

Optimizing Domestic Product Procurement Policy: A Case Study at the Ministry of Administrative and Bureaucratic Reform

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Submission: 2026-07-01		Received: 2026-09-28	Published: 2026-09-30
Keywords: Domestic Product Policy; Public Procurement; Policy Implementation.		Abstract. <i>The Increasing Use of Domestic Products (P3DN) policy is a strategic government initiative aimed at strengthening domestic industries, reducing dependence on imported products, and supporting sustainable economic development through public procurement. However, its implementation at the Ministry of Administrative and Bureaucratic Reform (Kementerian PANRB) remains suboptimal, particularly in translating policy commitments into realized domestic product procurement. This community service program aimed to strengthen institutional capacity in implementing P3DN through a Participatory Action Research (PAR) approach. The program involved P3DN Team members, procurement officials, managers, and relevant stakeholders through participatory identification of implementation problems, action planning, implementation, monitoring, and reflection. Data were collected through semi-structured interviews, observations, focus group discussions, and document analysis. The intervention focused on strengthening understanding of TKDN requirements, improving procurement planning, developing monitoring mechanisms, and identifying strategies for collaboration with domestic industries. The results indicate that communication, institutional disposition, and bureaucratic structures generally supported P3DN implementation, while resource availability remained the main constraint, particularly regarding product availability, quality, technical specifications, price competitiveness, technological capability, and after-sales services. Program success was indicated by the availability of strengthened technical guidelines, an integrated monitoring and evaluation mechanism, P3DN indicators within institutional performance management, a strategic domestic product database, and a procurement roadmap. The program recommends sustained participatory monitoring, cross-institutional collaboration, and periodic evaluation to strengthen the readiness of procurement units and domestic industries and improve the consistency of P3DN implementation.</i>	
Katakunci: Kebijakan Produk Dalam Negeri; Pengadaan Publik;		Abstrak. Kebijakan Peningkatan Penggunaan Produk Dalam Negeri (P3DN) merupakan kebijakan strategis pemerintah untuk memperkuat industri nasional, mengurangi ketergantungan terhadap produk impor, dan mendukung pembangunan ekonomi	

*Implementasi
Kebijakan.*

berkelanjutan melalui pengadaan barang dan jasa pemerintah. Namun, implementasi P3DN pada Kementerian Pendayagunaan Aparatur Negara dan Reformasi Birokrasi (Kementerian PANRB) belum optimal, terutama terlihat dari kesenjangan antara perencanaan dan realisasi pengadaan produk dalam negeri. Program pengabdian ini bertujuan memperkuat kapasitas kelembagaan dalam implementasi P3DN melalui pendekatan Participatory Action Research (PAR). Kegiatan melibatkan Tim P3DN, pejabat pengadaan, pengelola program, dan pemangku kepentingan terkait melalui tahapan identifikasi masalah, perencanaan tindakan, pelaksanaan, observasi, dan refleksi. Data dikumpulkan melalui wawancara semi-terstruktur, observasi, diskusi kelompok terarah, dan analisis dokumen. Intervensi difokuskan pada penguatan pemahaman ketentuan TKDN, perbaikan perencanaan pengadaan, pengembangan mekanisme monitoring dan evaluasi, serta perumusan strategi kolaborasi dengan industri dalam negeri. Hasil menunjukkan bahwa komunikasi, disposisi kelembagaan, dan struktur birokrasi relatif mendukung implementasi P3DN, sedangkan aspek sumber daya menjadi kendala utama, terutama terkait ketersediaan, kualitas, spesifikasi teknis, daya saing harga, kemampuan teknologi, dan layanan purnajual produk dalam negeri. Keberhasilan program ditandai dengan tersusunnya penguatan pedoman teknis TKDN, mekanisme monitoring dan evaluasi, indikator P3DN dalam kinerja kelembagaan, basis data produk dalam negeri, dan peta jalan pengadaan. Program direkomendasikan untuk dilanjutkan melalui monitoring partisipatif, kolaborasi lintas lembaga, dan evaluasi berkala untuk memperkuat konsistensi implementasi P3DN.

