

## STRATEGY TO INCREASE THE PERFORMANCE OF PROCUREMENT AT PT PLN (PERSERO) UIP SUMBAGUT

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### Abstract

*Effective procurement is critical to improving business operational efficiency, reducing costs, and ensuring that required goods and services are available at the right quality and on time. In the 2020–2023 period, PT PLN (Persero) UIP Sumbagut faced problems in achieving contracted work targets, with an average of only 50% of the procurement plan. To achieve this, research needs to be conducted to evaluate the various components that influence procurement performance and develop solutions for improvement. This research uses a qualitative descriptive approach through observation and distribution of questionnaires, as well as case analysis and literature approaches. The TOWS analysis method is used to evaluate the strengths, weaknesses, opportunities, and threats faced during the procurement process. The results of the internal factor evaluation (IFE) and external factor evaluation (EFE) matrices show that this strategy is in Quadrant III, or the stabilization stage. The focus of this strategy is to maximize strengths and opportunities while reducing weaknesses and threats. The resulting strategies are accelerating the readiness of tender documents, optimizing the use of digital procurement, standardizing and updating tender documents and creating work instructions, utilizing information technology, increasing risk mitigation, increasing synergy and collaboration with stakeholders, as well as increasing HR competency.*

**Keywords :** *Competency, Performance, Procurement, TOWS analysis*

### 1. INTRODUCTION

Procurement of goods and services is very important to achieve the company's strategic goals. Procurement is responsible for ensuring that the goods and services purchased meet the company's needs and objectives. PT PLN (Persero) released Directors' Regulation Number 0018.P/DIR/2023, which became the basis for the company's strategic policy for procurement of goods and services. During the procurement process, this policy serves as a guideline to ensure accuracy and precision in various matters, such as quality, quantity, price, time, location and socio-economic objectives. In this way, procurement objectives that include the appropriate principles of quality, quantity, price, time, location and socio-economic objectives can be achieved efficiently. PT PLN (Persero) is committed to improving procurement performance by considering sustainability and the economic impact on society. These guidelines will help achieve operational targets and increase company competitiveness in the energy industry. PT PLN (Persero) UIP Sumbagut's procurement activities are very strategic to increase the capacity of electricity infrastructure, such as the construction of substations and transmission networks. Procurement is an important stage in ensuring the sustainability of infrastructure projects that will improve the national electricity system. Procurement also influences the absorption of the Investment Cash Budget (AKI), which is an important indicator in achieving the company's strategic goals. The following table shows how the contracted work was completed.

Table 1. Realization of Contracted Work

No.	Procurement Plan	Contracted Work
1.	17	13
2.	18	7
3.	25	10

The table above shows that in 2021, 13 out of 17 jobs will be contracted for 76% achievement, in 2022 7 out of 18 jobs will be contracted for 39% achievement, and in 2023 10 out of 25 jobs will be contracted for 40% achievement. The average realization of contracted work is 50% of the procurement plan. Research on strategies to improve the performance of procurement of goods and services at PT PLN (Persero) UIP Sumbagut is needed because one of the research problems is that the amount of work that has been contracted does not meet the procurement plan that has been determined. based on the data described previously.

**LITERATURE REVIEW**

**Procurement**

Procurement is the process or activity of buying goods or services from outside parties to meet the needs of a company or organization. This process includes various steps, starting from planning needs, finding available resources, and finally placing an order and paying. Ensuring the availability of required goods or services at a reasonable price, of the right quality, and at the right time is the main goal of procurement. Procurement in formal environments, especially in the public sector, is often governed by regulations and policies to ensure transparency, efficiency and accountability. Procurement, according to Siahaya (2016), is an effort to obtain required goods and services in a logical and systematic manner, following standards and ethics, and using standard procurement methods which are used as guidelines. It is very important for an organization to make every effort to carry out its operational processes in accordance with applicable rules and principles while considering aspects of good company operations.

**Organizational Performance**

Performance is a description of the level of achievement of business activities carried out by the company in realizing the company's vision, mission and goals. Company performance is defined as the company's ability to achieve its goals through the use of resources efficiently and effectively and describes how far a company has achieved its results after comparing it with previous performance and the performance of other organizations (benchmarking), as well as how far it has achieved the goals and targets that have been set. In measuring performance, appropriate measuring tools are needed to measure that performance. An effective performance measurement system is a measurement system that can make it easier for management to carry out control processes and motivate management to improve and improve organizational performance. The purpose of performance measurement is to produce data to be analyzed appropriately so as to provide accurate information. For this purpose, a performance measurement method must be able to align the company's overall organizational goals (Gaspersz, 2005).

