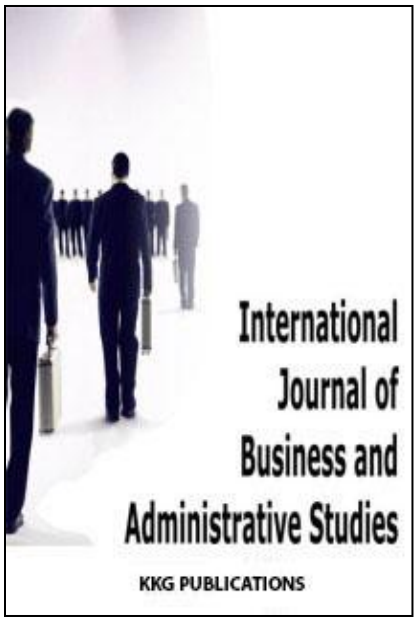

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Critical Success Factors for Implementing SNI in Public Procurement

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CRITICAL SUCCESS FACTORS FOR IMPLEMENTING SNI IN PUBLIC PROCUREMENT

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Abstract. The purpose of the research was to identify some critical success factors (CSFs) that may have positive correlation and effect with the success of the implementation of regulation related to using products which have been marked with SNI in the public procurement process. An understanding of the CSFs enables stakeholders of public procurement to optimize their efforts by focusing on those significant factors that are most likely to aid successful regulation implementation. Twenty Regional Working Units or Satuan Kerja Perangkat Daerah or (abbreviated SKPD) in the Province of Central of Java was chosen as a pilot study. Data were collected using self-administered questionnaire and personal interviews. Data were also collected from the official government documents. The data collected were analyzed using Statistical Package for Social Sciences (SPSS). This study found that all the factors considered have positive significant correlation with the successful implementation of regulation related to using products which have been marked with SNI. This study also found that, partially, all the factors considered have positive significant effect on the successful implementation of regulation. From the value of coefficient correlation, the most significant key success factors for the successful implementation of the regulation were the commitment, effort, and responsibility of the representative Budget User. These factors were followed by the existence of the staff who know the rules, the availability of product with SNI in the market, socialization and training, the availability of information communication technology, support from trading partners, the availability of internal procurement policy and procedure, and the availability of technical assistance and reinforcement from Central Government as a regulator.

INTRODUCTION

There are several definitions of procurement. According to Lysons and Farington (2006) procurement is the process of gaining goods or services in any approach, including borrowing, leasing and even force of pillage. According to Mangan, Lalwani and Butcher (2008) procurement is a process of recognizing and obtaining goods and services. Procurement includes sourcing and purchasing and it covers all activities from recognizing prospective suppliers to sending from the supplier to the users or beneficiary. It is favorable that the goods/services are suitable and that they are obtained at the best possible cost to meet the requirements of the purchaser in terms of quality and quantity, time, and location (Mangan et al., 2008). In the other words, the purpose and objective of procurement is to perform activities associated with procurement in such a way that the procurement of goods and services can be done in the right quality, from the right source, and at the right price and the goods and services can be distributed in the right quantities, to the right place, and at the right time (Benslimane, Plaisent & Bernard, 2005). Procurement of goods and services has to be acquired both in private and public sector. In fact, cost account for procurement of goods and services achieved more than 60% of the total costs for most organizations in the private sector in the last decade (Degraeve, Roodhooft & van Doveren, 2005). In the public sector, the total cost account for procurement of goods and services in all countries in the world may be as great as 10-30 % of gross national product or GNP (Caldwell, Roehrich & Davies, 2009). Based on this condition, procurement strategy is becoming an important topic and the selection of effective procurement strategies can lead to, among other things, significant cost savings. Unexpectedly, in both the public and private sectors, procurement has been an undervalued activity in terms of its impact on organizational performance improvement and the significance for money management (Degraeve et al., 2005). Specifically for public procurement, it has been utilized as a significant tool for attaining economic, social and other purposes (Arrowsmith & Trybus, 2008; Shaw, 2010) so, public procurement is necessary to comply with numerous legislations and guidelines and this presents a challenge for public procurement practitioners. According to Thai, Araujo, Carter and Callender (2005) practitioners in public procurement will always face different forms of challenges, or the same forms of challenges but at different levels from their counterparts in other

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countries. It is because each country has its own political, social, and economic environment. Besides that, as many countries have moved to a regional and or global economy, public procurement practitioners face another challenge, that is, how to comply with their government procurement regulations and social and economic procurement goals without violating regional and/or international trade agreements.

