practice is 2,77 which mean that several SKPD in East Java Province rarely utilize e-procurement technology and fairly implement procurement practice.

The Minimal value of budget absorption is 77,00 which means the budget absorption of SKPD in the end of 2016 is at least 77%. The maximal value of e-procurement technology usage is 5,33 and procurement practice is 5,23 which mean the intensity level of SKPD in e-procurement technology usage and Procurement Practice is at the highest value. The maximal value of budget absorption is 98,00 which means SKPD budget absorption in the end of 2016 is up to 98%.

The mean value of e-procurement technology usage (3,0047) is lower than its value of procurement practice (4,1944). It shows that SKPD tends to more emphasize on implementing procurement practice more e-procurement technology usage. The average value of budget absorption is 93,5319, it means that through e-procurement technology usage and procurement practice, the average budget absorption of SKPD in 2016 is 93,53%. Deviation standard value of e-procurement technology usage is 0,76208, procurement practice is 0,70359 and budget absorption is 3,4944, it means data variance is relatively small since the deviation standard is smaller than the mean value. The condition in which e-procurement technology usage data is the most diverse (heterogeneous) with a value of coefficient of variation of 25.36% followed by goods / services procurement practice which is quite heterogeneous (coefficient of variation of 16.77%) and the most homogeneous data is the budget absorption with coefficient of variation of 3.66%.



Correlation test

Table 4. Correlation Test

Variable	Correlation between construct			P Values		
	e-Procurement Technology Usage	Procurement Practice	Budget Absorption	e-Procurement Technology Usage	Procurement Practice	Budget Absorption
e-Procurement Technology Usage	(0,738)	-0,102	0,054	(1,000)	0,493	0,717
Procurement Practice	-0,102	(0,711)	0,016	0,493	(1,000)	0,916
Budget Absorption	0,054	0,016	(0,821)	0,717	0,916	(1,000)
Total	47					

Source: Processing data Output WarpPls 5.0

Matrices of correlation between construct at table 4 show that there is a positive relation which is fairly strong and significant among variables from one to another. The correlation coefficient of e-procurement technology usage toward procurement practice is 0,738, e-procurement technology usage toward budget absorption is 0,711 and procurement practice toward budget absorption is 0,821. That positive relation can be interpreted that if e-procurement technology usage increases, budget absorption could be predicted to be increase as well through Procurement Practice.

It also shows that there is an early indicator of support toward mediation hypothesis because mediation hypothesis requires a significant correlation between independent and



dependent variable through intervening variable. A variable is said having a correlation with another variable if the diagonal value of correlation test result with the latent variable is higher than the value above/below in the same column, or that diagonal value is higher than the value on the left/right side in the same line (Kock, 2015).

Hypothesis Test

Path analysis

Path analysis model in this research aims at examining the effect of e-procurement technology usage toward budget absorption and e-procurement technology usage toward budget absorption through procurement practice in East Java Province. The following descriptions are the result of path analysis test:

Table 5. Path Coefficients Test and P Values

	Path Coefficients	P Values	Effect sizes	Error Standard
ETU → PP	-0,233	0,043	0,054	0,133
PP → BA	0,136	0,164	0,010	0,138
ETU → BA	0,243	0,036	0,050	0,132

Source: data processing output WarpPls 5.0

Based on table 5 above, it shows that e-procurement technology usage on goods/services procurement practice has a path coefficient value of -0,233 and p-value of 0,043 (<significant at 0,05). It means e-procurement technology usage has a negative significant effect on goods/services procurement practice. Goods/services procurement practice on the budget absorption has a path coefficient value of 0,136 and p-value of ,164 (> significancy 0,05).

It can be defined that goods/services procurement practice has no significant effect on the budget absorption. E-procurement technology usage on the budget absorption has coefficient value of 0,243 and p-value of 0,036 (<significancy 0,05). It indicates that e-procurement technology usage has a positive significant effect on the budget absorption.



Hypothesis 1 Examination: E-procurement Technology Usage Has an Effect on the Budget Absorption.