**2. IMPLEMENTATION METHOD**

This study was conducted from January to June 2024 at PLN UIP Sumbagut, specifically the focus of the research was procurement. The main focus of this research is to view and create strategies to improve the performance of procurement of goods and services where this strategy is an important component in achieving the company's strategic goals. To gain a better understanding of the unit procurement process, this research uses a qualitative descriptive approach. Two main types of data are collected: primary data and secondary data. Primary data was collected through field surveys, which used techniques such as direct observation and filling out questionnaires from

related parties. Meanwhile, secondary data comes from procurement activity monitoring documents and relevant documentation studies. Procurement planning and implementation managers, procurement staff, mechanical and electrical planning managers, civil planning managers, licensing and communications managers, and supply partners are research informants. The research began with field studies, namely looking at literature and making observations; finding and formulating problems; collect data, analyze it, and draw conclusions. The total number of informants from internal to the company was 10 people and 2 people from external. The stages of data analysis with TOWS are identifying internal and external organizational factors, preparing the TOWS matrix, developing strategies and prioritizing strategies.

### 3. RESULTS AND DISCUSSION

The results of the questionnaire on the strengths, weaknesses, opportunities and threats of procurement of goods and services with a Likert scale assessment from 1 to 5. The assessment of each answer is as follows:

- 1) Very unimportant (STP) / very unimportant (STB) : score 1
- 2) Not important (TP) / not influential (TB) : score 2
- 3) Less important (KP) / less influential (KB) : score 3
- 4) Important (P) / influential (B) : score 4
- 5) Very important (SP) / very influential (SB) : score 5

The following are informants' answers regarding the strengths, weaknesses, opportunities and threats of procurement of goods and services.

Table 2 Distribution of Informant Answers about Strength

No	Strength in the Field of Procurement of Goods/Services	Questionnaire Result Assessment					Score
		SP	P	KP	TP	STP	
1.	There is a strategic policy for procurement of goods/services	6	3	1	0	0	45
2.	There are standard engineering device regulations and reference documents for transmission and GI tenders.	7	3	0	0	0	47
3.	There are Technical Instructions for standardization of construction contracts and substations	6	4	0	0	0	47
4.	There are implementing regulations for standard procedures for procurement of goods/services	5	5	0	0	0	45
5.	Budget determination based on SKAI	4	6	0	0	0	44
6.	Experienced human resources and have a PLN or BNSP goods/services procurement certificate	2	6	2	0	0	40
7.	Implementation of digital procurement	1	7	2	0	0	39
8.	Procurement risk mitigation available	1	8	1	0	0	40

Data source: Primary Data Processing Results

The following are informants' answers regarding weaknesses in procurement of goods and services.

Table 3 Distribution of Informed Answers about Weaknesses

No.	Weaknesses in the Procurement of Goods/Services	Questionnaire Result Assessment					Score
		SB	B	KB	TB	STB	
1.	There is no standardization of tender documents for general construction services, consultancy services and other goods/services.	4	6	0	0	0	44
2.	Job specifications change frequently	4	5	1	0	0	42
3.	Unavailability of work budget outside the determination	3	6	1	0	0	41
4.	Work instructions for preparing tender documents and HPE/HPS are not yet available	2	6	2	0	0	40
5.	Technical instructions for using the cost estimator application are not yet available	2	5	2	0	1	37
6.	Personnel competence is not optimal	1	7	2	0	0	39
7.	Dynamic mutation/rotation system	1	4	4	1	0	34
8.	Cross-sector online monitoring is not yet available	3	4	2	1	0	39

Data source: Primary Data Processing Results

Based on table 3 above, of the eight criteria for weaknesses, the average informant's answers were very influential and influential, but there were also answers from several results that had little influence on procurement performance. The following are informants' answers regarding opportunities for procurement of goods and services.

Table 4 Distribution of Informant Answers regarding Opportunities

No.	Opportunities/Opportunities in the Field of Procurement of Goods/Services	Questionnaire Result Assessment					Score
		SB	B	KB	TB	STB	
1.	Presidential Regulation of the Republic of Indonesia No. 112 of 2022 concerning the Acceleration of Renewable Energy Development for the Provision of Electricity	2	8	2	0	0	48
2.	Government encouragement for renewable energy generation	1	8	3	0	0	46
3.	Growth in electricity demand	2	8	2	0	0	48
4.	Information Technology Advancement	3	8	1	0	0	50
5.	MOU with the High Prosecutor's Office	4	6	0	0	2	46

Data source: Primary Data Processing Results

Based on table 4 above, of the five criteria of opportunity, the average informant's answers with results were very influential and influential, but there were two answers that were very uninfluential, namely the MOU with the high prosecutor's office. The following is the informant's answer regarding the threat of procurement of goods and services.

