

THE EFFECT OF GOODS/SERVICES PROCUREMENT AND BUDGET ABSORPTION ON ORGANIZATIONAL PERFORMANCE THROUGH EMPLOYEE PERFORMANCE AT PT PLN (PERSERO) UIKL SULAWESI

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Abstract

This study aims to determine the effect of procurement of goods/services and budget absorption on organizational performance through employee performance as an intervening variable within the PT PLN (Persero) Unit Induk Pembangkitan dan Penyaluran Sulawesi. This study is a quantitative study with a descriptive analysis approach, the population in this study were all employees of PT PLN (Persero) Unit Induk Pembangkitan dan Penyaluran Sulawesi (main office), while the sample in this study was according to the population by using saturated sampling, namely the technique of determining the sample if all members of the population are used as samples, the data collection technique is a questionnaire using a Likert scale. The data analysis technique used Partial Least Square. The results showed that the procurement of goods/services and budget absorption had a positive and significant effect on organizational performance through the performance of employees at PT PLN (Persero) Unit Induk Pembangkitan dan Penyaluran Sulawesi.

Keyword: PT PLN (Persero) Unit Induk Pembangkitan dan Penyaluran Sulawesi, procurement of goods/services, budget absorption, employee performance and organizational performance

INTRODUCTION

The procurement of goods/services occupies a very important position in an organization, because it is a means of using a significant amount of budget to obtain goods, services and work needed for the implementation of the mission or goals of the organization. In the process of procurement of goods/services, several related parties are involved so that ethics, norms and principles of procurement of goods and services are needed to be able to regulate or be used as the basis for determining policies on procurement of goods/services (Adrian Sutedi, 2008).

The effectiveness of the procurement process for goods/services will also affect how much budget absorption is within an organization. In carrying out the wheels of the organization, the high and low absorption of the budget is used as a level of measure that can describe how far the targets that have been planned by the organization or government have gone.

The implementation of the procurement of goods/services will be effective and efficient which will have an impact on the optimal absorption of the planned budget, depending on the ability of the

organization's human resources in planning, implementing and evaluating goods/services procurement activities.

The poorer the existing human resources, the slower the absorption of the budget, on the other hand, if the human resources are getting better, it will accelerate the absorption of the budget according to a predetermined schedule (Hasni & Basukianto, 2016). In Alimuddin's research (2018), he explains that the procurement of goods and services has a significant influence on the absorption of the work unit budget, the poor procurement factor for goods and services in the implementation of activities has a tendency to slow down the absorption of the work unit budget.

Budget absorption is one of the main performance indicators in budget management. Noviwijaya and Rohman (2013) suggest that budget absorption is the proportion of work unit budgets that have been disbursed or realized in one fiscal year. Many factors affect the absorption of the budget. These factors include budget planning, the process of procuring goods and services, and human resource (HR) factors. This is in accordance with the results of the study of Malahayati et al. (2015) who found that human resource capacity, planning and budget implementation processes had a positive effect on budget absorption. The results of research by Ramdhani and Anisa (2017) and Zarinah (2016) state that budget planning and the quality of human resources affect budget absorption.

PT PLN (Persero) as one of the large companies that has assets of almost Rp. 1,599 Trillion based on asset data for the April 2021 period, the procurement process plays a very important role in supporting the company's business processes for the provision of electricity, where almost all electricity infrastructure development processes go through a procurement process in terms of selecting providers or partners who will carry out the work.

PT PLN (Persero) Unit Induk Pembangkitan dan Penyaluran Sulawesi is one of the main units which is a work unit one level below the PLN Head Office which is led, fostered, and managed by the General Manager. PT PLN (Persero) Unit Induk Pembangkitan dan Penyaluran Sulawesi (UIKL Sulawesi) was established at the end of 2017 with the aim of increasing the effectiveness of the management of the operation and maintenance of generators and transmissions in the Sulawesi region.

Table 1. Investment Budget Absorption PT PLN (Persero) UIKL Sulawesi

YEARS	BUDGET PLAN	BUDGET REALIZATION	% ABSORPTION
2019	542.063.000.000	542.011.975.576	99,9
2020	725.246.961.111	719.574.188.037	99,2
2021	614.195.925.062	598.830.562.644	97,5

Source: Budget Monitoring Financial Report

From table 1, it can be seen that the absorption of the budget from 2019 to 2021 has decreased from the existing budget plan according to the budget determination from the Central PLN (Head Office).

The value of the procurement process that has been carried out by PLN UIKL Sulawesi from 2018 to 2021 is Rp. 1,489,332,630,751 (Based on contract monitoring data). Where all the work packages that are tendered are work that supports the reliability of all electricity facilities in the Sulawesi area, especially in the generation and distribution sector of high-voltage electric power systems. This explains how big the role of the Goods and Services Procurement process is in contributing to maintaining the supply of electrical energy.

Several factors that affect the absorption of the above budget include:

- a. Implementation of the procurement of goods/services, starting from the planning stage to the stage of making contracts/agreements that are late/failed/reworked/stopped in the tender process.

- b. Time for completion of work by Partners/Providers so that the payment process or budget absorption is also late.
- c. The payment terms document prepared by the Partner/Provider is incomplete.
- d. Determination and availability of late budget from Central PLN (published in the middle or end of the fiscal year).
- e. Planning activities that are not optimal (inaccurate project feasibility studies) so that in carrying out the work requires additional activities (amendments/addendums).
- f. There is a transfer or rotation of employees related to budget management, consequently requiring knowledge transfer and competency improvement.
- g. Problems with lawsuits in the process of procuring goods and services, which affect the advanced stages of the tender process or work implementation.

