

Optimizing the use of Domestic Products Within the Ministry of State Apparatus and Bureaucratic Reforms

Andre Rosi Pradita^{1*}, Asropi², Neneng Sri Rahayu³

^{1,2,3}National Institute of Public Administration (NIPA) School of Administration (Politeknik STIA LAN Jakarta)

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ABSTRACT

The use of domestic products is a form of commitment to the government's role in supporting and ensuring national economic independence and stability. By using domestic products, it is expected to be able to restore the role of the national economy. One of the efforts made by the government in increasing domestic products by issuing several regulations, such as Law Number 3 of 2014 concerning Industry which encourages the use of domestic products, even in 2022 the government issued INPRES Number 2 of 2022 concerning Accelerating the Use of Domestic Products. Based on these regulations, it emphasizes that the central government and local governments should increase the use of domestic products. This research was conducted at the Ministry of PANRB by looking at three variables in the implementation of the use of domestic products including policy, organization, and environment. This research uses qualitative methods by conducting in-depth interviews, observations, and by using documents to obtain information and data. Although there are still some employees who think that the quality of domestic products is lower than foreign products. In its application, the head of the organization plays a key role in the use of domestic products.

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Corresponding Author:

Andre Rosi Pradita

National Institute of Public Administration (NIPA) School of Administration (Politeknik STIA LAN Jakarta)

Email: andrepantoq76@gmail.com

INTRODUCTION

Imported products in Indonesia have become a significant challenge for local industries and the national economy. The existence of free trade agreements between countries makes access to imported products easier. This opens up opportunities for foreign products to enter the Indonesian market, many imported products, especially from developed countries, offer better quality or more competitive prices than local products. This makes consumers tend to choose imported products over local products. Products from developed countries also offer more advanced technology and innovation in the production of goods and services making them more attractive to consumers.

On the other hand, some local Indonesian industries still face many challenges, one of which is the lack of production capacity, one of which is the absence of adequate production machinery, human resources that require skills, and fulfilment of production raw materials. The impact of the invasion of imported products is very

significant for the domestic economy, some of the impacts that can be felt are the intense competition of imported products against domestic business actors, especially MSMEs (Micro, Small and Medium Enterprises). The impact of the inability of MSMEs to compete with imported products is that some businesses are forced to reduce operational costs by reducing production to reduce their employees, even to the point of closing their businesses because they continue to lose money. The impact of many closed MSMEs can increase the number of unemployed people in Indonesia, and the percentage of national economic growth will also decrease.

In terms of the government, the impact of the invasion of imported products can lead to economic dependence on other countries, this can happen because a country is very dependent on goods from abroad, especially in fulfilling basic needs and technology, the country's economic stability becomes vulnerable to fluctuations in global markets and policies from sending countries. A trade balance deficit due to high imports compared to exports will have a negative impact on the national economy. A high current account deficit is not a problem if the government budget is balanced and savings and investment decisions are taken optimally by private agents (Astuti & Ayuningtyas, 2018). However, according to Edward in Astuti & Ayuningtyas (2018), external deficits should be a concern in implementing policies even if the current account deficit does not lead to a currency crisis. In other words, it is not how big the deficit is but how the country runs an unsustainable deficit. In general, a current account deficit that does not exceed 5% of GDP is considered unsustainable so above this threshold the adjustment process begins. From the negative impacts above, there is also an impact on local culture which affects the culture and consumption habits of the community and has the potential to erode local values. (Astuti & Ayuningtyas, 2018). The problem is not only done by conducting campaigns to increase the use of domestic products to the public (Siswanto, 2017), but also by taking the stance that government agencies should also support the use of domestic products.