In Indonesia, public procurement must comply with Presidential Decree No. 80 of 2003 which has been revised by Presidential Regulation No. 54 of 2010. One of the articles in that regulation states about using a product which has been marked with Indonesia National Standard (abbreviated SNI) in the public procurement. SNI is part of a national standard. It is a standard adopted by a national standards organization and made available to the general public (Guijarro, 2009). SNI is formulated by the Technical Committee and confirmed by the National Standardization Agency of Indonesia. SNI is obtained by way of (third–party) product certification system to determine the conformity of a product with specified requirements through initial testing of samples of product, assessment and surveillance of the involved quality system, and surveillance by testing of product samples taken from the factory or the open market, or a combination of both. The affixing of SNI marking on the product is an indication that it meets the standard requirements (SNI) in place to allow it to be sold anywhere in the Republic of Indonesia. Not only compliance with the regulation will be ensured, using the product with SNI in public procurement can also increase the level of use of domestic products and, in the short term, using the product with SNI in public procurement can improve the local product competitiveness against products from abroad, especially the products that come from China. Maybe in the long run, using a product which has been marked with SNI in the public procurement process is not effective for improving the local product competitiveness against products from abroad because Chinese exporters are also very aggressive in learning these regulations by buying up standardization documents from SNI. By ignoring the ineffectiveness of implementation of the regulation to increase the competitiveness of local products in the long run, in fact, the most important issue today is the level of compliance of the public procurement with this regulation. The preliminary study shows us that the level of compliance of public procurement with this regulation is still low; only 28% of the procurement process in the Institute, Department and Government Agencies outlines the requirements for using products which have been marked with SNI in the public procurement process. Based on this condition, this study attempts to identify some critical success factors (CSFs) that may have correlation and effect on the success of the implementation of regulation related to using products which have been marked with SNI in the public procurement process. An understanding of the CSFs enables stakeholders of public procurement to optimize their efforts by focusing on those significant factors that are most likely to aid successful regulation implementation.

The remainder of this paper is organized as follows. Section 2 presents the CSFs obtained from previous study and literature review. Section 3 introduces the research methodology. Section 4 presents the research results obtained from statistical data processing; followed by managerial implications. Finally, we conclude this paper with our research process, findings, and suggestions for future study.

LITERATURE REVIEW

From the previous research conducted by the authors, there are eight factors contributing to the success of the implementation of regulation related to using products which have been marked with SNI in the public procurement process. The first factor comprises of commitment, effort, and responsibility shown by the representative Budget User as the first actors in the procurement process in the Government Agencies in using the products which have been marked with SNI. The second factor is the procurement process in the Government Agencies that is carried out by specialized technical personnel who know all the regulations related to the procurement process, especially regulation related to the use of products which have been marked with SNI. The third factor is the availability of internal procurement policy and procedure that are in line with regulation about using a product which has been marked with SNI in public procurement. The fourth factor comprises of commitment and support from the Central Government as a regulator in the form of technical assistance and enforcement. The fifth until the seventh factor are readiness of trading partners to supply a product which has been marked with SNI in the market, the availability of needed products (in terms of quality and quantity) which have been marked with SNI in the market, and the availability of socialization and training from the National Public Procurement about the technical implementation of using products which have been marked with SNI in the procurement process for all stakeholders. The last factor is the availability of information communication technology (ICT) which can provide information about the products that already have been marked with SNI (Susanty, Suliantoro, Puspitasari, Puspitasari & Novitasari, 2014). The first until third factors can be grouped as organizational factor. The fourth until the seventh factors can be grouped as an environmental factor and the eighth factor can be named as a technological factor.