The above factors will influence each other, where the biggest phenomenon of the problems that arise where the absorption of the budget at PT PLN (Persero) UIKL Sulawesi has not been maximized is the implementation of the procurement of goods/services. Several works that have been planned in the previous budget year that have been contained in the company's budget work plan (RKAP) where the budget and absorption plan have been determined, but in the tender process failed.

The reasons for the failed or repeated tender and even the termination of the tender processes are:

- a. There are no bids that meet the qualification requirements specified at the beginning of the procurement process.
- b. The price negotiations that were carried out did not succeed in reaching an agreement.
- c. There is a change in the work plan and results in a change in the demand for goods/services from the user.
- d. There are changes in Government policies related to the implementation of the Procurement of Goods/Services and changes to the Company's strategic policies.
- e. The allocation of funding for the procurement of goods/services is not sufficient.
- f. Mutation of procurement officials so that decision making in the tender process stage is disrupted which causes the tender process to be stopped until it waits for a new official.

Table 2. Failed Tender and Re-Tender PT PLN (Persero) UIKL Sulawesi

Years	Procurement Of Goods/Services	
	Failed Tender	Re-Tender
2018	2	
2019	6	1
2020	5	
2021	2	6

Source: Data e-Proc PLN, 2022

The table above shows the phenomenon of the existence of several tender processes in the procurement of goods/services at PT PLN (Persero) UIKL Sulawesi in the last 4 (four) years with various causes so that the ability of the manager of the procurement of goods/services is needed, in this case employees who are directly involved in the process. procurement to be able to anticipate the failure of the tender, because in the end it will affect the absorption of the budget and the achievement of the company's performance.

The failure of the tender process in the procurement of goods/services will affect the absorption of the budget and result in the achievement of the company's/organization's performance is also not achieved. The implementation of the procurement of goods/services has a very positive effect on organizational performance, where the maximum implementation of the procurement of goods/services will create good organizational performance (Meyzi and Zulkifli, 2019). Based on this description, the

authors set the title of the research: 'The Effect of Procurement of Goods/Services and Budget Absorption on Organizational Performance through Employee Performance of PT PLN (Persero) UIKL Sulawesi!'.

LITERATURE REVIEW

A. Procurement of Goods/Services

Every business in an organization really needs an implementation process that runs according to applicable rules or regulations by taking into account aspects of good corporate governance. According to Supriyatno (2000), The Indonesian Institute for Corporate Governance defines Good Corporate Governance as a process and structure applied in running a company with the main objective of increasing shareholder value in the long term, while taking into account the interests of other stakeholders. According to Sutedi (2006, p.175), Corporate Governance can be defined as a set of regulations that regulate the relationship between shareholders, management (managers) of the company, creditors, government, employees and other internal and external stakeholders relating to the rights and their obligations or in other words a system that regulates and controls the company.

Procurement of Goods/Services is an activity of Procurement of Goods/Services by Ministries/Institutions/Regional Apparatuses financed by the APBN/APBD whose process starts from the identification of needs, until the handover of the work. In the SOE Ministerial Regulation number 08/MBU/12/2019, the procurement of goods and services is an activity to obtain goods and services carried out by State-Owned Enterprises whose financing comes from the State-Owned Enterprises budget whose process starts from planning needs until handover working result.

In line with that, according to the Guidelines for the Procurement of Goods/Services PT PLN (Persero) Number 0022.P/DIR/2020 states that the Procurement Process of Goods/Services is an activity of Procurement of Goods/Services which includes the initiation of Procurement of Goods/Services (need identification and budgeting), planning Procurement of Goods/Services, the process of implementing the Procurement of Goods/Services, signing of Agreements or Contracts, implementation of Agreements or Contracts, and handover of the results of the implementation of Agreements or Contracts.

As stated in the Guidelines for the Procurement of Goods/Services PT PLN (Persero) that every procurement process must apply the basic principles of procurement, namely:

1. *Efficient*, means that the procurement of goods/services must be endeavored to obtain optimal and best results in a short time by using funds and capabilities as optimally as possible in a reasonable manner and not only based on the lowest price.
2. *Effective*, means the procurement of goods/services must be in accordance with the needs that have been set and can provide the maximum benefit in accordance with the targets set.
3. *Competitive*, means that the procurement of goods and services must be open to providers of goods/services who meet the requirements and are carried out through fair competition among providers of goods/services that are equal and meet certain requirements/criteria based on clear and transparent provisions and procedures.
4. *Transparant*, means that all provisions and information regarding the procurement of goods/services, including the technical requirements of procurement administration, evaluation procedures, evaluation results, determination of goods/services providers, are easy to understand for interested participants of goods/services providers.
5. *Fair and Reasonable*, means giving equal treatment to all providers of goods/services who meet the requirements.
6. *Open*, means that the procurement of goods/services can be followed by all qualified providers of goods/services.
7. *Accountable*, means having to achieve the target and can be accounted for so as to keep away from potential abuse and irregularities.

By applying the principles above, the desired target in the procurement process can be achieved, namely the right quality, the right quantity, the right location, the right time, the right socio-economic goals and the right price, so as to improve the achievement of organizational performance. According to Plomp and Ronald (2009), there is a positive relationship between the maturity of the procurement organization and performance. According to (Dwiyanto, 2006), procurement performance is a result of work that has been achieved in handling a procurement of goods or services in an agency or organization.