One of the government's responses to the invasion of imported products is by implementing a policy to encourage love for domestic products. The policy to love domestic products in Indonesia has been around for a long time, even since the era of Indonesia's first president, Ir. Soekarno after independence. At that time, this movement aimed to increase the love of the Indonesian people for local products amid the influx of imported products from developed countries. This concept is better known as "berdikari" or standing on one's own feet, which emphasizes the importance of national economic resilience and the development of domestic industries at that time. This movement was raised again during the era of the 6th President of Indonesia, namely President Susilo Bambang Yudhoyono, at that time the government issued several policies that sought to protect products made by Micro, Small and Medium Enterprises (MSMEs) from the invasion of foreign products. President Susilo Bambang Yudhoyono prioritized the important role of MSMEs in the national economy and tried to create policies that could support the growth of this sector. In an effort to protect local products, the government hopes to increase the competitiveness of MSMEs and encourage the public to prefer domestic products, thereby reducing dependence on imported goods.

In 2014, the Indonesian government passed Law No. 3/2014 on Industry, which includes articles that encourage the use of domestic products. This policy focuses on developing local industries, protecting national products, and strengthening small and medium industries. In the era of President Joko Widodo's leadership, the emphasis on local product branding has been strengthened, with the aim that people will love Indonesian products more than foreign products. This policy also includes improving product quality, competitive pricing, and propaganda to support domestic products. The domestic product policy issued by President Joko Widodo focuses on developing local industries, increasing the competitiveness of national products, and reducing dependence on imported products.

With the issuance of INPRES No. 2 of 2022 concerning the Acceleration of the Use of Domestic Products, it is strongly emphasized that this Presidential Instruction emphasizes that the central government and related regions increase the use of domestic products in the procurement of government goods and services. The obligation to use local products for each Ministry, Agency and Local Government to promote the use of domestic products in their work programs, including in government spending. This Presidential Instruction also encourages synergy/collaboration between Ministries and Institutions to be able to run this program effectively and efficiently. After the issuance of the regulation, the Goods and Services Procurement Policy Agency (LKPPP) became one of the government agencies that monitors and evaluates the use of domestic products in government agencies. One example is the use of the LKPP electronic catalog, which currently contains the value of the Domestic Content Level (TKDN) and the Company Benefit Weight (BMP), both of which are used in every goods and services displayed in the electronic catalog. The minimum value of TKDN for each goods and services displayed is 25%, while the minimum value of BMP is 15%. So, every goods and services displayed in the LKPP sectoral catalog is calculated from the sum of TKDN plus BMP, which is at least 40%.

Basically, there have been many efforts made by the government in using domestic products. The efforts

made by the government are by issuing several policies. Although policy can be interpreted as all forms of government attitudes by making decisions or not (Dye, 2011; Thoha, 2008). But the implementation has not been running optimally (Zulmawan, 2023). Similarly, in the Ministry of PANRB, in 2023, the results of the LKPP domestic product use monitoring report found that the Domestic Product Commitment (PDN) to Expenditure Planning was 95.35%, but for PDN Realization against Commitment was still at 79.19%.

Procurement can basically be interpreted as when what did not exist before becomes available. Procurement of goods and services is an effort to obtain or realize the goods or services needed through a process (Kanaidi, 2023). Currently, the government agency that has the authority to organize goods and services is LKPP, which in addition to formulating policies and strategies in the procurement of government goods and services, LKPP also has a function as a coach and supervisor of the implementation of electronic procurement of government goods/services (Purwanto et al., 2021). In the process of procuring goods and services, it is carried out by formulating a strategy, involving several actors, and evaluating and monitoring the implementation of its application (LSP Pengadaan Indonesia, 2021). Policy implementation has an important position in the public policy process, implementation is interpreted as an effort made to achieve common goals (Yamin, 2021), is a process to produce goods and services that are generally in the form of a policy, such as laws, government regulations, ministerial regulations, etc (Agbazuere, 2020; Pramono, 2020). Policy implementation results in decisions and actions that turn mandates into reality (Kristian, 2023). While Grindle in Rahman et al (2023) explains that there are three aspects that determine the success of a policy, namely policy, organization, and environment. In this study, the meaning of policy implementation is based on efforts made by individuals and groups of government and private sectors to use domestic products.

