



Implementation of the Program to Increase the Use of Domestic Products at the Department of Industry and Trade of East Java Province

Muhammad Ardiansyah Az Zhaahir^{1*}, Agus Sukristyanto², Achluddin Ibnu Rochim³

Universitas 17 Agustus 1945 Surabaya, Indonesia

Corresponding Author: Muhammad Ardiansyah Az zhaahir

azzhaahirardiansyah20@gmail.com

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ABSTRACT

This study raises issues related to the effectiveness of the Implementation of the Domestic Product Utilization Increase Program (P3DN) at the East Java Provincial Industry and Trade Office. The purpose of the study was to analyze the implementation of P3DN and the factors that support its success. The method used was a qualitative approach through interviews, observations and document analysis. The results of the study indicate that the implementation of P3DN focuses on increasing the use of local products and empowering domestic industries. This program is designed to reduce dependence on foreign products and increase the contribution of Micro, Small and Medium Enterprises (MSMEs) to the regional economy. In the Korten policy implementation model, P3DN includes programs that involve socialization and assistance to industry players, implementing organizations consisting of various Regional Apparatus Organizations (OPD), and target groups that include industry players and MSMEs.

INTRODUCTION

Current national development policies focus on development in all sectors with a comprehensive approach throughout the archipelago. The main directions in national development include improving the economy, reducing unemployment through job creation, reducing poverty rates, and increasing per capita income (Lukin et al., 2018). The central theme in development is economic growth and poverty alleviation. Research by Suryahadi and Sumarto (2001) shows that development success is often measured by changes in poverty levels. People living in poverty generally have limited business capabilities and minimal access to socio-economic activities (Saragi et al., 2023). In this context, poverty is closely related to the capacity and population in an area.

Issues regarding economic growth and poverty alleviation have always been a major focus in Indonesia, including in East Java. To that end, the East Java Provincial Government has set eleven Key Performance Indicators for the 2019-2024 period, which include the percentage of poor people, economic growth, and economic inequality. Various steps have been taken by local governments to address poverty, ranging from social assistance and protection to empowering micro and small businesses and improving infrastructure. In this context, there are two categories of poverty alleviation that are applied. First, rescue, which is a short-term effort to prevent poor households from falling deeper. Second, recovery, which is a long-term effort to reduce poverty through strengthening institutions, developing village economic infrastructure, and increasing human resource capacity (Saputro et al., 2023).

Based on the East Java Central Statistics Agency (BPS East Java, 2024), the number of poor people decreased by 0.56 percent, to 9.79 percent. If converted into the number of individuals, the number of poor people in East Java reached 3.983 million people or decreased by 0.206 million people compared to the same period in 2023. In the March 2023 - 2024 period, the percentage of urban poor people in March 2023 was 7.50 percent, down to 7.12 percent or down 61 thousand people in March 2024. Meanwhile, the percentage of rural poor people in March 2023 was 13.98 percent, down to 13.30 percent or down by 145 thousand people in March 2024.

Economic growth is one of the main indicators of the success of a region's development. In recent years we have experienced various challenges ranging from climate change, global uncertainty to the impact of the pandemic that has changed many aspects of our lives (Ananta & Qadri, 2024). However, we have also shown a high spirit to rise and adapt. This is proven by the economic growth of East Java which increased by 4.90 percent (c-on-c) percent in the second semester of 2024 with a total cumulative GRDP value up to Q2 of IDR 1,557.32 trillion Rupiah (ADHB) where this value contributed 14.43 percent to the National GDP and contributed 25.30 percent to the GRDP of Java Island, second after DKI.

Compared to other provinces in Java, East Java's economy was able to grow the highest in the second quarter of 2024 both y-on-y and q-to-q. This cannot be separated from the support of all parties including the government, business

actors and the community. In the second quarter of 2024, the East Java economy was still dominated by three sectors, namely the industrial sector at 30.82 percent, followed by the trade sector at 18.78 percent, and agriculture, forestry and fisheries at 10.81 percent. Meanwhile, 14 other sectors contributed 39.58 percent to East Java's GRDP (Source: BPS, 2024)

Industrial development is one of the main pillars of national economic development and poverty alleviation, which is directed by implementing the principles of sustainable industrial development based on aspects of economic, social, cultural, and environmental development. Currently, industrial development is facing global competition that greatly influences the development of national industry. Increasing industrial competitiveness is one of the choices that must be made so that national industrial products are able to compete domestically and abroad (Dirgantari et al., 2022).