The indicators in the procurement of goods and services in accordance with the principles of procurement above are indicators of research variables, namely: Efficient, Effective, Competitive, and Transparant or Open.

B. Budget Absorption

According to Arfan Ikhsan (2009:173), the budget is a managerial plan to take an action in financial expressions. According to Rudianto (2009), the budget is an organizational work plan in the future which is realized in quantitative, formal and systematic forms. According to Horngren, Datar and Foster (2008:212) Budget is a quantitative statement of an activity plan made by management for a certain period and a tool that helps coordinate the things that need to be done to implement the plan.

The characteristics of the budget according to Rudianto (2009) are as follows:

1. Expressed in monetary units.
2. Generally, covers a period of one year.
3. Support management commitment.
4. The budget proposal is approved by an official higher than the budget implementer.
5. Once approved, the budget can only be changed if there are special circumstances.
6. The cause must be analyzed, if there is a budget discrepancy in its implementation.

According to Rudianto (2009), the budget has two main functions, namely:

1. Planning tool, namely as part of the planning function, the budget is a work plan that becomes a guide for members of the organization in acting. A budget is a plan that is sought to be realized. The budget provides goals, and directions to be achieved by each part of the organization within a certain period of time. Without having a budget, the company does not have a direction and goals that must be achieved within a certain time.
2. Control tools, namely as part of the controlling function, the budget is useful as an assessment tool whether the activities of each part of the organization are in accordance with the plan or not.

In carrying out the wheels of government or an organization, the level of budget absorption is used as a level of measure that can describe how far the targets that have been planned by the government agency or organization have gone. So that one of the determinants of the success of a government or organization in carrying out its government or business processes is the absorption of the budget. If budget absorption is low, it can be said that the quality of the organization is not good. One of the problems in budget management is that budget absorption tends to be low at the beginning of the year and accumulates at the end of the year causing uneven budget absorption (Suwarni & Maruf, 2018).

According to Ramadhani and Anisa (2017) budget absorption describes the ability of local governments to carry out and account for each activity which is an accumulation of budget absorption carried out by Regional Work Units (SKPD).

According to Noviwijaya, Rohman 2013 and Suhartono (2011), the indicators used for budget absorption are as follows:

1. Comparison of budget realization with budget absorption targets;
2. Consistency in the implementation of programs/activities;
3. Accuracy of budget withdrawal/absorption schedule.

C. Employee Performance

Improved performance of both individuals and groups becomes the center of attention in an effort to improve organizational performance (Mathis, 2002). According to Moehariono (2009) performance or performance is a description of the level of achievement of the implementation of a program of activities or policies in realizing the goals, objectives, vision, and mission of the organization as outlined through strategic planning, an organization. Performance can be known and measured if an individual or group of employees already has criteria or benchmark success standards set by the organization.

There are three sets of variables that affect a person's work performance or performance, namely (Robbin, 2006).

1. Individual variables, consisting of: Ability and skills, background, and demographics.
2. Organizational variables, consisting of: Resources, Leadership, Rewards, Structure, and Job Design.
3. Psychological variables, consisting of: Perception, Attitude, Personality, and Learning.

Hasibuan (2006) suggests that the indicators that can be used in evaluating employee performance are as follows:

1. Discipline, namely the extent to which discipline in complying with existing regulations and doing work in accordance with the instructions given to him.
2. Cooperation, namely assessing the willingness of employees to participate and cooperate with other employees vertically or horizontally inside and outside the work so that the work results will be better.
3. Responsibility, assessing the willingness of employees to take responsibility for their policies, their work and work results, the facilities and infrastructure they use, and their work behavior.

D. Organizational Performance

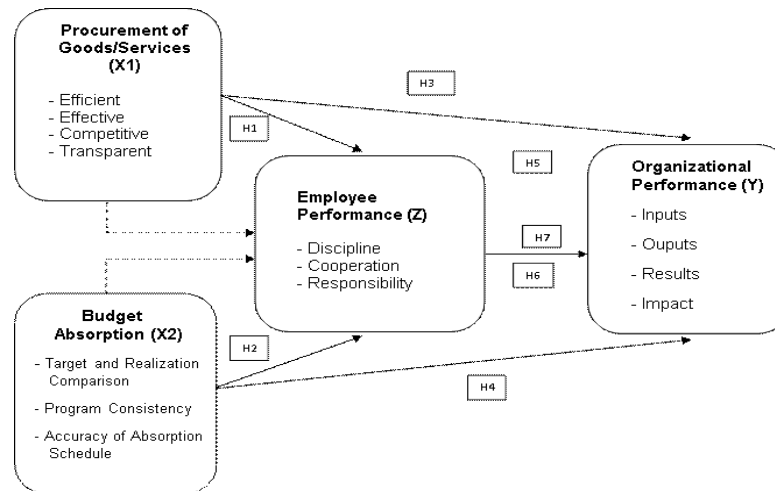
Performance is a description of the level of achievement of the business activities carried out by the company in realizing the company's vision, mission and goals. Organizational performance is the totality of the work achieved by an organization, achieving organizational goals means that the performance of an organization can be seen from the level of the extent to which the organization can achieve goals based on predetermined goals (Surjadi, 2009).