RESEARCH METHODS

This research uses qualitative methods, naturally and thoroughly used by researchers (Moleong, 2017; Sugiyono, 2018). This method was chosen because it is expected to be able to collect various kinds of information and data as detailed as possible so as to obtain a clear and complete description and explanation of the object of research (Yamin, 2021). This research was conducted with a case study at the Ministry of PANRB, with data collection techniques including observation, interviews, and documentation (Bungin, 2010). The data sources in this research are the Head of the General and Financial Bureau, Procurement Officer, and service recipients (users of goods and services) within the Ministry of PANRB.

RESULT AND DISCUSSION

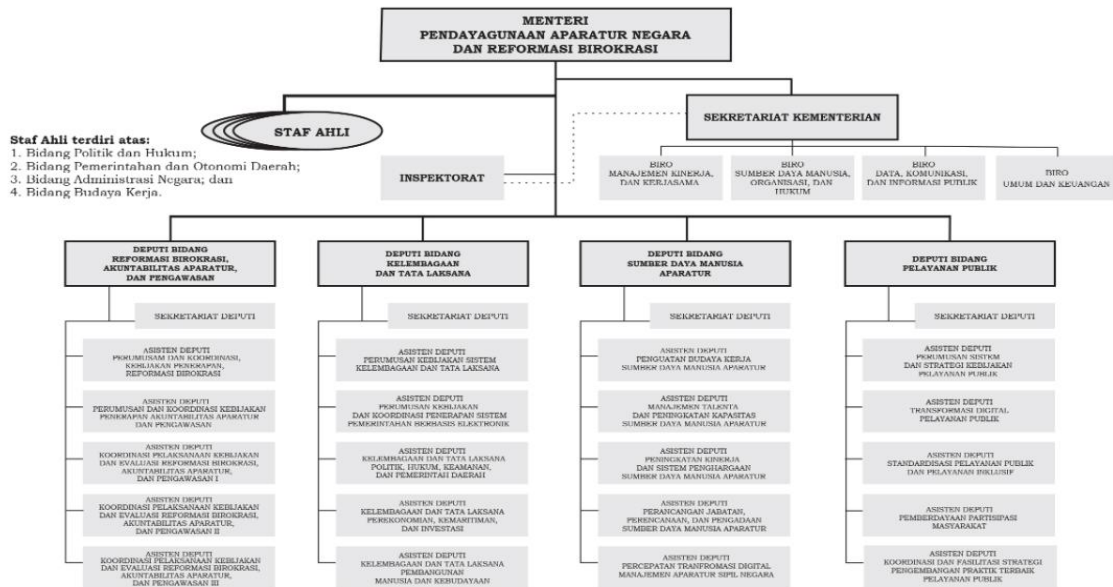
The Ministry of PANRB is a government agency that has duties and functions in organizing government affairs in the field of state apparatus utilization and bureaucratic reform. In looking at the use of domestic products in the Ministry of PANRB, the researcher refers to Grindle who explains about three variables that determine the success of a policy implementation, including the relationship of policy, organization, and environment. In terms of its relationship with the **policy**, the researcher divides it into two aspects, the first is national policies and the second is internal policies. For national policies, one of the policies that regulates the use of domestic products is Presidential Instruction No. 2/2022 concerning the Acceleration of Increasing the Use of Domestic Products and Products of Micro, Small and Cooperative Enterprises in the Context of Successful National Movement Proud of Made in Indonesia in the Implementation of Government Procurement of Goods / Services. The regulation explains the role of ministries/government institutions to accelerate the increase in the use of domestic products.

Regarding internal policies, in 2023 the Ministry of State Apparatus and Bureaucratic Reforms has issued Ministry of State Apparatus and Bureaucratic Reforms Guideline No. 35/2023 on Accelerating the Use of Domestic Products within the Ministry of State Apparatus and Bureaucratic Reforms. In the regulation, it is explained that to increase the use of domestic products, efforts are made by planning, preparation, selection, implementation and handover. In terms of planning, at least 40% of the expenditure and service budget for the use of domestic products originating from MSEs-Cooperatives. In addition, in terms of preparing the RUP, pay attention to the use of domestic products, research/collection of data from the Domestic Component Level (TKDN) of the goods needed. In terms of work bundling, it must penalize MSEs-Cooperatives. In addition, in the determination and announcement of the General Procurement Plan on the General Procurement Plan Information System using PDN / Non-PDN tagging.