In accordance with the mandate of Law Number 3 of 2014 concerning Industry, Article 85, that the government and business entities that use the APBN, APBD, government cooperation patterns with business entities, grants, and those that manage state-controlled resources are required to use domestic products in the procurement of goods/services in their environment. Furthermore, this is reinforced by Presidential Instruction Number 2 of 2022 concerning the Acceleration of Increasing the Use of Domestic Products and Micro, Small Business, and Cooperative Products in the Framework of Making the National Movement Proud of Indonesian Products a Success in the Implementation of Government Procurement of Goods/Services.

The Policy for Increasing the Use of Domestic Products (P3DN) is expected to significantly encourage and strengthen domestic industry, job creation, investment and increase the growth of Micro, Small and Medium Enterprises (MSMEs). P3DN is a real manifestation of raising the spirit of nationalism of the Indonesian nation in loving and using domestic products. The East Java Government continues to strive to encourage industries in East Java to have a Domestic Component Level (TKDN) certificate through technical socialization of TKDN calculations, accelerating the growth of import substitution industries based on regional resource potential, encouraging partnerships between SMEs and large industries in fulfilling equipment and machine components, providing opportunities for goods providers who have TKDN certificates to meet government needs through the Jatim Bejo platform, and providing coaching and competitive facilities for SMEs.

Meanwhile, on the downstream side, the East Java Government followed up through the East Java Governor's Instruction Number 1/INST/013/2022 concerning the Acceleration of Increasing the Use of Domestic Products and Micro, Small Business, and Cooperative Products in order to make the National Movement Proud of Indonesian Products a success in the Implementation of Government Procurement of Goods/Services within the East Java Provincial Government and has established a Team to Increase the Use of Domestic Products (P3DN) referring to the Decree of the Governor of East Java Number:

188/815/KPTS/013/2023 concerning the Team to Increase the Use of Domestic Products (P3DN) of East Java Province.

East Java Province has formed a P3DN Acceleration Team and prepared a P3DN Thematic Bureaucratic Reform action plan. The P3DN program is directed at encouraging strategies to reduce dependence on imported products, promote and increase the competitiveness of local products that have an impact on domestic economic growth. The P3DN program is considered to be able to provide a multiplication effect in creating an environment that supports the growth of the domestic economic sector, through the activation of backward and forward linkages of industries that can meet the needs of the domestic market. This will attract investment to Indonesia, which will allow for the expansion of employment opportunities and reduce the issue of poverty.

The East Java government continues to strive to accelerate the P3DN program through synergy with various stakeholders, encouraging leading industries in each region, improving the quality of industrial products, investment promotion, and digitalization efforts, both in market expansion, business management, and digitalization efforts for goods and services shopping systems. On the upstream side, acceleration of Domestic Component Level (TKDN) certification for industrial players in East Java, mapping of import substitution industries based on regional resource potential, supporting partnerships with large industries, and coaching and competitiveness facilities for SMEs.

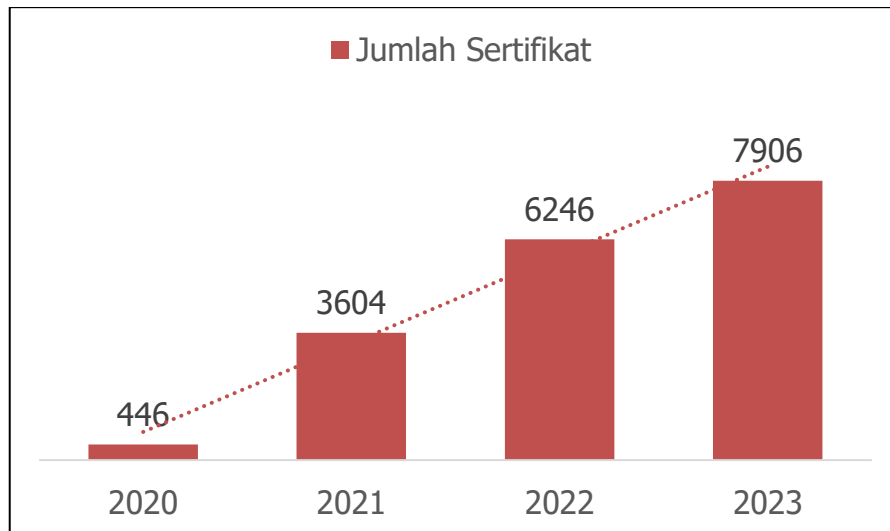


Figure 1 Number of TKDN Certificates in East Java 2020 – 2023

Source: data obtained from the Department of Industry and Trade of East Java Province.