According to Hessel Nogi (2005), the performance of an organization is influenced by the following factors:

- a) Organizational structure as an internal relationship related to the functions that carry out organizational activities.
- b) Management policy, in the form of the organization's vision and mission.
- c) Human resources, which relate to the quality of employees to work and work optimally.
- d) Management information system, which relates to database management for use in enhancing organizational performance.
- e) Owned facilities and infrastructure, which relate to the use of technology for the organization of every activity of the organization.

CONCEPTUAL FRAMEWORK

Figure 1. Conceptual Framework



RESEARCH METHODS

Research Location and Time

This study uses a descriptive method with a quantitative approach. This type of research is descriptive research, namely a writing that describes the actual situation about the object under study, according to the actual situation at the time of direct research. According to Sugiyono (2011), descriptive method is a method used to describe or analyze a research result but is not used to make broader conclusions.

This research will be carried out at the Main Office of PT PLN (Persero) UIKL Sulawesi, Urip Sumoharjo street, Km.7 Tello Baru Makassar City, where the estimated research will be carried out for 1 (one) month.

Population and Sample

Population is the totality of all possible values, results that calculate or quantitative or qualitative measurements of certain characteristics of all members of a complete and clear group who want to study their characteristics (Mulyatiningsih, 2011). The sample is part / subset of a population, the sample provides a true picture of the population (Gulo, 2010).

Sampling in this study using saturated sampling, namely the technique of determining the sample when all members of the population are used as samples. According to Sugiyono (2017), saturated sampling is a sampling technique when all members are sampled, this is done when the population is relatively small or research makes generalizations with very small errors. Another term for saturated sample is census, where all the population is sampled. So, the total number of respondents in this study were 136 employees at the Main Office of PT PLN (Persero) UIKL Sulawesi.

Method of collecting data

Data collection techniques used in this study consisted of surveys, questionnaires, interviews and documentation.

Data analysis method

Data analysis According to Sugiyono (2018) is the process of systematically searching and compiling data obtained from interviews, field notes, and documentation by organizing data into categories, describing them into units, synthesizing, arranging in patterns, choosing which one to use. important and what will be studied, and make conclusions so that they are easily understood by themselves and others.

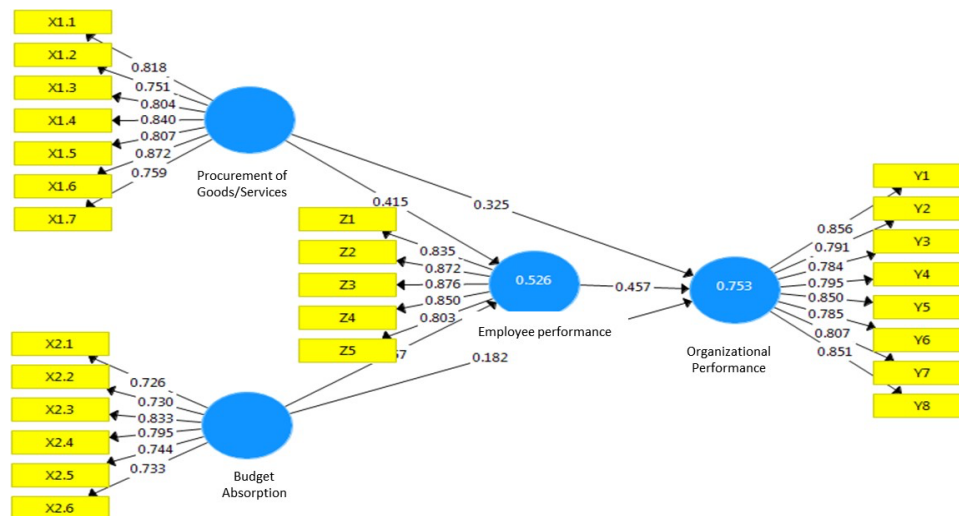
By looking at the theoretical framework, the data analysis technique used in this research is quantitative analysis using the SEM (Structural Equation Modeling) model. The method used in this SEM is using partial least squares (PLS). PLS is the most powerful method of an analysis. This is due to the lack of dependence on measurement scales, for example measurements that require interval or ratio scales, sample sizes, and distributions of residuals.

RESEARCH RESULT

Outer Model Analysis

The outer model looks at the relationship between variables and their indicators. Tests carried out on the outer model analysis are Convergent validity, composite reliability, Average Variance Extracted (AVE) and Cronbach's Alpha

Figure 2. Correlation between Variables and their indicators



Source: Data processed by SmartPLS, 2022

Validity test

Construct validity testing can be done by paying attention to whether or not the correlation between constructs and construct indicators is strong, as well as weak relationships with other constructs. Construct validity consists of two parts, namely convergent validity and discriminant validity.

a. Convergent Validity

Table 4. Outer Loading

	Procurement of Goods/Services	Budget Absorption	Organizational Performance	Employee performance
X1.1	0,818			
X1.2	0,751			
X1.3	0,804			
X1.4	0,840			
X1.5	0,807			
X1.6	0,872			
X1.7	0,759			
X2.1		0,726		
X2.2		0,730		
X2.3		0,833		
X2.4		0,795		
X2.5		0,744		
X2.6		0,733		
Y1			0,856	
Y2			0,791	
Y3			0,784	
Y4			0,795	

Y5			0,850	
Y6			0,785	
Y7			0,807	
Y8			0,851	
Z1				0,835
Z2				0,872
Z3				0,876
Z4				0,850
Z5				0,803

Source: Data processed by SmartPLS, 2022

Based on the modification table above, it can be seen that all loading factors have values above 0.7 so that the constructs for all variables are good.