1 Introduction

The continued presence of imported products in the Indonesian market presents a challenge to efforts to strengthen domestic industries and economic resilience. Differences in product quality, technical specifications, price competitiveness, and technological capability may influence procurement preferences and make the use of domestic products more challenging in certain categories. At the same time, imports can contribute to economic development by facilitating technology transfer, providing production inputs, and stimulating innovation through competition (Sejfijaj et al., 2025). Therefore, P3DN should not be understood as an effort to eliminate imports, but rather as a policy to strengthen the competitiveness and availability of domestic products so that they can be prioritized in government procurement

when they meet the required technical, quality, price, and service standards. This is particularly important because previous studies have identified limited availability and competitiveness of domestic products, as well as technical and institutional constraints, as challenges to effective P3DN implementation (Isnaeniah et al., 2022; Purwanto et al., 2021; Yu et al., 2021).

The importance of strengthening domestic industries extends beyond procurement outcomes. Evidence from Vietnam demonstrates that industrial development can contribute significantly to poverty reduction through employment creation and structural transformation, highlighting the broader socioeconomic role of productive industrial capacity (Yamada & Otchia, 2025). In this context, public procurement can serve not merely as an administrative function but as a strategic policy instrument for creating demand for domestic products, strengthening domestic industries, and supporting sustainable economic development (Grandia & Volker, 2023). The P3DN policy therefore represents an important demand-side mechanism through which government expenditure can contribute to strengthening domestic productive capacity and economic resilience.

The relevance of this issue is evident in the procurement performance of the Ministry of Administrative and Bureaucratic Reform (Kementerian PANRB). Monitoring data from the National Public Procurement Agency (LKPP) show that planned domestic product procurement remained high, ranging from 91.88% to 96.16% during 2022–2025, while actual realization fluctuated between 76.29% and 92.31%. In addition, the proportion of domestic procurement declined from 96.16% in 2022 to 91.88% in 2025. This gap between procurement commitment and actual realization indicates that strong policy commitment at the planning stage has not been consistently translated into procurement outcomes and raises questions about the factors affecting P3DN implementation within the Ministry.

In this context, government procurement provides an important mechanism for translating the P3DN policy into actual procurement decisions. However, the implementation of P3DN at the Ministry of Administrative and Bureaucratic Reform has not yet achieved optimal

results. Although the Ministry has demonstrated strong institutional commitment to the use of domestic products, there remains a gap between planned and realized domestic procurement. This gap is influenced by several implementation challenges, including limited technical guidance on TKDN requirements, differences in interpretation among procurement actors, insufficiently systematic monitoring and evaluation, and limited availability, technical suitability, quality, price competitiveness, and after-sales support of certain domestic products. These conditions create difficulties for procurement units in translating the policy commitment into actual procurement outcomes. Therefore, a closer examination of the factors affecting P3DN implementation is necessary to identify practical strategies for strengthening policy implementation and increasing the realization of domestic product procurement within the Ministry.

Recognizing these challenges, the Indonesian Government has strengthened the policy framework for increasing the use of domestic products through Presidential Instruction No. 2 of 2022 on the Acceleration of Increasing the Use of Domestic Products (P3DN). The policy requires ministries, government agencies, and local governments to prioritize domestic products in government procurement and encourages greater access for Micro, Small, and Medium Enterprises and Cooperatives (UMKK). However, translating this policy commitment into actual procurement decisions remains challenging. Procurement actors may encounter difficulties in interpreting and applying TKDN requirements, identifying eligible domestic products, and reconciling P3DN requirements with users' technical specifications, quality, availability, price, and after-sales service needs. In this context, the policy's requirement to allocate at least 40% of procurement expenditure to UMKK should be understood as part of the broader affirmative procurement framework to expand UMKK market access, rather than as a standalone measure of overall domestic product utilization. These challenges demonstrate that effective P3DN implementation requires not only regulatory commitment but also adequate technical capacity, institutional coordination, systematic monitoring, and the availability of competitive domestic products.

Despite comprehensive regulations and strong policy commitment, the implementation of the P3DN policy has not yet achieved optimal results. At the Ministry of Administrative and Bureaucratic Reform, the proportion of domestic product procurement declined from 96.16% in 2022 to 91.88% in 2025, indicating a reduction in the proportion of domestic products targeted at the planning stage. Furthermore, monitoring data from BigBox LKPP available through data.inaproc.id show a considerable gap between procurement planning and actual realization. During 2022–2025, planned domestic product procurement consistently exceeded 91%, whereas actual realization fluctuated between 76.29% and 92.31%. This difference indicates that the high level of commitment reflected in procurement planning was not always fully translated into realized domestic product procurement. However, the gap should be interpreted with caution, as actual realization may also be influenced by changes in procurement packages, product availability and suitability, procurement processes, and other administrative factors. Nevertheless, the recurring difference between planned and realized domestic product procurement highlights the need to examine the factors that shape the implementation of the P3DN policy at the Ministry.