Figure 1 shows that the number of Domestic Component Level Certificates (TKDN) in East Java shows a significant increasing trend from 2020 to 2023. In 2020, the number of TKDN certificates issued reached 446 certificates. This figure increased drastically in the following years, with 3,604 certificates in 2021, 6,246 certificates in 2022, and reaching 7,906 certificates in 2023. This increase reflects the government's efforts to encourage local industries to increase the use of

domestic components and reduce dependence on imports. The East Java government is committed to accelerating the P3DN program through various initiatives, including TKDN certification for industry players. Until 2024, 8,041 TKDN certificates have been issued from 1,097 companies, making East Java the province with the second largest number of TKDN certificates after West Java. This effort not only increases the competitiveness of local industries but also supports regional economic growth through investment promotion and digitalization.

The East Java Provincial Government initiated the Local Electronic Catalog and the JATIM BEJO Program or "East Java Online Shopping" which is currently collaborating with 5 marketplaces, namely Mbizmarket, gratisongkir, Indotrading, and Toko Gramedia. This effort is made to facilitate transactions for shopping for domestic goods and services while also recording the realization of domestic product shopping.



Figure 2 EAST JAVA BEJO Ecosystem

Source: data obtained from the Bureau of Procurement of Goods and Services, Regional Secretariat of East Java Province.

From Figure 2, it can be explained that the JATIM BEJO ecosystem, which is an initiative of the East Java Provincial Government, aims to facilitate transactions for shopping for domestic goods and services through a digital platform. By collaborating with five marketplaces, namely Mbizmarket, gratisongkir, Indotrading, and Toko Gramedia, JATIM BEJO not only expands public access to local products but also encourages regional economic growth. This initiative is important in the context of post-pandemic economic recovery, where digitalization of transactions is one solution to increase efficiency and transparency in the procurement of goods and services. Through a local

electronic catalog, the government can better record the realization of domestic product spending, which in turn can increase public trust in local products.

It is known that the East Java Province P3DN team has coordinated, mapped the availability of domestic products, and carried out promotions and socialization related to the use of domestic products. However, there is a condition that the East Java Provincial Government P3DN team has not yet committed to supervising the implementation of the P3DN program, which is indicated by the absence of P3DN program supervision activities in the Annual Supervision Work Program (PKPT) of the East Java Provincial Inspectorate for the 2024 Fiscal Year. This is evidenced by the aspect of compliance with policy implementation, there are differences between plans and realizations for the procurement of Domestic Products and Imported Goods, the realization of procurement of Imported Goods/Capital Expenditures is not in accordance with the provisions, there is a realization of procurement of goods/capital expenditures that do not meet the provisions of the Domestic Component Level (TKDN). Based on the problems that occur in the implementation of the Domestic Product Use Increase Program (P3DN) policy at the East Java Provincial Industry and Trade Service, the author feels the need to conduct in-depth research.

LITERATURE REVIEW

Public Policy Implementation

Policy implementation is a process related to what happens after a law is enacted, where the policy is given the authority to produce clear and measurable outputs (Muhammad Firyal & Widya Kurniati, 2018). The task of policy implementation functions as a link that enables the achievement of policy objectives through various government activities and programs. According to Nakamura and Smallwood (cited in Abdillah et al., 2022), aspects related to policy implementation include success in evaluating problems and translating them into more specific decisions. Wahab (2001:68) explains that policy implementation means implementing basic policy decisions, which are usually in the form of laws. However, implementation can also be in the form of important executive orders or decisions, as well as decisions from other judicial bodies. The decision aims to identify the problem to be addressed and clearly state the goals or objectives to be achieved, as well as various ways to structure and organize the implementation process (Ilman & Arumsari, 2021).