Table 5 Distribution of Informant Answers regarding Threats

No.	Threats in the Field of Procurement of Goods/ Services	Questionnaire Result Assessment					Score
		SB	B	KB	TB	STB	
1.	Global energy price hike due to Middle East conflict	2	7	3	0	0	47
2.	Inflation	2	7	3	0	0	47
3.	Rupiah exchange rate against foreign currencies	2	6	4	0	0	46
4.	Increase in tax rate provisions (VAT, import tax)	1	6	5	0	0	44

5.	Domestic component level (TKDN) provisions	1	8	3	0	0	46
6.	The number of equal competitors is increasing	2	6	3	1	0	45
7.	Non-Governmental Organizations (NGOs) that act fraudulently	1	6	3	1	1	41
8.	A community of journalists spreading fake news	1	6	2	1	2	39

Data source: Primary Data Processing Results

Based on the results of the questionnaire on internal factors, the IFE (internal factor evaluation) matrix can be compiled as follows.

Table 6 Internal Factor Evaluation (IFE) Matrix

No.		Internal Determining Factors	$\Sigma$	Weight	Rating	Score
<b>Strength</b>						
1	S1	There is a strategic policy for procurement of goods/services	45	0.07	4.5	0.31
2	S2	There are standard engineering device regulations and reference documents for transmission and GI tenders.	47	0.07	4.7	0.33
3	S3	There are Technical Instructions for standardization of construction contracts and substations	47	0.07	4.7	0.33
4	S4	There are implementing regulations for standard procedures for procurement of goods/services	45	0.07	4.5	0.31
5	S5	Budget determination based on SKAI	44	0.07	4.4	0.29
6	S6	Experienced human resources and have a PLN or BNSP goods/services procurement certificate	40	0.06	4	0.24
7	S7	Implementation of digital procurement	39	0.06	3.9	0.23
8	S8	Procurement risk mitigation available	40	0.06	4	0.24
<b>Sub-Total</b>			<b>347</b>	<b>0.52</b>		<b>2.28</b>
<b>Weakness</b>						
9	W1	There is no standardization of tender documents for general construction services, consultancy services and other goods/services.	44	0.07	4.4	0.29
10	W2	Job specifications change frequently	42	0.06	4.2	0.27
11	W3	Availability of work budget outside the determination	41	0.06	4.1	0.25
12	W4	Work instructions for preparing tender documents and HPE/HPS are not yet available	40	0.06	4	0.24
13	W5	Technical instructions for using the cost estimator application are not yet available	37	0.06	3.7	0.21
14	W6	Personnel competence is not optimal	39	0.06	3.9	0.23
15	W7	Dynamic mutation/rotation system	34	0.05	3.4	0.17
16	W8	Cross-sector online monitoring is not yet available	39	0.06	3.9	0.23
<b>Sub-Total</b>			<b>316</b>	<b>0.48</b>		<b>1.89</b>
<b>Total</b>			<b>663</b>	<b>1.00</b>		<b>4.17</b>

Data source: Primary Data Processing Results

Based on the IFE matrix table, the total weighted value of 4.17 is above the average value, so this indicates a good internal position with more dominant strengths. Although the internal position with more dominant strengths, organizational weaknesses must also receive attention. Based on the results of the questionnaire on external factors, an EFE (external factor evaluation) matrix can be compiled as follows.

Table 7 External Factor Evaluation (EFE) Matrix

No.		External Determining Factors	Σ	Weight	Rating	Mark
<b>Opportunity</b>						
1	O1	Presidential Regulation of the Republic of Indonesia No. 112 of 2022 concerning the Acceleration of Renewable Energy Development for the Provision of Electricity	48	0.08	4.0	0.32
2	O2	Government encouragement for renewable energy generation	46	0.08	3.8	0.30
3	O3	Growth in electricity demand	48	0.08	4.0	0.32
4	O4	Information Technology Advances	50	0.08	4.2	0.35
5	O5	MOU with the High Prosecutor's Office	46	0.08	3.8	0.30
		<b>Sub-Total</b>	<b>238</b>	<b>0.40</b>		<b>1.59</b>
<b>Threat</b>						
6	T1	Social, economic, world politics	47	0.08	3.9	0.31
7	T2	Inflation	47	0.08	3.9	0.31
8	T3	Rupiah exchange rate	46	0.08	3.8	0.30
9	T4	Tax Provisions	44	0.07	3.7	0.27
10	T5	Domestic component level (TKDN) provisions	46	0.08	3.8	0.30
11	T6	Association of similar Construction Companies	45	0.08	3.8	0.28
12	T7	Non-Governmental Organization (NGO)	41	0.07	3.4	0.24
13	T8	Journalist Community	39	0.07	3.3	0.21
		<b>Sub-Total</b>	<b>355</b>	<b>0.60</b>		<b>2.22</b>
		<b>Total</b>	<b>593</b>	<b>1.00</b>		<b>3.82</b>