Organizational Factor

Based on the previous research conducted by the authors (Susanty et al., 2014) there are three elements in organizational factor contributing to the success of the implementation of regulation related to using products which have been marked with SNI in the public procurement process, i.e. representative Budget User as the first actors in public procurement, specialized technical personnel, and internal procurement policy and procedure. The importance

of first actors' support for successful procurement planning and implementation has for a long time been recognized in the Supply Chain Management literature (Apiyo & Mburu, 2014). As the first actor in public procurement, representative Budget User can also be regarded as the leader or the supervisor in the procurement process in the Government Agencies. In general, leadership is an important element in the procurement context because, within an organization, procurement touches and concerns so many parts of the overall organizational operation. One can learn almost everything about an organization by watching what it needs, what it wants, what it buys, when it buys, how it buys and what it does with what it buys (McGuinness & Bauld, 2010). Abdul-Rahman, Hanid and Yap (2014) felt that leadership is needed as role model to improve the professionalism. Leaders must show a good leadership style as they are the role model of their employees. Their conduct or behavior will influence the organization's norms and values. The people within the organization will normally follow the norms that are being practiced within that organization (Gupta & Sulaiman, 1996; Zabid & Alsagoff, 1993). Specifically, Snider (2006) stated that public procurement needs strong leaders who will focus both inwardly and outwardly. This leadership is a significant factor in sustainable procurement being implemented by public sector management (Brammer & Walker, 2011). So, based on some previous studies about the relationship between leadership (in this case, representative Budget User) and the procurement practice (including the previous studies conducted by the authors), this study proposed that:

H1: Good commitment, effort, and responsibility shown by the representative Budget User as the first actors of the procurement process and physical quality have a positive effect on the successful implementation of regulation related to using products which have been marked with SNI in the public procurement process.

The implementation of regulation also needs specialized technical personnel or staff who knows the rules related to the use of products which have been marked with SNI. It is because, one of the factors can cause non – compliance with procurement regulations and can determine the level of awareness with the procurement regulations (Gelderman, Ghijsen & Brugman, 2006). The procurement officers must be trained and aware of all regulations in relation to procurement and related procedures (Shu Hui, Othman, Hj Omar, Abdul Rahman & Husna Haron, 2011). Research conducted by Eyaa and Oluka (2011) found out that, in the Nigerian context, familiarity with procurement regulations significantly predicted compliance with procurement regulations. In this case, for improving the compliance with public procurement regulations, focus needs to be placed on improving familiarity with procurement procedures amongst procurement personnel and staff employed in the public entities. More specifically, staff competence accounts for 20.1 % of procurement performance (Kiage, 2013). So, based on the previous study about the relationship between staff (in this case, a specialized technical personnel) and the procurement practice (including the previous studies conducted by the authors), this study proposed that:

H2: The existence of the staff who know the rules has a positive effect on the successful implementation of regulations related to using products which have been marked with SNI in the public procurement process.

The last element in organizational factor is internal procurement policy and procedure. Procurement policies entail a set of rules and regulations put in place to govern the process of acquiring goods and services needed by an organization to function efficiently (Wisegeek, 2013). Both small and large companies as well as non-profit organizations regularly design and apply procurement policies to guide on procurement matters. Procurement policies are thus a set of rules and regulations that are designed by organizations to govern on application of various procurement procedures (Bartik, 2009). Burt, Petcavage and Pinkerton (2010) stated that every organization develops procedures to enable its personnel to implement policies and plans designed to meet her objectives. A properly designed and implemented procurement policy plays a pivotal role in providing a guiding framework for the implementation of efficient procurement practices. In this case, existence of a procedure may force individual conformity and compliance (Tukamuhabwa, 2012). Research conducted by Njeru, Ngugi, Arasa and Kahiri (2014) found out that 71.5% of the variation in the implementation of effective procurement practices is influenced by procurement policies. This implied that there exists a strong positive relationship between procurement policies and implementation of effective procurement practices. So, based on some previous studies about the relationship between internal procurement policy and procedure and the procurement practices (including the previous studies conducted by the authors), this study proposed that:

H3: The availability of internal procurement policy and procedure has a positive effect on the successful implementation of regulations related to using products which have been marked with SNI in the public procurement process

Environmental Factor

Based on the previous research conducted by the authors (Susanty et al., 2014), there are four elements in environmental factor contributing to the success of the implementation of regulation related to using products which have been marked with SNI in the public procurement process, i.e. Support from the Central Government as a regulator in the form of technical assistance and reinforcement, the readiness of trading partners to supply a product, the availability of needed products (in terms of quality and quantity), and the availability of socialization and training from the National Public Procurements about the technical implementation of using products which have been marked with

SNI in the procurement process for all stakeholders. Related to the first element, Central Government can count on technical assistance to the Government Agencies to strengthen procurement policies and capacity. According to Adusei and Awunyo-Vitor (2015) the key to the attainment of compliance to the regulation is the understanding of the procurement guidelines. On the issue of technical difficulties in applying the regulation, (47.62%; n = 50) respondents stated that there are some technical difficulties in applying the regulation as compared to (52.38%; n = 55) who disagreed with the statement. There is the need for Central Government, which issued these regulations, to ensure that public institutions understand the regulation and its guidelines were to be applied if problems of non-compliance are to be removed. Then, the next step to the attainment of compliance to the regulation is enforcement that could be broadly viewed as any actions taken by regulators to ensure compliance (Zubcic & Sims, 2011). There are mixed opinions regarding the effect of enforcement of compliance. Some scholars such as Sparrow (1994) doubt the direct effect of enforcement on compliance. They argue that enforcement may make violators more sophisticated in how to prevent, and conceal detection by the authorities. However, many other scholars agree that enforcement improves compliance (Gunningham & Kagan, 2005; Imperato, 2005; Sutinen & Kuperan, 1999; Zubcic & Sims, 2011). According to Zubcic and Sims (2011) enforcement actions and increased penalties lead to greater levels of compliance with the regulation. So, based on some previous studies about the relationship between the availability of technical assistance and reinforcement and the compliance to the regulation (including the previous studies conducted by the authors), this study proposed that:

H4: Support from the Central Government as a regulator in the form of technical assistance and reinforcement has a positive effect on the successful implementation of regulation related to using products which have been marked with SNI in the public procurement process.

The second and third elements are the readiness of trading partners to supply a product and the availability of needed products (in terms of quality and quantity). The lack of knowledge amongst potential suppliers has been mentioned as a possible explanation for the limited compliance to the regulation. The successful implementation of regulation not only relies on the effort of purchasing department, but also requires supplier's support. Only if the supplier had a comprehensive understanding of the need for products which have been marked with SNI, then the supplier can support the public procurement with that product. Moreover, only if the product which has been marked with SNI is available in the market, then the supplier can offer the public procurement with that product. So, based on this condition, this study proposed that:

H5: Support from trading partners has a positive effect on the successful implementation of regulation related to using products which have been marked with SNI in the public procurement process.

H6: The availability of SNI products needed in the market has a positive effect on the successful implementation of regulation related to using products which have been marked with SNI in the public procurement process.

The fourth element is the availability of socialization and training from the National Public Procurements. Research in psychology and sociology stresses the importance of socialization processes in affecting behavior; individuals tend to comply with the regulation or law to the extent that they perceive the regulation or law as appropriate and consistent with their internalized norms (Sutinen & Kuperan, 1999). Based on this condition, socialization is needed for affecting behavior of the personnel handling public procurement to comply with the regulation. Besides socialization, according to Gelderman et al. (2006) educating and training for the public's purchasers will be an effective tool for increasing the compliance with the regulation (Gelderman et al., 2006). The overall lack of procurement knowledge remains a major weakness to the effectiveness of the procurement operations. A study conducted by Osei-Tutu, Mensah and Ameyaw (2011) recommended that public entities organize intensive and regular procurement training for the personnel handling public procurement especially in the area of procurement processes. In line with Osei-Tutu et al. (2011) a study conducted by Onyinkwa, Ondieki and Omai (2013) also found out that training influences the compliance to procurement regulations in public secondary schools. In this case, 35 percent of the respondents strongly agreed that inadequate training contributes to non-compliance with procurement regulations in schools, 31.7 percent of the respondents agreeing, while 12.5 percent were undecided, 15 percent disagreed, and 25.8 percent of the respondents strongly disagreed. Overall, the majority i.e. 66.7 percent agrees that inadequate training contributed to non-compliance to procurement regulation. So, based on some previous study about the relationship between the availability of socialization and training and the compliance to the regulation (including the previous studies conducted by the authors), this study proposed that