Policy Implementation Model

The program implementation model proposed by David C. Korten includes three important elements known as the fit model, which is based on the learning process approach. Korten emphasizes that the success of a program depends on the fit between three elements: the program itself, the program implementation, and the target group. In order for the program to be implemented well, these three elements must be compatible with each other. First, there is a fit between the program and the needs of the target group. Second, the fit between the program and the implementing organization, which includes the fit between the

tasks set by the program and the capabilities of the organization. Third, the fit between the target group and the implementing organization, which allows the target group to obtain results from the program according to their capacity. Based on the pattern developed by Korten, it can be concluded that program performance will not achieve the expected results if the three elements of implementation are not compatible with each other. If the results of the program do not meet the needs of the target group, then the benefits will not be felt. In addition, if the implementing organization does not have the ability to carry out the assigned tasks, then the results of the program will not be delivered effectively. Likewise, if the target group cannot meet the requirements set by the implementing organization, they will not benefit from the program. Therefore, the fit between the three elements of policy implementation is very important so that the program can run according to the established plan.

Program to Increase the Use of Domestic Products (P3DN)

The Domestic Product Utilization Enhancement Program (P3DN) is an initiative launched by the Indonesian government to encourage the use of local products in the procurement of goods and services. This program aims to reduce dependence on imported products, increase the competitiveness of domestic products, and support local economic growth. By prioritizing domestic products, it is hoped that jobs can be created and community welfare can be improved through the development of a stronger and more sustainable local industry.

The target group of the P3DN program includes various stakeholders, including the government, business entities, and micro, small, and medium enterprises (MSMEs). This program not only focuses on the large industrial sector, but also pays special attention to MSMEs, which are the backbone of the national economy. By involving various levels of society and economic sectors, P3DN aims to create strong synergy in supporting the growth of local products and raising awareness of the importance of using domestic products.

The legal basis for the P3DN policy is based on Law of the Republic of Indonesia Number 3 of 2014 concerning Industry, which provides a strong legal framework for the development of industry and the use of domestic products. In addition, Presidential Instruction Number 2 of 2022 is also an important instrument in encouraging the acceleration of the use of domestic products, by emphasizing the participation of all levels of government and society in making the National Movement Proud of Indonesian Products a success. This regulation creates clear guidelines for the implementation of the P3DN program throughout Indonesia, so that it can run effectively and in a coordinated manner.

METHODOLOGY

This research is a descriptive research that is analyzed using a qualitative approach with a research focus in order to...explain and analyze Implementation of the Policy of the Program to Increase the Use of Domestic Products (P3DN) at the Industry and Trade Office of East Java Province and identifying and analyzing supporting factors for the Implementation of the Policy of the Program

to Increase the Use of Domestic Products (P3DN) at the Industry and Trade Office of East Java Province. In describing the implementation of the program, the researcher conducted an analysis using the program implementation model from David C. Korten, which includes three main elements, namely the program itself, the program implementing organization, and the program target group. The data sources used are primary and secondary. Primary data is obtained directly through interviews and observations, while secondary data is obtained through literature studies or documentation (Sukirman, 2021). Data collection techniques through interview, observation and documentation processes (Sugiyono, 2014). The selection of interview informants who are considered competent to provide information that is in accordance with the research focus is carried out using the purposive sampling method (Creswell, 2008). The data analysis used is interactive analysis by Milles and Huberman where the data analysis process begins with data reduction, data presentation and drawing conclusions (Sugiyono, 2013). Data collected from the observation, interview, and documentation processes are tested for data validity using data source triangulation techniques. where data from the interview, observation, and documentation processes are presented so that conclusions can be drawn (Moleong, 2014). Triangulation of data sources involves using multiple sources of information to verify the findings obtained (Elia & et al., 2023). By comparing data from interviews, observations, and documentation, researchers can ensure that the information collected is consistent and accurate. This helps reduce bias that may arise from a single source of data (Sahir, 2022).

RESULTS AND DISCUSSION

Implementation of the Domestic Product Utilization Increase Program (P3DN) at the Industry and Trade Service of East Java Province

Each program has important implementation stages to ensure that the program can be controlled and achieve the goals that have been set. One of these stages is implementation, which is a real action of a plan that has been prepared carefully and in detail. This process is very crucial because the success of a program is very dependent on the quality of the preparation and planning carried out beforehand. Therefore, in this discussion, the researcher will describe and analyze the implementation process of the Domestic Product Utilization Increase Program (P3DN) at the Industry and Trade Office of East Java Province, by referring to the program implementation model proposed by David C. Korten.