Table 1. Planned versus Actual Domestic Product Procurement Performance at the Ministry of Administrative and Bureaucratic Reform (2022–2025)

Year	Planned	Actual
2022	96.16%	77.05%
2023	95.98%	92.31%
2024	95.20%	82.49%
2025	91.88%	76.29%

Bigbox LKPP (<https://data.inaproc.id>)

Previous studies suggest several key needs that should be addressed to strengthen the implementation of the P3DN policy. The findings of Kanaidi (2023) the need to strengthen technological capability, stakeholder understanding, and coordination in supporting TKDN implementation. Similarly, Zulmawan (2023) highlights the need to strengthen institutional capacity and the technical understanding of

procurement officials, in addition to ensuring regulatory clarity. Research by Riyanto & Priambodo (2024) further emphasize the need for continuous technical assistance, systematic monitoring and evaluation, and sustained organizational commitment. At the market level, the findings of Isnaeniah et al. (2022), Purwanto et al. (2021), and Yu et al. (2021) point to the need for greater availability and competitiveness of domestic products, as well as efforts to address persistent preferences for imported products. Taken together, these studies indicate that effective P3DN implementation requires a combination of stronger institutional and technical capacity, continuous coordination and assistance, effective monitoring and evaluation, organizational commitment, and improved availability and competitiveness of domestic products.

These findings indicate that successful implementation depends not merely on regulatory compliance but also on organizational capacity and institutional governance. Edward III (1980) argues that policy implementation is determined by four interrelated variables: communication, resources, disposition, and bureaucratic structure. Clear communication ensures that implementers understand policy objectives; adequate resources provide the capacity to implement them; supportive attitudes among implementers encourage commitment; and an effective bureaucratic structure facilitates coordination and accountability.

Beyond these organizational dimensions, successful implementation also requires collaboration and good governance. Ansell and Gash (2007) argue that collaborative governance depends on the active participation of government and non-government actors in a consensus-oriented decision-making process. Likewise, good governance emphasizes transparency, accountability, participation, effectiveness, and efficiency as fundamental principles of public administration (Khairudin et al., 2021; Sholeh et al., 2023). Leadership also plays a decisive role in translating policy into organizational action by influencing commitment, coordination, and organizational performance (Azmy, 2021; Nurhalim et al., 2023). These perspectives reinforce the importance of examining P3DN implementation not only

from the perspective of regulatory compliance but also through the capacity of government institutions to communicate, coordinate, monitor, and sustain commitment to domestic product utilization.

Despite growing research on P3DN from legal, industrial, regional government, and procurement perspectives, limited empirical attention has been given to its implementation within central government institutions, particularly the Ministry of Administrative and Bureaucratic Reform. This setting is important because Kementerian PANRB is a central government institution whose procurement practices are expected to demonstrate the implementation of national policies on domestic product utilization, yet its procurement data show a persistent gap between planned and realized domestic product procurement. Examining this case is therefore important for understanding how national P3DN commitments are translated into organizational practice and why implementation outcomes do not always correspond with planning commitments. The novelty of this study lies in combining Edward III's Policy Implementation Model with SWOT analysis to identify the factors affecting P3DN implementation and formulate context-specific strategies for improving procurement outcomes. This study addresses two research questions: (1) Why has the implementation of the P3DN policy in government procurement within Ministry of Administrative and Bureaucratic Reform not yet achieved optimal performance? and (2) What strategic efforts can improve the implementation of the P3DN policy?

2 Method

This community service program employed a participatory approach to strengthen the understanding and capacity of procurement personnel in implementing the Increasing Use of Domestic Products (P3DN) policy at the Ministry of Administrative and Bureaucratic Reform (Kementerian PANRB). The participatory approach was selected because the program emphasized not only knowledge transfer but also joint problem identification, needs assessment, solution development, and strategy formulation with the partner. The program focused on strengthening participants' understanding of P3DN regulations and

improving their ability to apply the policy in the planning and implementation of government procurement activities.