H7: Socialization and training have a positive effect on the successful implementation of regulation related to using products which have been marked with SNI in the public procurement process.

Technological Factor

There is one element in the technological factor, i.e. the availability of ICT which can provide information about the products that already have been marked with SNI. Puschmann and Alt (2005) opined that procurement systems have long been supported by ICT. In this case, ICT provides new ways to store, process, distribute and exchange key information with customers and suppliers in the entire procurement system. Togar and Ramaswami (2005) emphasized that information is the glue that

holds organizations together and can be used to integrate procurement process activities both within a process and across multiple processes. Lumsden and Mirzabeiki (2008) found that ICT drives e-markets to increase the availability of information about suppliers who are made available for each product; based on this condition, ICT can drive e-market to increase the availability of information about a supplier who is offering the product that already has been marked with SNI. In line with previous studies, Apiyo and Mburu (2014) also found out a strong positive relationship between ICT tools and procurement planning (r=0.728). In addition, the researcher found the relationship to be statistically significant at the 1% level and a unit increase in ICT tools will lead to a 0.231 increase in the scores of procurement planning. So, based on some previous study about the relationship between the ICT and the procurement planning (including the previous studies conducted by the authors), this study proposed that

H8: Information communication technology (ICT) has a positive effect on the successful implementation of regulation related to using products which have been marked with SNI in the public procurement process because ICT can drive e-market to increase the availability of information about a supplier who is offering the product.

RESEARCH METHODOLOGY

This section of the paper discusses the research design, sample size of target respondents, instruments, and data collection procedure.

Research Design

This study used a quantitative research method as it investigated the relationship between several factors and successful implementation of regulation related to using products which have been marked with SNI in the public procurement process. Quantitative research methods aim to maximize objectivity, replicability, and generalizability of findings, and are usually interested in prediction. Important to this approach is the expectation that a researcher will set apart his or her experiences, perceptions, and biases to make sure independence in the conduct of the study and the conclusions that are drawn. Key features of many quantitative studies are the usage of instruments such as surveys or tests to gather data, and reliance on probability theory to test statistical hypotheses that match research questions of interest. Quantitative methods are often described as deductive in nature, in the sense that inferences from tests of statistical hypotheses lead to general inferences about characteristics of a population. Quantitative methods are also often characterized as assuming that there is a single "truth" that exists, independent of human perception (Lincoln & Guba, 1985). This study also used a cross-sectional survey research design. Cross-sectional survey is a method that involves the analysis of data collected from a population, or a representative subset, at one specific point in time (Orodho, 2003). The choice of this design is appropriate for this study since it utilizes a questionnaire as a tool of data collection and helps to establish the behavior of employees towards compliance with the regulation. This is supported by (Mugenda & Mugenda, 2003) who assert that this type of design enables one to obtain information with sufficient precision so that hypothesis can be tested properly. It is also a framework that guides the collection and analysis of data.

Population and Sample Size of Target Respondents

In order to be able to investigate the impact of the relationship between several factors on successful implementation of regulation related to using products which have been marked with SNI in the public procurement process, a number of Regional Working Units or Satuan Kerja Perangkat Daerah (abbreviated SKPD) in the Province of Central of Java was chosen as a pilot study. According to Official Website of Province of Central of Java, there were 52 SKPD which are located in various cities or districts. From 52 SKPD, this study could only collect data from 20 SKPD. In each of 11 SKPD, questionnaires and interviews addressed the representative Budget User as the leader or the supervisor in the procurement process in the Government Agencies.