Preparations in efforts to increase domestic products include the preparation of specs, HPS, and draft contracts that pay attention to TKDN. Furthermore, estimating the TKDN of the goods to be procured. The last preparation is the inclusion of TKDN requirements in the selection document. In terms of selection, several stages in efforts to increase the use of domestic products are conducting bidding document evaluation documents;

checking TKDN supporting data; calculating price preferences; and submitting TKDN Goods offers, TKDN service commitments, and combined goods and services. The implementation stage is based on two stages, namely by monitoring the implementation of the work, and carrying out work in accordance with the offer. Meanwhile, the last stage in terms of handover is to accept the work; determine sanctions if there is non-conformity / violation; conduct supervision; and submit work in accordance with the contract. In addition to regulating efforts to increase the use of domestic products, the regulation also regulates awards and sanctions for work units that use domestic products.

The second variable is **organization**. The organizational structure of the Ministry of PANRB is led by the Ministry of State Apparatus and Bureaucratic Reforms who is assisted by the Secretary of the Ministry, Deputy for Bureaucratic Reform, Apparatus Accountability, and Supervision, Deputy for Institutional and Management, Deputy for Apparatus Human Resources, Deputy for Public Services, Expert Staff on Politics and Law, Expert Staff on Regional Government and Autonomy, Expert Staff on State Administration, and Expert Staff on Work Culture. The organizational structure is shown in Chart the organizational structure of the Ministry of PANRB.



Organizational Structure of the Ministry of State Apparatus and Bureaucratic Reforms

Source: Minister of State Apparatus Empowerment and Bureaucratic Reform Regulation No. 60/2021 on the Organization and Work Procedure of the Ministry of State Apparatus Empowerment and Bureaucratic Reform

When referring to Minister of State Apparatus and Bureaucratic Reforms Regulation Number 31/2021 concerning the Organization of Goods/Services Procurement Work Units of Ministries/Institutions, the goods/services procurement work unit is the center of goods/services procurement. Referring to these two regulations, the goods and services procurement work unit within the Ministry of State Apparatus and Bureaucratic Reforms is located in the General and Financial Bureau, Secretary of the Ministry.

The third variable is the **environment**, in this third variable the researcher then divides it into two aspects including the leader's response in addressing the use of domestic products and the user's response to the quality of domestic products. The leadership of the organization provides a good response in using domestic products, this can be seen in table which shows that the number of domestic products used within the Ministry of State Apparatus and Bureaucratic Reforms from 2022 to 2023 has increased.

Table 1. Comparison of the Use of Domestic Products in the Ministry of State Apparatus and Bureaucratic Reforms in 2022 and 2023
 Source: lkpp.bigbox.co.id

Year	Total PDN Planning	PDN Commitment to Expenditure Planning	Total PDN Implementation	Realization of PDN against Commitment
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2022	98.124.020.148	96.16%	27.983.968.028	77.05%
2023	126.199.648.474	95.35%	99.931.933.569	79.19%

From the table above, although it has not reached 100% commitment and realization of the use of domestic products, the Ministry of State Apparatus and Bureaucratic Reforms has shown commitment in using domestic products. This can be seen from the increase in total domestic product planning, spending commitment to the use of domestic products, and realization of the use of domestic products that have increased. Both the increase in terms of the amount of the budget but also the increase in the commitment to the use of domestic products. Although in its implementation it has not yet reached 100% fulfillment of the commitment to the use of domestic products.

This is supported by the response of domestic product users, based on the results of discussions with ten employees, seven employees underestimated the quality of domestic products. This is because the durability or quality of domestic products is more easily damaged and not durable, and the durability of domestic products is considered less good than imported products. Even when compared to the same price, the quality of domestic products cannot compete with imported products.