The community service partner consisted of organizational units and personnel directly involved in P3DN implementation within Kementerian PANRB. Participants were purposively selected based on their involvement in procurement planning, implementation, monitoring, technical facilitation, and service utilization. The participants included members of the P3DN Steering Committee, Monitoring and Evaluation Team, Technical Facilitation Team for TKDN Interpretation, the Head of the Bureau of General Affairs and Finance, the Secretary of the Ministry, procurement users, and service recipients. The involvement of participants from different organizational positions enabled the program to address P3DN implementation from policy, technical, administrative, and operational perspectives.

The program was implemented through four main stages: needs identification, capacity strengthening, mentoring and monitoring, and evaluation and follow-up strategy development. The needs identification stage was conducted through interviews, observations, group discussions, and document reviews related to P3DN implementation. At this stage, problems related to policy communication, resource availability, implementer readiness, and bureaucratic mechanisms were identified. The findings from this stage were used to design training and mentoring activities according to the specific needs and conditions of the partner organization.

The capacity-strengthening stage was conducted through policy socialization, interactive discussions, case studies, procurement simulations, and technical assistance. The materials covered P3DN policy, the application of Domestic Component Level (TKDN) requirements, integration of P3DN into procurement planning, monitoring and evaluation mechanisms, and strategies for addressing implementation challenges. The learning activities used cases relevant to procurement practices within Kementerian PANRB so that participants could develop not only conceptual understanding but also practical skills in identifying and addressing P3DN implementation problems.

Monitoring and evaluation were conducted to assess changes in participants' knowledge and practical abilities following the program. Evaluation methods included pre-tests and post-tests, observation of participant engagement during discussions and simulations, and reflective interviews and group discussions. The evaluated aspects included participants' understanding of P3DN policy, ability to identify TKDN requirements, ability to apply P3DN provisions in procurement processes, and ability to identify implementation challenges. Quantitative evaluation data were analyzed descriptively by comparing participants' performance before and after the intervention, while qualitative data from observations, interviews, and discussions were analyzed thematically.

The final stage involved participatory SWOT analysis to identify internal strengths and weaknesses as well as external opportunities and threats affecting P3DN implementation. The evaluation results and SWOT findings were discussed with the partner to formulate practical follow-up strategies for strengthening P3DN governance. Program success was assessed based on improvements in participants' understanding, their ability to apply P3DN requirements through case studies or simulations, and the development of actionable recommendations for improving implementation. To support sustainability, the program encouraged continued mentoring, strengthened internal monitoring and evaluation mechanisms, and the development of internal guidelines for P3DN implementation within Kementerian PANRB.

3 Results

Implementation of the Increasing Use of Domestic Products policy at the Ministry of Administrative and Bureaucratic Reform is supported by a collaborative governance mechanism involving three institutional components: the Steering Team, the Monitoring and Evaluation Team, and the TKDN Interpretation Facilitation Team. Each team performs complementary functions in policy direction, monitoring, technical facilitation, and reporting, indicating that P3DN implementation is conducted through coordinated institutional arrangements rather than

by a single organizational unit. This governance structure is formally established through the Secretary of the Ministry Decree No. 163 of 2023 concerning the P3DN Team.

Document analysis also indicates active collaboration with external institutions, including the Ministry of Industry, the National Public Procurement Agency (LKPP), and the Financial and Development Supervisory Agency (BPKP). Coordination was undertaken through annual procurement planning meetings, monitoring and evaluation forums, technical consultations, and follow-up meetings to address implementation issues. However, BPKP's compliance evaluation reported that the Ministry achieved a P3DN Compliance Index of 80 out of 100, indicating relatively good performance while identifying improvement areas related to internal policy design, institutional arrangements, procurement planning, procurement implementation, and internal control.

Communication: Policy Understanding and Technical Competence

The findings indicate that communication mechanisms supporting P3DN implementation have been institutionalized through internal guidelines, ministerial circulars, coordination meetings, focus group discussions, monitoring activities, and periodic reporting. Procurement officials generally reported that they obtained information regarding P3DN through internal socialization, leadership directives, procurement documents, and the national e-catalogue system.

One procurement official stated:

"My understanding mainly comes from internal socialization, leadership directions, procurement documents, and the e-catalogue application." (Interview with Informan 1)

Similarly, document analysis identified several formal coordination activities, including meetings on procurement compliance, monitoring and evaluation action plans, and annual procurement planning discussions aimed at identifying domestic products before procurement commenced.