Instruments and Measurement

Survey instruments consist of twenty-two items. This items were selected to test the relationship between several factors and successful implementation of regulation related to using products which have been marked with SNI in the public procurement process. Out of these twenty-two items, six items were used to measure commitment, effort, and responsibility of the representative Budget User. Three items were used to measure the existence of the staff who know the rules. Two items were used to measure the availability of internal procurement policy and procedure. Two items were used to measure technical assistance and reinforcement from Central Government as a regulator. Three items were used to measure support from trading partners. Two items were used to measure the availability of product with SNI in the market. Two items were used to measure socialization and training. Two items were used to measure the availability of information communication technology. In detail, the items used to measure the role of critical success factors in implementation of the regulation related to using products which have been marked with SNI in the public procurement process are described in the Table 1. The successful implementation of regulation itself is measured by a single number. This number indicates the portion of package of procurement carried out by a government institution which has defined the terms of use for the product with SNI from the total amount of package of procurement conducted in the year 2014.

A survey instrument was developed with five-point Likert-type scale. The Likert methodology was employed in this study for x

variable, since it allowed respondents to choose answers that represent the degree of agreement or disagreement to the various questions. The scale asked the interviewee to place his or he reaction into one of five categories. The categories were valued and designated as follows: 1=strongly disagree, 2=disagree, 3=neither agree nor disagree, 4=agree, and 5= strongly agree. Questionnaires were also pre-tested to gauge the level of validity.

TABLE 1
Result of Validity and Reliability Test

Variable	Items	Standardized Loading Factor	Alpha Cronbach
Commitment, effort, and responsibility of the representative Budget User (X1)	• As a Representative Budget User, I have enthusiasm to implement the regulation about using products which have been marked with SNI in the public procurement process (X11)	0.652**	0.693****
	• As a Representative Budget User, I had been allocated a budget for supporting the implementation of the regulation about using products which have been marked with SNI in the public procurement process (X12)	0.493**	
	• As a Representative Budget User, I have personal vision to make my Regional Working Unit as a pilot in implementation of the regulation about using products which have been marked with SNI in the public procurement process ((X13)	0.413	
	• As a Representative Budget User, I feel responsible on successful implementation of regulation related to using products which have been marked with SNI in the public procurement process (X14)	0.630***	
	• As a Representative Budget User, I feel responsible to make internal regulations that support the implementation of regulation related to using products which have been marked with SNI in the public procurement process (X15)	0.725***	
	• As a Representative Budget User, I feel responsible to socialize the regulation about using products which have been marked with SNI in the public procurement process (X16)	0.801***	
The existence of the staff who know the rules (X2)	• There is a specialized staff whose job is handling a procurement process of products which have been marked with SNI (X21)	0.835***	0.658
	• There is a specialized staff with adequate knowledge about the regulation related to using products which have been marked with SNI in the public procurement process (X22)	0.637***	
	• There is a specialized staff with good understanding about the regulation related to using products which have been marked with SNI in the public procurement process (X23)	0.884***	
The availability of internal procurement policy and procedure (X3)	• There is an internal procurement policy and procedure which support the implementation of regulation related to using products which have been marked with SNI in the public procurement process (X31)	0.823***	0.629
	• There is an internal procurement policy and procedure which have been executed properly to support the implementation of regulation related to using products which have been marked with SNI in the public procurement process (X32)	0.881***	
Technical assistance and reinforcement from Central Government as a regulator (X4)	• As a regulator, Central Government gives technical assistance for the Regional Working Unit so they can implement properly the regulation about using products which have been marked with SNI in the public procurement process (X41)	0.765***	0.666
	• As a regulator, Central Government has made sanctions for those who do not implement the regulation properly (X42)	0.7524***	
Support from trading partners (X5)	• My Regional Working Unit prefers to work with trading partners who can provide the information about needed product which has been marked with SNI (X51)	0.654***	0.651
	• There is support from trading partners to my Regional Working Unit to use the needed product which has been marked with SNI (X52)	0.699***	
	• The trading partners have the ability to provide the product which has been marked with SNI (X53)	0.837***	
The availability of	• It is easy to find a needed product which has been marked with SNI in the market (X61) •	0.813***	