1. Program

According to Korten, it is important to ensure that the program being implemented is in accordance with the needs of the target group. Indicators of an effective program include several elements, such as clear objectives, policies taken to achieve these objectives, an estimate of the budget required, and a planned implementation strategy. The Domestic Product Utilization Increase Program (P3DN) in East Java Province is a strategic initiative that aims to increase the use of local products, empower domestic industries, and strengthen the

national industrial structure. In this case, P3DN acts as a liaison between government needs and domestic industrial capacity, with the hope of reducing dependence on imported products and creating more job opportunities for the community.

The main objective of P3DN is to optimize government spending and save foreign exchange. By increasing the use of domestic products, this program is expected to create new jobs and increase industrial efficiency, so that local products can compete in the global market. P3DN also focuses on the development of Micro, Small, and Medium Enterprises (MSMEs) as part of an effort to increase the contribution of the processing industry sector to the regional economy.

The implementation of P3DN in East Java involves various strategic steps, including socialization, mentoring, and increasing the certification of the Domestic Component Level (TKDN). The Industry and Trade Office of East Java Province plays an active role in implementing this policy by involving industry players and MSMEs to increase their capacity to meet market needs. This creates synergy between the government and industry players, so that local products can be more easily accessed in government procurement of goods and services.

The regulatory basis for the P3DN policy includes various regulations that support the implementation of this program, such as Law Number 3 of 2014 concerning Industry and Presidential Instruction Number 2 of 2022 concerning the Acceleration of Increasing the Use of Domestic Products. This policy provides a clear legal framework for the implementation of P3DN and ensures that all government agencies maximize the use of domestic products in procurement activities for goods and services funded by the APBN/APBD. The policies implemented in P3DN include program socialization, training, and periodic evaluations to ensure that all activities run according to plan. The Industry and Trade Service also conducts business matching to create synergy between the government and industry players, so that local products can be more easily accessed by government agencies. With this approach, it is hoped that it can increase awareness and understanding of the importance of using domestic products.

Table 1 Description of P3DN Performance Tree

Theme	Target	Indicator	Operational Definition	Target		The problem	Target	Indicator
				2023	2024			
Increase Use of Domestic Products (P3DN)	Increasing Use of Domestic Products	Percentage of PDN spending to goods/services spending budget	Amount of PBJ Shopping using PDN	85 %	87 %	Utilization of the Shopping Budget is not yet optimal for purchasing	The realization of a good procurement management system for goods and services	Procurement Governance Index (ITKP)

Theme	Target	Indicator	Operational Definition	Target		The problem	Target	Indicator
				2023	2024			
						domestic products	Increasing PDN Shopping Support Facilities	TKDN Growth Percentage
							Increasing Commitment to Use PDN in RUP	Total achievements of RUP PDN

Source: Documentation of the Industry and Trade Service of East Java Province.

The performance tree is an important tool in P3DN planning, which aims to align strategic targets with real needs in the field. Through the preparation of the performance tree, local governments seek to understand the specific needs of industry players and the community. This is important to ensure that this initiative can provide significant impact and is relevant to existing conditions. One of the key elements in the P3DN performance tree is the Procurement Governance Index (ITKP), which serves as an indicator to assess the quality of the procurement governance system for goods and services. ITKP reflects how well the procurement process is carried out, including transparency, accountability, and efficiency. In addition, improving supporting facilities for PDN spending and growing the Domestic Content Level (TKDN) are also the main focus. This shows that the success of P3DN depends not only on policies, but also on infrastructure and systems that support effective procurement of goods and services.

In its implementation, the P3DN performance tree faces various challenges, one of which is the suboptimal utilization of the spending budget for purchasing domestic products. Although there are clear targets, such as achieving 85% of PDN spending against the goods/services spending budget in 2023 and 87% in 2024, realization in the field still needs to be improved. This shows that there is still room for improvement in terms of budget management and spending priorities.

Table 2 P3DN program compliance index

Level of Analysis	Dimensions	Score
Organization	Internal Policy Design and Implementation	23
	P3DN Institution	6
	Requirements Planning	6
PBJ Contract	Procurement Planning	15
	Procurement Implementation	20
Total Score		70

Source: Documentation of the Department of Industry and Trade of East Java Province

The compliance index of the P3DN program in East Java reached a score of 70 out of 100, indicating that despite progress, there is still room for improvement in the implementation of this program. An evaluation conducted by the Financial and Development Supervisory Agency (BPKP) showed that there are several dimensions that need attention, including the design and implementation of internal policies and procurement planning.