Nevertheless, interviews revealed that technical guidance remains insufficient. Several respondents explained that although the policy

objectives are well understood, detailed operational guidance regarding TKDN calculation and verification remains unclear.

For example, one respondent commented:

"More detailed technical guidelines regarding TKDN calculation and verification are still needed to ensure consistent implementation." (Interview with Informan 2)

Document analysis also revealed that periodic evaluation reports and formal feedback mechanisms have not yet been systematically documented, limiting organizational learning and communication between procurement units and senior management. Recent research also highlights the potential of digital and data-driven approaches to strengthen sustainability monitoring by providing timely and actionable information for policy analysis and decision-making (Sufi et al., 2025). In the context of P3DN, this approach could support more integrated monitoring by consolidating procurement planning, realization, TKDN, and domestic product information, enabling implementation gaps to be identified and addressed more promptly.

Resources: Procurement Practice and Domestic Product Readiness

Among Edward III's implementation variables, resources emerged as the most significant constraint affecting P3DN implementation. The Ministry possesses adequate organizational resources, including dedicated implementation teams, procurement officials, monitoring mechanisms, and sufficient financial support for coordination and evaluation activities. Various internal meetings, evaluations, and procurement monitoring programs have been conducted regularly, indicating that institutional and financial resources are generally available.

However, interview findings consistently identified market readiness as the primary obstacle. Respondents explained that domestic products often fail to meet organizational requirements regarding technical specifications, product quality, compatibility, durability, after-sales service, and availability.

Informan explained:

"Imported products have been developed for a longer period, so their durability has been proven. Domestic products are improving, but consistency still needs enhancement... After-sales service is equally important because procurement does not end when the product is purchased." (Interview with Informan 3)

Challenges were particularly evident in information and communication technology procurement.

One procurement stated:

"Finding TKDN compliant ICT spare parts is still difficult, especially for supporting components." (Interview with Informan 4)

Other respondents also acknowledged that the limited number of domestic suppliers and insufficient product specifications frequently required procurement officials to reconsider procurement decisions. Furthermore, procurement decisions remained strongly influenced by financial considerations.

One respondent noted:

"Imported products sometimes offer better specifications at lower prices, making procurement decisions difficult." (Interview with Informan 5)

These findings indicate that P3DN has changed procurement practices by strengthening the consideration and prioritization of domestic products during planning and procurement processes. However, this commitment does not always translate into realized domestic procurement when suitable products are unavailable or fail to meet organizational requirements. The principal resource constraint therefore does not primarily originate from the Ministry itself, but rather from the limited readiness and competitiveness of Indonesia's domestic industrial ecosystem.

Disposition: Commitment and Procurement Preferences

Interview results demonstrate that procurement officials and senior managers generally support the objectives of P3DN. Respondents

recognized that the policy contributes to strengthening domestic industries and promoting national economic growth.

One informan remarked:

"I strongly support the use of local and MSME products because domestic products are not inferior to imported ones." (Interview with Informan 3)

Similarly, another respondent emphasized that P3DN should become part of thematic bureaucratic reform because of its contribution to national economic development. Despite this positive attitude, respondents admitted that procurement decisions continue to be influenced by perceptions regarding product quality and reliability.

As one participant stated:

"Users sometimes still prefer imported products because they are considered more durable and reliable." (Interview with Informan 6)

Thus, although implementers demonstrate positive policy commitment, individual and organizational preferences regarding product quality and reliability continue to influence procurement behavior. This indicates that disposition functions as an enabling factor, but positive policy commitment alone may not be sufficient when users perceive imported products as more capable of meeting operational requirements.

Bureaucratic Structure

The Ministry has established a relatively clear bureaucratic structure through internal regulations, procurement guidelines, and the formal establishment of the P3DN Team. Responsibilities are distributed among the Steering Team, Monitoring and Evaluation Team, and TKDN Facilitation Team, while procurement implementation follows standardized procedures integrated into existing procurement systems. Nevertheless, BPKP's evaluation identified several institutional weaknesses, including limited performance reporting, insufficient monitoring mechanisms, incomplete internal evaluation systems, and the need to strengthen internal control. These findings suggest that although the bureaucratic structure is generally adequate to support

P3DN implementation, institutional control, performance feedback, and monitoring mechanisms require continuous improvement.