Variable	Items	Standardized Loading Factor	Alpha Cronbach
product with SNI in the market (X6)	• Product which has been marked with SNI is available for all industrial sectors (X62)	0.798***	0.698
Socialization and training.(X7)	• National Public Procurements has been disseminating the values of importance using products which have been marked with SNI in the public procurement process ((X71) • National Public Procurements has been providing periodic training related to implementing the regulation about using products which have been marked with SNI in the public procurement process (X72)	0.907*** 0.963***	0.821
The availability of information communication technology (X8)	• There is database about products which have been marked with SNI from several sectors (X81) • The Regional Working Unit can access the information system that gives information about products which have been marked with SNI from several sectors with ease (X82)	• 0.858*** 0.866***	0.626

*Significant at the 0.1 level (2-tailed)
** significant at the 0.05 level (2-tailed)
*** significant at the 0.01 level (2-tailed)
****Cronbach's Alpha if X132 deleted

TABLE 2
Correlation and Partial Regression-Commitment, Effort, and Responsibility of the Representative Budget User

	Correlation, R	R^2	Beta	S.D Error	t	Sig.
Constant			-170.361	36.741	-4.637	0.000
Commitment, effort, and responsibility of the representative Budget User (X1)	0.809	0.635	22.472	3.847	5.841	0.000

TABLE 3
Correlation and Partial Regression-The Existence of the Staff Who Know the Rules

	Correlation, R	R^2	Beta	S. D Error	t	Sig.
Constant			-77.400	26.004	-2.976	0.008
The existence of the staff who know the rules (X2)	0.742	0.526	10.500	2.236	4.695	0.000

TABLE 4
Correlation and Partial Regression-The Availability of Internal Procurement Policy and Procedure

	Correlation, R	R^2	Beta	S.D Error	t	Sig.
Constant			-44.109	25.844	-1.709	0.105
The availability of internal procurement policy and procedure (X3)	0.630	0.396	11.220	3.264	3.438	0.003

Table 4 indicates that the availability of internal procurement policy and procedure was positively and significantly correlated at 0.01 level with a linear correlation coefficient, r of 0.630 at a p-value of 0.003. The Beta regression coefficient was significant and positive implying that there is a positive and significant relationship between the availability of internal procurement policy and procedure and the successful implementation of the regulation. The adjusted R^2 was 0.396, which indicated that the availability of internal procurement policy and procedure, the independent variable in this study, accounted for only 39.6% of the implementation of regulation related to using products which have been marked with SNI in the public procurement process, if all other factors are held constant. Table 5 indicates that the technical assistance and reinforcement from Central Government as a regulator were positively and significantly correlated at 0.01 level with a linear correlation coefficient, r of 0.618 at a p-value of 0.004. The Beta regression coefficient was significant and positive implying that there is a positive and significant relationship between the technical assistance and reinforcement from Central Government as a regulator and the successful implementation of the regulation. The adjusted R^2 was 0.348, which indicated that the technical assistance and reinforcement from Central Government as a regulator, the independent variable in this study, accounted for only 34.8% of the implementation of regulation related to using products which have been marked with SNI in the public procurement process, if all other factors are held constant.

TABLE 5
Correlation and Partial Regression-Technical Assistance and Reinforcement from Central Government as a Regulator

	Correlation, R	R^2	Beta	S.D Error	t	Sig.
Constant			-103.522	44.241	-2.340	0.031
Technical assistance and reinforcement from Central Government as a regulator (X4)	0.618	0.348	17.381	5.208	3.337	0.004

Table 6 indicates that support from trading partners was positively and significantly correlated at 0.01 level with a linear correlation coefficient, r of 0.641 at a p-value of 0.002. The Beta regression coefficient was significant and positive implying that there is a positive and significant relationship between support from trading partners and the successful implementation of the regulation. The adjusted R^2 was 0.379, which indicated that support from trading partners, the independent variable in this study, accounted for only 37.9% of the implementation of regulation related to using products which have been marked with SNI in the public procurement process, if all other factors are held constant.