Meanwhile, from the results of the calculations carried out by the PLS Algorithm for the indicators in table 5 that are valid, the AVE value is obtained where it can be seen that the AVE value for all variables meets the requirement value above 0.5. So it can be concluded that all variables meet convergent validity because they have a loading factor value > 0.7 and an AVE value > 0.5 .

Table 5. Average Variance Extracted (AVE) Value Results

	Average Variance Extracted (AVE)
Employee performance	0.718
Organizational Performance	0.665
Procurement of Goods/Services	0.653
Budget Absorption	0.580

Source: Data processed by SmartPLS, 2022

b. Discriminant Validity

There are two methods that can be used to assess discriminant validity, namely comparing the value of the cross loadings of each construct with the correlation between the construct and other constructs in the model. Second, the results of the Fornell-Larcker criterion show that the root of the AVE in the construct must be higher than the correlation of the construct with other latent variables in the discriminant validity model (Hair, 2014).

1) Cross Loading

Table 6. Cross Loading

	Procurement of Goods/Services	Budget Absorption	Organizational Performance	Employee performance
X1.1	0,818	0,672	0,597	0,545
X1.2	0,751	0,535	0,590	0,546
X1.3	0,804	0,598	0,551	0,420
X1.4	0,840	0,638	0,624	0,595
X1.5	0,807	0,535	0,652	0,542
X1.6	0,872	0,665	0,668	0,554
X1.7	0,759	0,643	0,684	0,643
X2.1	0,486	0,726	0,542	0,504
X2.2	0,546	0,730	0,495	0,480

X2.3	0,650	0,833	0,616	0,544
X2.4	0,594	0,795	0,508	0,546
X2.5	0,616	0,744	0,675	0,564
X2.6	0,564	0,733	0,486	0,409
Y1	0,635	0,635	0,856	0,689
Y2	0,636	0,577	0,791	0,635
Y3	0,617	0,603	0,784	0,636
Y4	0,621	0,631	0,795	0,706
Y5	0,647	0,604	0,850	0,701
Y6	0,610	0,570	0,785	0,625
Y7	0,629	0,572	0,807	0,550
Y8	0,669	0,603	0,851	0,675
Z1	0,681	0,632	0,727	0,835
Z2	0,598	0,621	0,646	0,872
Z3	0,515	0,514	0,646	0,876
Z4	0,510	0,498	0,635	0,850
Z5	0,579	0,565	0,726	0,803

Source: Data processed by SmartPLS, 2022

Based on table 6, it can be seen that the loading factor value for each indicator of each latent variable has a loading factor value from the intended construct which is greater than the loading factor value of the other constructs when associated with other latent variables. This means that each latent variable has good discriminant validity because the correlation value of the indicator to its construct is higher than the correlation value of other construct indicators.

2) Fornell-Larcker Criterion

To get good discriminant validity from a model, the root of the AVE in the construct must be higher than the correlation of the construct with other latent variables in the model. The following are the results of the Fornell-Larcker criterion:

Table 7. Fornell-Larcker Criterion

	Employee performance	Organizational Performance	Procurement of Goods/Services	Budget Absorption
Employee performance	0.848			
Organizational Performance	0.802	0.815		
Procurement of Goods/Services	0.687	0.777	0.808	
Budget Absorption	0.673	0.736	0.760	0.761

Source: Data processed by SmartPLS, 2022

Based on the results in table 7, it can be seen that all the roots of the AVE construct are higher than the construct correlations of other latent variables in the model. Thus, both the cross loading and Fornell-larcker criterion show evidence that the construct in the model has discriminant validity.

Reliability Test

After testing the construct validity, the next test is the construct reliability test which is measured by two criteria, namely Composite Reliability (CR) and Cronbach's Alpha (CA) from the indicator block that measures the CR construct used to display good reliability. A construct is declared reliable if the value of composite reliability and Cronbach's Alpha > 0.7 although 0.6 is still acceptable (Hair et. al, 2013).

Based on table 8, the results of Cronbach's Alpha and composite reliability tests for all variables show values > 0.6. According to Hinton, et. al (2004) suggested four points for reliability including those that include excellent reliability (excellent) > 0.90, high reliability (high) 0.70-0.90, moderate reliability (moderate) 0.50-0.70 and low reliability <0.50 . So that in this study the reliability is in the very good category because it is above 0.9 except for the budget absorption variable in the high category because it is between the values 0.70 – 0.90.

Table 8. Cronbach Alpha and Composite Reliability

	Cronbach's Alpha	rho_A	Composite Reliability
Employee performance	0.902	0.904	0.927
Organizational Performance	0.928	0.929	0.941
Procurement of Goods/Services	0.911	0.913	0.929
Budget Absorption	0.855	0.860	0.892

Source: Data processed by SmartPLS, 2022

Structural Model (Inner Model)

After evaluating the model and it is found that each construct has met the requirements of Covergent Validity, Discriminant Validity, and Composite Reliability, the next step is the evaluation of the structural model which includes testing the path coefficient, and R2. Inner models (inner relations, structural models, and substantive theory) describe the relationship between latent variables based on substantive theory.

The structural model was evaluated using R-square for the dependent construct, Stone-Geiser Q-square test for the relevant predictive. The value of R2 can be used to assess the effect of certain independent latent variables, whether the dependent latent variable has a substantive effect (Ghozali, 2014). The higher the value of R2, the greater the ability of the independent latent variable to explain the dependent latent variable.