Data source: Primary Data Processing Results

Based on the EFE matrix table, the total weighted value is 3.82, above the average value, so this shows that external factors have a significant influence on the procurement process. Next is the matching stage in the TOWS diagram. To find out the strategic approach used based on the assessment of internal and external factors, a reduction is made between the number of strengths and weaknesses on the (X) axis and a reduction in the number of opportunities and threats on the (Y) axis as follows.

$$\begin{aligned} \text{Coordinate X} &= S - W &&= 2.28 - 1.89 = 0.39 \\ \text{Coordinates Y} &= O - T &&= 1.59 - 2.22 = -0.63 \end{aligned}$$

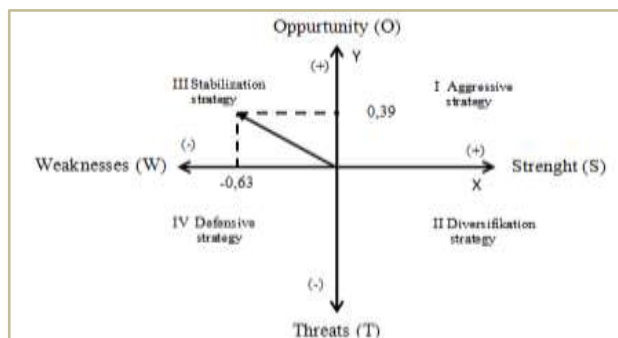


Figure 1 TOWS Analysis Graph

Figure 1 shows the coordination indicating that the position is in quadrant III, which indicates a stabilization strategy. In this situation, the company has great market potential, but also faces many constraints and internal weaknesses. Therefore, the main strategy implemented by the company is to overcome its internal weaknesses so that they can take advantage of existing market opportunities better. The results of the internal and external factor analysis produce a number of alternative plans that enhance strengths and opportunities while reducing weaknesses and threats. The following table shows the TOWS matrix in which these strategies are arranged.

Table 8 TOWS Matrix

		Strength (S)		Weakness (W)	
		S1	S2	W1	W2
<b>TOWS MATRIX</b>		S1	There is a strategic policy for procurement of goods/services	W1	There is no standardization of tender documents for general construction services, consultancy services and other goods/services.
		S2	There are standard engineering device regulations and reference documents for transmission and GI tenders.	W2	Job specifications change frequently
		S3	There are Technical Instructions for standardization of construction contracts and substations	W3	Work instructions for preparing tender documents and HPE/HPS are not yet available
		S4	There are implementing regulations for standard procedures for procurement of goods/services	W4	Technical instructions for using the cost estimator application are not yet available
		S5	Budget determination based on SKAI	W5	Personnel competence is not optimal
		S6	Experienced human resources and have a PLN or BNSP goods/services procurement certificate	W6	Dynamic mutation/rotation system
		S7	Implementation of digital procurement	W7	Cross-sector online monitoring is not yet available
		S8	Procurement risk mitigation available		
		SO Strategy		WO Strategy	
Opportunity (O)					
O1	Presidential Regulation of the Republic of Indonesia No. 112 of 2022 concerning the acceleration of the development of renewable energy	1	Acceleration of tender document readiness (S1, S2, S3, S4, S5, O1, O2, O3, O4)	1	Standardization and updating of tender documents and creation of work instructions (W1, W2, W3, W4, W6, O3, O4)
O2	Government encouragement for renewable energy generation	2	Optimizing the use of digital procurement (S1, S2, S3, S4, S5, O4)	2	Utilization of information technology for cross-sector monitoring (W7, O4)
O3	Growth in electricity demand				
O4	Information Technology Advancement				

O5	MOU with the High Prosecutor's Office				
	<b>Threat (T)</b>		<b>ST Strategy</b>		<b>WT Strategy</b>
T1	Rising material prices due to Middle East conflict	1	Improving risk mitigation in facing global challenges (S8,T1,T2,T3,T4)	1	Competency improvement and implementation of human resource certification (W2,W5,W6,T6)
T2	Inflation	2	Increasing synergy and collaboration with stakeholders (S6, S7, T7, T8)		
T3	The decline in the Rupiah exchange rate against foreign currencies				
T4	Increase in tax rate provisions (VAT, import tax)				
T5	Domestic component level (TKDN) provisions				
T6	The number of equal competitors is increasing				
T7	Non-Governmental Organizations (NGOs) that act fraudulently				
T8	Journalist Community that publishes incorrect information				

Data source: Primary Data Processing Results

#### 4. CONCLUSION

Based on TOWS analysis of strengths, weaknesses, opportunities, and threats in procurement of goods/services at PLN UIP Sumbagut, several recommended strategies to improve procurement performance include: accelerating the readiness of tender documents, optimizing the use of digital procurement, standardizing and updating tender documents and creating work instructions, utilizing information technology for cross-sector monitoring, strengthening risk mitigation to face global challenges, improving human resource capabilities and certification, and improving cooperation and collaboration with stakeholders.

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