TABLE 6
Correlation and Partial Regression–Support from trading partners

	Correlation, R	R^2	Beta	S.D Error	t	Sig.
Constant			-88.656	37.480	-2.365	0.029
Support from trading partners (X5)	0.641	0.379	10.732	3.026	3.547	0.002

Table 7 indicates that the availability of product with SNI in the market was positively and significantly correlated at 0.01 level with a linear correlation coefficient, r of 0.7416 at a p-value of 0.000. The Beta regression coefficient was significant and positive implying that there is a positive and significant relationship between the availability of product with SNI in the market and the successful implementation of the regulation. The adjusted R^2 was 0.485, which indicated that the availability of product with SNI in the market, the independent variable in this study, accounted for only 48.5% of the implementation of regulation related to using products which have been marked with SNI in the public procurement process, if all other factors are held constant. Table 8 indicates that socialization and training were positively and significantly correlated at 0.01 level with a linear

correlation coefficient, r of 0.688 at a p-value of 0.001. The Beta regression coefficient was significant and positive implying that there is a positive and significant relationship between socialization and training and the successful implementation of the regulation. The adjusted R^2 was 0.444, which indicated that socialization and training, the independent variable in this study, accounted for only 44.4% of the implementation of regulation related to using products which have been marked with SNI in the public procurement process, if all other factors are held constant.

TABLE 7
Correlation and Partial Regression–The Availability of Product with SNI in the Market

	Correlation, R	R^2	Beta	S.D Error	t	Sig.
Constant			-31.104	17.586	-1.769	0.094
The availability of product with SNI in the market (X6)	0.716	0.485	11.030	2.537	4.348	0.000

TABLE 8
Correlation and Partial Regression–Socialization and Training

	Correlation, R	R^2	Beta	S.D Error	t	Sig.
Constant			-46.192	22.633	-2.041	0.056
Socialization and training (X7)	0.688	0.444	11.055	2.7477	4.025	0.001

Table 9 indicates that the availability of information communication technology was correlated at 0.01 level with a linear correlation coefficient, r of 0.678 at a p-value of 0.001. The Beta regression coefficient was significant and positive implying that there is a positive and significant relationship between the availability of information communication technology and the successful implementation of the regulation. The adjusted R^2 was 0.430, which indicated that the availability of information communication technology, the independent variable in this study, accounted for only 43.0% of the implementation of regulation related to using products which have been marked with SNI in the public procurement process, if all other factors are held constant.

TABLE 9
Correlation and Partial Regression–The availability of Information Communication Technology

	Correlation, R	R^2	Beta	S.D Error	t	Sig.
Constant			-53.711	25.148	-2.136	0.047
The availability of information communication technology (X8)	0.678	0.430	12.605	3.220	3.915	0.001

CONCLUSION

The current study found that all the factors considered have positive and significant correlation with the successful implementation of regulation related to using products which have been marked with SNI. The current study also found that, partially, all the factors considered have positive and significant effect on the successful implementation of regulation. From the value of coefficient correlation, the most significant key success factor for the successful implementation of the regulation was the commitment, effort, and responsibility of the representative Budget User. This factor was followed by the existence of the staff who know the rules, the availability of product with SNI in the market, socialization and training, the availability of information communication technology, support from trading partners, the availability of internal procurement policy and procedure, and the availability of technical assistance and reinforcement from Central Government as a regulator.

The study was limited to the public procurement in the Province of Central of Java, and the findings cannot be equally generalized to be applied to the public sector entities and other government organizations too. This finding of study was also limited to the partial effect of each variable to successful implementation of

regulation related to using products which have been marked with SNI in public procurement process. In connection to this limitation, it is possible to carry out further research how the issues look like in other public sector and other government organizations. It is recommended that further research be undertaken to investigate the effect of all the factors simultaneously on the compliance to the regulation. It is also recommended that further research be undertaken to investigate the other factors in procurement that affect the compliance to the regulation purposely to ascertain how these other factors also contribute to procurement's compliance performance.

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