4 Discussion

The findings indicate that the implementation of P3DN policy at the Ministry of Administrative and Bureaucratic Reform is supported by a relatively strong institutional framework. The Ministry has established a dedicated P3DN Team, developed internal implementation guidelines, conducted regular coordination and monitoring activities, and strengthened collaboration with key external stakeholders, including LKPP, the Ministry of Industry, and BPKP. Document analysis and field observations further reveal that procurement planning, implementation, monitoring, and evaluation have become routine organizational processes. In addition, interview participants consistently emphasized the strong commitment demonstrated by senior management and procurement officials toward increasing the use of domestic products. These findings suggest that, from an organizational perspective, the Ministry has developed sufficient institutional capacity to implement the P3DN policy effectively.

Despite these institutional strengths, the implementation outcomes have not yet reached the expected level of performance. The proportion of domestic procurement declined from 96.16% in 2022 to 91.88% in 2025, while a persistent gap remained between planned and realized domestic procurement. These findings suggest that successful policy implementation cannot be explained solely by the existence of regulations, organizational commitment, or formal institutional arrangements. Rather, implementation performance is shaped by the interaction between internal organizational capacity and the readiness of the broader industrial ecosystem supporting government procurement.

Using Edward III's policy implementation framework, this study demonstrates that the four implementation variables: communication, resources, disposition, and bureaucratic structure, contribute differently to implementation performance. The communication dimension generally functions as an enabling factor. Policy information is

disseminated through ministerial guidelines, internal circulars, coordination meetings, procurement planning forums, training activities, and the national electronic procurement system. Interview participants consistently reported that policy objectives and implementation procedures were well understood across organizational units. Nevertheless, several respondents emphasized that operational guidance remains insufficient, particularly regarding the calculation of TKDN, certification verification, and procurement procedures. Furthermore, document analysis revealed that formal feedback mechanisms and periodic evaluation reports have not yet been fully institutionalized, thereby limiting opportunities for organizational learning and continuous improvement. These findings indicate that communication is not the principal barrier to implementation; however, its effectiveness depends on the clarity, consistency, and operational specificity of technical guidance. This finding supports Edward III's proposition that policy communication must be transmitted clearly and consistently to ensure successful implementation. It also aligns with previous studies by Kanaidi (2023) and Zulmawan (2023), which emphasize the importance of effective communication and inter-agency coordination in implementing TKDN policies.

Among the four implementation variables, resources emerged as the most influential determinant of P3DN implementation. Internally, the Ministry has adequate human resources, financial support, procurement infrastructure, and institutional arrangements. However, the main constraint comes from the domestic industrial ecosystem. Interview participants identified limited availability of TKDN-certified products, inconsistent quality, inadequate technical specifications, limited supplier capacity, and weak after-sales services. They also noted that imported products often offer better performance at more competitive prices, particularly in information and communication technology procurement. As a result, procurement officials face a dilemma between meeting P3DN targets and fulfilling operational requirements. This finding is consistent with Parulian & Tan (2024), who explain that MSME challenges are not limited to resources and access to capital but also include weaknesses in management and business knowledge. This broader perspective is also consistent with Dar et

al.(2026), who emphasize that an organization's capacity to acquire and manage resources efficiently is important for securing competitive advantage. Therefore, resource constraints in P3DN implementation should be understood broadly, including the technical, managerial, and knowledge capacity of domestic suppliers.

This finding makes an important theoretical contribution by extending Edward III's concept of resources. Edward primarily conceptualizes resources as internal organizational assets, including personnel, authority, funding, and facilities. The present study demonstrates that, within the context of strategic public procurement, market readiness and industrial competitiveness should also be regarded as critical implementation resources. Even when implementing organizations possess sufficient internal capacity, policy implementation will remain constrained if domestic industries are unable to supply products that satisfy users' operational requirements. This broader interpretation extends previous studies by Kanaidi (2023), Zulmawan (2023), and Riyanto and Priambodo (2024), which primarily emphasized institutional capacity and regulatory implementation. The findings suggest that organizational readiness alone is insufficient to ensure successful implementation unless it is accompanied by a competitive and technologically capable domestic industrial ecosystem.