Table 9. R-Square Results

	R Square	R Square Adjusted
Employee performance	0,526	0,518
Organizational Performance	0,753	0,747

Source: Data processed by SmartPLS, 2022

Based on the results of the data processing above, it shows that the R-Square value for the Employee Performance variable is 0.526, which means that 52.6% of the contribution or change in Employee Performance is influenced by the Procurement of Goods/Services and Budget Absorption while the remaining 47.4% is explained by the following factors: other factors outside of the research conducted. While the results of data processing also obtained an R-Square value for the Organizational Performance variable of 0.753, which means that 75.3% of the contribution or change in Organizational Performance is influenced by the Procurement of Goods/Services, Budget Absorption and Employee Performance while the remaining 24.7% is explained by other factors outside the study. After seeing the R-Square value, it is also necessary to calculate the Q-Square value with the aim of measuring how well the observation values generated by the model and also the parameter estimates are. The value of Q Square, which is closer to 1, means that the model is getting better.

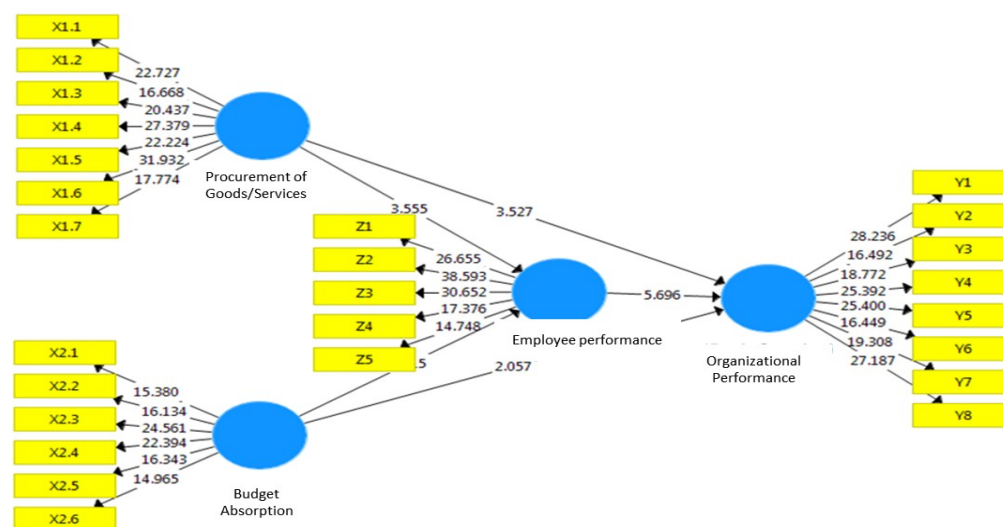
$$\begin{aligned}
 Q \text{ Square} &= 1 - [(1-R21) \times (1-R22)] \\
 &= 1 - [(1-0,526) \times (1-0,753)] \\
 &= 1 - (0,438 \times 0,247) \\
 &= 0,892
 \end{aligned}$$

Based on these results obtained a Q Square value of 0.892 which indicates that the amount of data diversity that can be explained from the research that has been carried out is 89.2% and the remaining 26.8% is explained by other factors outside the study.

Bootstrapping Results

In PLS, each relationship is tested by using a simulation using the bootstrapping method on the sample. This test aims to minimize the problem of abnormality in research. The results of the test using the bootstrapping method from PLS are as follows:

Figure 3. Path Diagram



Source: Data processed by SmartPLS, 2022

Direct Effect Analysis

According to Figure 2 where the calculation results can be seen based on the analysis of the direct effect. Here are the results obtained.

Table 10. Direct Effect

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Employee performance -> Organizational Performance	0,457	0,451	0,080	5,696	0,000
Procurement of Goods/Services -> Employee performance	0,415	0,418	0,117	3,555	0,000
Procurement of Goods/Services -> Organizational Performance	0,325	0,333	0,092	3,527	0,000
Budget Absorption -> Employee performance	0,357	0,355	0,111	3,215	0,001
Budget Absorption -> Organizational Performance	0,182	0,182	0,088	2,057	0,040

Source: Data processed by SmartPLS, 2022

From the results of the data processing above, it shows that there is a direct effect between variables, if the t-count value is greater than the t-table value and the sig value <0.05, the variable has a significant effect. The following is an explanation for the test results above:

Based on the test results for the effect of the variable Procurement of Goods/Services on Employee Performance, the t-count value of 3.555 is greater than the t-table value of 1.978 and the sig value of 0.000 is smaller than 0.05. So it can be said that the variable Procurement of Goods/Services has a significant effect on Employee Performance.

Based on the results of the effect test for the variable Procurement of Goods/Services on Organizational Performance, the t-count value of 3.527 is greater than the t-table value of 1.978 and the sig value of 0.000 is smaller than 0.05. So it can be said that the variable Procurement of Goods/Services has a significant effect on Organizational Performance.

Based on the results of the influence test for the Budget Absorption variable on Employee Performance, the t-count value of 3.215 is greater than the t-table value of 1.978 and the sig value of 0.001 is smaller than 0.05. So it can be said that the budget absorption variable has a significant effect on employee performance.

Based on the results of the influence test for the Budget Absorption variable on Organizational Performance, the t-count value of 2.057 is greater than the t-table value of 1.978 and the sig value of 0.04 is smaller than 0.05. So it can be said that the Budget Absorption variable has a significant effect on Organizational Performance.