Hypothesis 1 shows that e-procurement technology usage has an effect on the budget absorption. Table 5 shows that there is an effect of e-procurement technology usage on the budget absorption (p-value of 0,036 with path coefficient of 0,243). This conclusion implies that if e-procurement technology usage increases, the budget absorption will also increase. The higher intensity level of e-procurement technology usage conducted by SKPD of East Java Provincial Government, the budget absorption of SKPD will also increase. This conclusion supports the researches of Goodhue and Thompson (1995); Darwin (1999); Diana (2001) and Sunarta (2005), which prove that information technology usage has a positive effect on the individual's performance. The results are also supported by research of Taufik et al (2016) which states e-procurement has an effect on the budget absorption. However, the conclusion of this study is different from the result of researchers Jurnal (2001) and Jin (2003) which states that information technology usage does not affect the individual's performance.

Hypothesis 2 Examination: E-procurement Technology Usage Has an Effect on the Budget Absorption through Goods/Services Procurement Practice

Hypothesis 2 states that e-procurement technology usage has an effect on the budget absorption through goods / services procurement practice. Table 5 shows that there is no effect of e-procurement technology usage on the budget absorption through goods/services procurement practice (p-value 0.043 and 0.164 with a path coefficient of -0.032 which is derived from the multiplication between -0.233 and 0.136).

The conclusion explains that e-procurement technology usage has no effect on the budget absorption through goods/services procurement practice. Thus it can be interpreted that goods / services procurement practice cannot mediate the relationship between e-procurement technology usage and the budget absorption. This means that if e-procurement technology usage conducted by SKPD East Java Province increases, the budget absorption obtained by SKPD will not increase through goods/ services procurement practice. This conclusion is different from the research of Taufik et al (2016) which states that



goods/services procurement practice has an effect on the budget absorption. The reason goods / services procurement practice cannot mediate the relationship between e-procurement technology usage and the budget absorption is assumed because SKPD rarely does an evaluation of the completed goods/services procurement practice. It is proven by the response "rarely" given by SKPD in answering questions of questionnaire related to the information searching to evaluate goods / services procurement practices that have been completed. SKPD's response is in accordance with the Regulation of the LKPP No. 14 in 2015 about e-purchasing which revealed that LKPP as a party which monitors and evaluates goods / services procurement practice. Monitoring and evaluation results will be used by the head of LKPP or head region/ Officer appointed by the head region for material analysis in following up the contract. Therefore, PPKom does not have an authority to evaluate goods / services procurement practice done by SKPD. As there is no evaluation of goods/services procurement practice is assumed causes goods/services procurement practice is not able to mediate the relationship between e-procurement technology usage and the budget absorption.

CONCLUSION AND LIMITATION

Conclusion

Based on discussion result that has been conducted, eventually it can conclude that e-procurement technology usage has effect toward budget absorption while e-procurement technology usage through procurement practice does not have effect toward budget absorption. Based on the result, it can be interpreted that if e-procurement technology usage increases, budget absorption also increases. Yet, if e-procurement technology usage increases through procurement practice, budget absorption does not increase. Analysis result and conclusion in this research are matched to some previous research results which state that e-procurement technology usage has effect toward procurement practice (Quesada et al, 2010) and information technology utilization has effect toward individual performance (Goodhue and Thompson, 1995; Darwin, 1999; Diana, 2001; Sunarta, 2005). However, this research find is contradictory result with Jurnal (2001) and Jin (2003) which state that information technology utilization does not have effect toward individual performance and goods/services



procurement practice influences the capital expenditure budget absorption (Taufik et al, 2016).

Limitation

Based on the previous research results that have been conducted, the writer identified some limitations in this research as follow:

1. 55 (fifty-five) questionnaires sent directly to each SKPD, while the remaining amount of 16 (sixteen) questionnaires mailed by reason of mileage.
2. 22.5% (twenty-two point five percent) of the respondents who were mailed did not give a response.
3. From each SKPD, researchers involves only one (1) respondent by providing one questionnaire.

Suggestion

For researchers with a similar topic could do the following:

1. To increase response rate, questionnaires should be given directly by researchers. This shows the seriousness of the researcher on the attention that will be given by the respondents.
2. To obtain the facts of this observation variable respondents from each SKPD should consist of those who are concerned about the implementation of the e-procurement so the obtained scores will show the fact not a perception.
3. Scope This research can be expanded with a different region e.g. Jakarta Province so that the analysis of the e-procurement can be done more comprehensively through comparative analysis.
4. For further research, performance goods / services variables can be added, because the ultimate goal of goods / services procurement through e-procurement can improve the performance of SKPD.



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