Obstacles in the use of domestic products within the Ministry of State Apparatus and Bureaucratic Reforms include:

1. Imported products have been recognized by employees as having better quality, one of the reasons is the massive advertising delivered to the public, one of which is to employees within the Ministry of PANRB.
2. Some domestic products are still considered to be of poor quality when compared to foreign products.
3. Some employees are less aware of the importance of using domestic products.
4. The number of domestic products is limited.
5. Some employees think that using foreign products can improve their social status.

In addition, referring to the results of the evaluation conducted by the Goods/Services Procurement Work Unit of the Ministry of State Apparatus and Bureaucratic Reforms in 2022, it shows that the Ministry already has regulations that encourage domestic shopping. In addition, there are also no regulations that inhibit the use of domestic products. In terms of efforts to increase domestic products, the Ministry currently has a Team for Increasing the Use of Domestic Products.

Based on the description above, it shows that basically the Ministry of State Apparatus and Bureaucratic Reforms is committed to using domestic products. This can be seen from the existence of regulations governing the importance of using domestic products. In terms of organization, the Ministry already has a work unit that focuses on the procurement of goods and services. In terms of the environment, leaders within the Ministry are committed to using domestic products in supporting their daily activities. This can be seen from the percentage of commitment from the Ministry to the use of domestic products which increased from 2022 to 2023. Although the Ministry of State Apparatus and Bureaucratic Reforms has committed to using domestic products, some employees still think that foreign products are better than domestic products. In addition, as an effort to support the use of domestic products, efforts that need to be made by the Ministry of State Apparatus and Bureaucratic Reforms are:

- Drafting regulations governing monitoring mechanisms, evaluation, and reward and punishment systems.
- Making domestic products the main performance indicator in each work unit.
- Need to develop a roadmap for strategies to increase the use of domestic products and MSE-Cooperative products accompanied by a mechanism for monitoring and evaluating its effectiveness and providing adequate resources to implement the roadmap.
- Provide understanding to employees about the importance of using domestic products.

However, LKPP as an organization that has a role and function in the procurement of goods and services has a very important role. In addition, BPKP also has an important role in terms of supervising the procurement of goods and services within government agencies. Therefore, collaboration between work units or between government agencies has an important role in optimizing the use of domestic products. Collaboration is not only between work units within the Ministry of State Apparatus and Bureaucratic Reforms but also with other agencies that have a role in the provision of goods and services, which can be seen from the role of government agencies outlined in Presidential Decree Number 24/2018 concerning the National Team for Increasing the Use of Domestic Products which regulates the role of Ministries/Institutions in increasing the use of domestic products, as well as

the role of goods and service providers who have an important role in providing goods and services within the Ministry of State Apparatus and Bureaucratic Reforms.

CONCLUSION

The implementation of the use of domestic products within the Ministry of State Apparatus and Bureaucratic Reforms has gone well. Referring to Grindle, which explains the three variables including policy, organization, and environment. The environmental aspect has an important role, where the commitment of organizational leaders to the use of domestic products has an impact on increasing the use of domestic products. This can be seen from the increasing commitment to the use of domestic products to expenditure planning and the realization of the use of domestic products to commitments.

SUGGESTION

This research certainly still needs some improvement. In an effort to increase the use of domestic products, although currently the Ministry of State Apparatus and Bureaucratic Reforms already has regulations governing the acceleration of the use of domestic products. In the future, it is also necessary to regulate regulations and policies governing the implementation of increased use of domestic products and products of micro, small and cooperative enterprises within Ministry of State Apparatus and Bureaucratic Reforms. This is not only to complement the existing regulations, but also as a form of commitment from the Ministry of of State Apparatus and Bureaucratic Reforms in supporting the use of domestic products. As a follow-up to this research, it should be possible to deepen the form of collaboration that can optimize the use of domestic products within the Ministry of State Apparatus and Bureaucratic Reforms.

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