Based on the results of the influence test for the Employee Performance variable on Organizational Performance, the t-count value of 5.696 is greater than the t-table value of 1.978 and the sig value of 0.000 is smaller than 0.05. So it can be said that the Employee Performance variable has a significant effect on Organizational Performance.

Indirect Effect Analysis

Table 11. Indirect Effect

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Procurement of Goods/Services -> Employee performance -> Organizational Performance	0,190	0,191	0,071	2,671	0,008
Budget Absorption -> Employee performance -> Organizational Performance	0,163	0,159	0,055	2,993	0,003

Source: Data processed by SmartPLS, 2022

From the table data above, it shows that there is an indirect effect between variables, if the value of t count is greater than the value of t table and the value of sig <0.05 then the variable has a significant effect. The following is an explanation for the test results above:

- a) Based on the test results for the effect of the variable Procurement of Goods/Services on Organizational Performance through Employee Performance, the t-count value is 2.671 which is greater than the t-table value of 1.978 and the sig value of 0.008 is smaller than 0.05. So it can be said that there is an indirect effect between the variables of Procurement of Goods/Services on Organizational Performance through Employee Performance.
- b) Based on the results of the influence test for the Budget Absorption variable on Organizational Performance through Employee Performance, the t-count value is 2.993 which is greater than the t-table value of 1.978 and the sig value of 0.003 is smaller than 0.05. So it can be said that there is an indirect effect between the variables of Budget Absorption on Organizational Performance through Employee Performance.

DISCUSSION

Procurement of Goods/Services has a positive and significant impact on Employee Performance PT PLN (Persero) UIKL Sulawesi

Based on the results of data processing, the t-count value of 3.555 is greater than the t-tablevalue of 1.978 and the sig value of 0.000 is smaller than 0.05, indicating that the procurement of goods/services has a positive and significant influence on employee performance. This is in accordance with H1 which suspects that the procurement of goods/services positively affects employee performance. Thus H1 is accepted.

The results of this study indicate that there is a positive relationship between the procurement of goods/services and employee performance at PT PLN (Persero) UIKL Sulawesi, which also shows that the process of procurement of goods/services greatly influences employee performance. Indicators in the procurement process such as processes that are effective, efficient, transparent and competitive will have an impact on improving employee performance as a form of discipline and responsibility in carrying out tasks according to business processes at PT PLN (Persero) UIKL Sulawesi.

Budget absorption has a positive and significant effect on Employee Performance PT PLN (Persero) UIKL Sulawesi

Based on the results of data processing, the t-count value is 3.215 which is greater than the t-table value of 1.978 and the sig value of 0.001 is smaller than 0.05, indicating that Budget Absorption has a positive and significant effect on Employee Performance. This is in accordance with H2 which suspects that budget absorption has a positive effect on employee performance. Thus H2 is accepted. This shows that the higher the effect of budget absorption, the higher the employee's performance and vice versa if the budget absorption is low, the employee's performance will also be low.

Budget absorption plays an important role in creating smooth running in all aspects that run in the company. Budget absorption as a system, is used as a planning and monitoring tool for all activities of an organization. With the absorption of the budget in the previous year, an organization will be able to better plan for the following year so that the goals of an organization can be achieved.

PT PLN (Persero) UIKL Sulawesi has planned the absorption of the budget every month which is stated in the monthly payment plan (absorption) report and every week the billing documents to be paid will be monitored. It is very necessary for the role and ability of employees (human resources) with discipline and cooperation in controlling and monitoring the plan and consistency of the scheduled absorption plan.

Procurement of Goods/Services has a positive and significant impact on Organizational Performance PT PLN (Persero) UIKL Sulawesi

Based on the results of data processing, the t-count value is 3.527 which is greater than the t-table value of 1.978 and the sig value of 0.000 is smaller than 0.05, indicating that the Procurement of Goods/Services has a positive and significant influence on Organizational Performance. This is in accordance with H3 which suspects that the Procurement of Goods/Services positively affects Organizational Performance. Thus H3 is accepted.

This shows that the higher the procurement of goods/services, the higher the organizational performance. This is because the procurement of goods/services that are not effective, efficient, transparent and competitive greatly impacts the achievement of organizational performance. With the implementation of the Procurement of Goods/Services that runs efficiently and transparently, minimizing the tender process will fail so that the work planning that has been previously planned can be carried out immediately so that it affects the input on achieving organizational performance targets and will ultimately have an impact on increasing customer service satisfaction.

Budget absorption has a positive and significant effect on Organizational Performance PT PLN (Persero) UIKL Sulawesi

Based on the results of data processing, the t-count value is 2.057 which is greater than the t-table value of 1.978 and the sig value of 0.04 is smaller than 0.05, indicating that Budget Absorption has a positive and significant effect on Organizational Performance. This is in accordance with H4 which suspects that Budget Absorption has a positive effect on Organizational Performance. Thus H4 is accepted, indicating that the higher the absorption of the budget, the higher the performance of the organization, and vice versa if the absorption of the budget is low, the performance of the organization is also low.

Organizational performance is the totality of the work achieved by an organization, achieving organizational goals means that the performance of an organization can be seen from the level of the extent to which the organization can achieve goals based on predetermined goals (Surjadi, 2009). PT PLN (Persero) UIKL Sulawesi has evaluated the realization of budget absorption related to the procurement of goods/services last year to improve the absorption of the budget for the procurement of goods/services next year and make the budget absorption target a very important performance for the company.