The disposition dimension generally supports policy implementation. Interview participants consistently expressed positive attitudes toward the objectives of P3DN and recognized its contribution to strengthening domestic industries and promoting national economic development. Institutional commitment is reflected in the Ministry's continuous follow up to BPKP recommendations, periodic monitoring activities, and organizational improvement initiatives. Nevertheless, procurement decisions continue to be influenced by users' perceptions that imported products offer higher quality, better technological performance, and greater durability. Consequently, the primary challenge associated with disposition does not concern implementers' commitment to government policy, but rather users' confidence in the quality and reliability of domestic products. These findings suggest that

enhancing trust in domestic products is equally important as strengthening institutional commitment.

Similarly, the bureaucratic structure provides a solid institutional foundation for policy implementation. Responsibilities have been clearly distributed among the Steering Team, the Monitoring and Evaluation Team, and the TKDN Interpretation Facilitation Team, while procurement procedures have been integrated into the national electronic procurement system. However, BPKP's evaluation identified several institutional weaknesses related to performance monitoring, internal evaluation, reporting mechanisms, and organizational control. These findings suggest that although an appropriate bureaucratic structure has been established, its effectiveness ultimately depends on continuous institutional learning, adaptive management, and performance-based governance.

Overall, this study demonstrates that the implementation gap cannot primarily be attributed to deficiencies in communication, bureaucratic structure, or implementers commitment. These three dimensions generally function effectively in supporting policy implementation. Instead, the dominant challenge lies within the resource dimension, particularly the limited readiness and competitiveness of Indonesia's domestic industrial ecosystem. Although government institutions have developed relatively effective internal governance mechanisms, successful implementation ultimately depends on the availability of domestic products that satisfy technical specifications, quality standards, price competitiveness, and after-sales service requirements. Therefore, the success of the P3DN policy depends not only on organizational capacity but also on the ability of domestic industries to meet the operational demands of public procurement.

These findings also reinforce the principles of collaborative governance. Collaboration among the Ministry of Administrative and Bureaucratic Reform, LKPP, the Ministry of Industry, and BPKP has strengthened policy coordination and institutional governance. However, inter organizational collaboration alone cannot fully compensate for structural limitations in domestic manufacturing capability. Sustainable implementation therefore requires stronger

integration between public procurement policy and national industrial development policy. In practical terms, optimizing P3DN implementation requires a dual strategy. Internally, government institutions should strengthen implementation governance through clearer technical guidelines, integrated digital monitoring systems, and performance-based management. Externally, industrial policies should prioritize improving product quality, expanding the availability of TKDN-certified products, strengthening after-sales services, and enhancing the technological competitiveness of domestic manufacturers.

This study contributes to the policy implementation literature by demonstrating that the success of strategic public procurement depends not only on organizational capacity but also on the maturity and competitiveness of the external industrial ecosystem. Accordingly, Edward III's resource dimension should be interpreted more broadly to encompass not only internal organizational resources but also market readiness and industrial capability as fundamental determinants of policy implementation success.

This study employed a SWOT analysis to identify strategic priorities for improving the implementation of the P3DN policy. The SWOT framework was developed by synthesizing evidence from interviews, observations, and document analysis. The analysis demonstrates that the Ministry possesses considerable organizational strengths and external opportunities. However, several internal weaknesses and external threats continue to constrain effective implementation.

Table 2. SWOT Analysis of P3DN Policy Implementation at the Ministry of Administrative and Bureaucratic Reform

Strengths (S)	Weaknesses (W)
• Strong leadership commitment to implementing P3DN. • Dedicated P3DN organizational structure (Steering Team, Monitoring and Evaluation Team, TKDN Interpretation Facilitation Team).	• Technical guidelines for TKDN calculation and verification remain limited. • Different interpretations of TKDN regulations across organizational units. • Monitoring and evaluation systems are not yet fully performance based.

• Comprehensive internal regulations and procurement procedures. • Collaboration with LKPP, the Ministry of Industry, and BPKP. • Routine coordination meetings, monitoring, and evaluation activities.	• Limited confidence among users regarding the quality and reliability of certain domestic products. • No integrated database identifying priority domestic products for procurement planning.
Opportunities (O)	Threats (T)
• Strong national commitment to increasing domestic product utilization. • Increasing number of TKDN-certified products. • Expansion of digital procurement platforms and e-catalogue systems. • Continuous growth of Indonesia's manufacturing sector. • Opportunities to strengthen inter-agency collaboration and industrial partnerships.	• Imported products remain more competitive in quality and technology for several procurement categories. • Limited domestic suppliers for specialized products, particularly ICT equipment. • Rapid technological developments exceed the capability of some domestic manufacturers. • Continued dependence on imported products for strategic technologies. • Imported products frequently offer better specifications at lower prices.

Developed by the authors based on interviews, observations, and document analysis.

The SWOT analysis demonstrates that optimizing P3DN implementation requires a dual strategy that simultaneously strengthens internal organizational governance and external industrial competitiveness. The strategies derived from the SWOT matrix are discussed below. Based on these findings, several strategic efforts are recommended.

First, the Ministry should develop comprehensive technical guidelines for TKDN implementation to reduce differences in interpretation and improve consistency across procurement units.

Standardized operational guidance covering TKDN calculation, certification verification, and procurement procedures would strengthen communication and improve policy compliance.

Second, digital monitoring and evaluation systems should be strengthened through an integrated performance dashboard that enables real-time monitoring of procurement outcomes, supports evidence-based decision-making, and facilitates organizational learning. This strategy also responds directly to BPKP's recommendations concerning performance monitoring and accountability.

Third, P3DN performance indicators should be integrated into organizational performance management, accompanied by a reward and accountability mechanism that encourages continuous improvement among procurement units.

Fourth, collaboration with external stakeholders, including the Ministry of Industry, LKPP, domestic manufacturers, and suppliers should be expanded to improve product quality, increase the availability of TKDN certified products, strengthen after sales services, and enhance supplier competitiveness. Strengthening collaboration between procurement institutions and domestic industries is particularly important because the study found that implementation barriers originate largely from the external industrial ecosystem rather than from internal organizational capacity.

Finally, the Ministry should develop a strategic domestic product database and a long-term procurement roadmap to align procurement planning with domestic industrial capability. Such a database would assist procurement officials in identifying suitable domestic products while providing clear demand signals to manufacturers regarding future government procurement priorities.

Overall, the findings indicate that optimizing P3DN implementation requires a dual strategy. Internally, the Ministry should strengthen governance through clearer technical guidance, improved monitoring systems, and performance-based management. Externally, policy makers should improve the competitiveness of domestic industries by expanding the availability, quality, and technological capability of

domestic products. This integrated approach is expected to reduce the gap between procurement planning and realization while enhancing the contribution of public procurement to Indonesia's industrial development and economic resilience.

5 Conclusion

This study concludes that the implementation of the P3DN policy in government procurement at the Ministry of Administrative and Bureaucratic Reform is supported by a strong institutional foundation, including internal regulations, a dedicated P3DN Team, and collaboration with relevant stakeholders, but has not yet achieved consistently optimal outcomes due to a gap between planned and realized domestic product procurement. Based on Edward III's implementation framework, communication, disposition, and bureaucratic structure generally function as enabling factors, while resources emerge as the most influential constraint, particularly the limited availability, quality, technical suitability, price competitiveness, technological capability, and after-sales support of domestic products. The key contribution of this study is the finding that effective P3DN implementation depends not only on internal organizational readiness but also on the readiness and competitiveness of the domestic industrial ecosystem. Therefore, optimizing P3DN requires a dual approach that combines stronger internal governance with improved market readiness through more comprehensive TKDN technical guidelines, integrated monitoring and evaluation, performance-based P3DN management, strengthened collaboration with LKPP, the Ministry of Industry and domestic manufacturers, and the development of a strategic domestic product database and procurement roadmap.

6 Acknowledgment

The authors would like to express their sincere appreciation and gratitude to all individuals and institutions whose support contributed to the successful completion of this research. Special thanks are extended to the leadership of the Ministry of Administrative and Bureaucratic

Reform for granting permission to conduct this study, as well as to all research informants, particularly the members of the P3DN Team, procurement officials, and other relevant stakeholders who generously devoted their time, shared their experiences, and provided valuable insights throughout the interview and discussion process. The authors also sincerely thank the supervisors at Politeknik STIA LAN Jakarta, colleagues, and all parties who provided valuable guidance, constructive comments, insightful suggestions, cooperation, and support throughout the research and manuscript preparation process. Their contributions, encouragement, and assistance have been invaluable to the completion and improvement of this study.

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