Procurement of Goods/Services has a positive and significant impact on Organizational Performance through Employee Performance PT PLN (Persero) UIKL Sulawesi

Based on the results of data processing, the t-count value is 2.671 which is greater than the t-table value of 1.978 and the sig value of 0.008 is smaller than 0.05, indicating that the Procurement of Goods/Services has an influence on Organizational Performance through Employee Performance which is positive and significant. This is in accordance with H5 which suspects that the Procurement of Goods/Services positively has an influence on Organizational Performance through Employee Performance. Thus H5 is accepted. Procurement of goods/services on organizational performance and employee performance is very important, because the procurement of goods/services is the rudder for a company in improving organizational performance through employee performance.

Business activities in an organization, especially in the implementation of the Procurement of Goods/Services, really need the understanding and competence of the organization's human resources so that the process can run effectively, efficiently, transparently and in a competitive spirit according to the applicable rules and will ultimately result in organizational performance becoming better.

Budget absorption has a positive and significant effect on Organizational Performance through Employee Performance PT PLN (Persero) UIKL Sulawesi

Based on the results of data processing, the t-count value is 2.671 which is greater than the t-table value of 1.978 and the sig value of 0.008 is smaller than 0.05, indicating that Budget Absorption has an influence on Organizational Performance through Employee Performance which is positive and significant. This is in accordance with H6 which suspects that Budget Absorption positively has an influence on Organizational Performance through Employee Performance. Thus H6 is accepted. Shows that the better the absorption of the budget, the more employee performance will have an impact on organizational performance.

Budget absorption that has been used as one of the organizational performance targets is very necessary level of discipline, cooperation and a sense of responsibility from the organization's human resources in planning and monitoring the absorption of the budget that has been programmed so that the realization of absorption is carried out according to the planned time, and in the end will results in better organizational performance due to the involvement of all employees in supporting the achievement of organizational performance.

Employee Performance has a positive and significant effect on Organizational Performance PT PLN (Persero) UIKL Sulawesi

Based on the results of data processing, the t-count value is 2.993 which is greater than the t-table value of 1.978 and the sig value of 0.003 is smaller than 0.05, indicating that employee performance has a positive and significant influence on organizational performance. This is in accordance with H7 which suspects that employee performance positively has an influence on organizational performance. Thus H7 is accepted. This shows that the higher the employee's performance, the higher the organizational performance, and vice versa if the employee's performance is low, the organizational performance is low.

Armstrong and Baron in Wibowo (2007), performance is the result of work that has a strong relationship with the organization's strategic goals, customer satisfaction and economic contribution. The success of individual performance is very influential on the work of the organization (Wibowo, 2007).

CONCLUSION

Based on the results of this study there are several conclusions that can be drawn, namely:

- 1) Procurement of goods/services has a positive and significant effect on employee performance. Where that the process of procurement of goods/services that is effective, efficient, transparent and competitive will have an impact on improving employee performance as a form of discipline and responsibility in carrying out tasks according to business processes at PT PLN (Persero) UIKL Sulawesi.
- 2) Budget absorption has a positive and significant effect on employee performance, this indicates that the higher the budget absorption, the more influential it will be on employee performance. Budget absorption plays an important role in creating smooth running in all aspects that run in the company. Budget absorption as a system is used as a planning and monitoring tool for all activities of an organization. Monitoring budget absorption in the previous year will provide better planning for the following year so that the goals of an organization can be achieved.
- 3) Organizational performance is very significantly influenced by the procurement of goods/services, where the better the process of procurement of goods/services, the organizational performance will increase. If the procurement of goods/services is not effective, efficient, transparent and competitive, it will greatly affect the achievement of organizational performance. With the implementation of the Procurement of Goods/Services that runs efficiently and transparently, minimizing the tender process will fail so that the work planning that has been previously planned can be carried out immediately so that it affects the input on achieving organizational performance targets and will ultimately have an impact on increasing customer service satisfaction.
- 4) Organizational performance is significantly influenced by budget absorption, this shows that the higher the budget absorption, the more organizational performance will be improved. With the absorption of the budget that has been well planned and there are no obstacles in the realization of the absorption of the budget in meeting the timeliness of the absorption that has been determined, it will have an impact on the achievement of organizational goals.
- 5) Procurement of goods/services has a positive and significant impact on organizational performance through employee performance, which shows that the higher the effectiveness of the procurement process for goods/services, the more employee performance will have an impact on organizational performance. Business activities in an organization, especially in the implementation of the Procurement of Goods/Services, really need the understanding and competence of the organization's human resources so that the process can run effectively, efficiently, transparently and in a competitive spirit according to the applicable rules and will ultimately result in organizational performance becoming better.
- 6) Budget absorption has a positive and significant impact on organizational performance through employee performance, where the better the budget absorption, the more employee performance will have an impact on organizational performance. In ensuring the absorption of the budget in the organization goes well, it is very necessary to have a level of discipline, cooperation and a sense of

responsibility from the organization's human resources in planning and monitoring the absorption of

the budget that has been programmed so that the realization of absorption is carried out according to the planned time, and in the end will provide results on organizational performance for the better because of the involvement of all employees in supporting the achievement of organizational performance.

- 7) Organizational performance is significantly influenced by employee performance, this shows that the better the employee's performance, the more organizational performance will be. With discipline, cooperation and involvement of all employees in supporting the achievement of performance targets, the goals and objectives of the organization will definitely be achieved.

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