The score of the P3DN Utilization Improvement program in the East Java Provincial Government of 70 does not include the value inputted by the East Java Provincial Inspectorate because until the deadline for filling in on December 15, 2023, the Provincial Inspectorate had not inputted the APIK P3DN application. In addition to BPKP, the East Java Provincial Inspectorate Team has conducted a Review of the P3DN (Increasing the Use of Domestic Products) Achievements for Semester I of 2024 according to the Task Order of the Acting Governor of East Java Number: 800.1.11.1/1532/060/2024 dated July 1, 2024. The review has been carried out in accordance with Government Regulation of the Republic of Indonesia Number 60 of 2008 concerning the Government Internal Control System, the Indonesian Government Internal Audit Standards, so that adequate requirements are obtained that the evaluation results have been supported by competent evidence. The purpose of the review of the achievement of the acceleration of the use of domestic products (P3DN) is to provide analysis results on regional government policies, commitments to allocate domestic product spending (PDN), realization of PDN spending commitments, and identification of problems prioritizing domestic products, as well as suggestions for improvement on the problems found. From the results of the Review of the East Java Provincial Inspectorate Team.

Overall, the implementation of P3DN in the Industry and Trade Office of East Java Province shows the government's commitment to empowering local industries and increasing the use of domestic products. With a structured action plan and continuous evaluation, this program can adjust to the needs of the target, so that it can provide optimal benefits to the community. P3DN acts as a driving force in increasing the contribution of important sectors such as the processing industry, trade, and agriculture to East Java's GRDP. By increasing the use of domestic products, this program not only strengthens the structure of the local industry but also creates more job opportunities. Through better collaboration between the government and industry players, P3DN can be more effective in driving sustainable economic growth. By overcoming existing obstacles and increasing the production capacity of local industries, this program is expected to have a significant impact on the economy of East Java. The implementation of the Domestic Product Utilization Increase Program (P3DN) in the Industry and Trade Office of East Java Province shows great potential to strengthen local industries and increase the use of domestic products. With a strong policy foundation, structured action plan, and continuous evaluation, P3DN can be an effective tool in achieving regional and national economic goals.

2. Program Implementing Organization

Korten emphasized the importance of a fit between the program and the implementing organization, meaning that the tasks set in the program must be in line with the capabilities of the organization implementing it. Thus, the capabilities of the implementors are an important factor influencing the success of the implementation process. Edward II also explained that disposition, which includes the character and traits possessed by the implementor, plays a significant role in this. If the implementor has a positive disposition, they tend to implement the policy better.

The organizational structure of the Industry and Trade Service in implementing the P3DN (Increasing the Use of Domestic Products) program in East Java Province has integrated components and functions synergistically. The Industrial Facilities and Infrastructure, Supervision, and Control Sector is responsible for implementing the P3DN program, with support from the Sub-Coordinator of the Industrial Facilities and Infrastructure Sub-Substantive. This shows that the P3DN program is not only the responsibility of one work unit, but involves various fields that support each other to achieve the goals that have been set.

The establishment of the East Java Province P3DN Team through Governor's Decree Number 188/195/KPTS/013/2022 and updated with Governor's Decree Number 188/815/KPTS/013/2023 indicates the commitment of the regional government to increasing the use of domestic products. This team is led by the Provincial Secretary and the Head of the Industry and Trade Service as the daily Chair, which shows the importance of leadership positions in directing and coordinating various activities related to P3DN. The main function of this team is to prepare a strategic action plan for program implementation, which includes mapping domestic products and promoting their use.

The implementing organization for the P3DN (Increasing the Use of Domestic Products) program in East Java Province is the Team for Increasing the Use of Domestic Products which was formed through a Governor's Decree. This team is led by the Regional Secretary of East Java Province and the Head of the Industry and Trade Service of East Java Province as the daily Chair. In addition, the implementation of this program also involves the Infrastructure, Supervision, and Industrial Control Sector of the Industry and Trade Service.

The tasks and responsibilities carried out by the implementing organization in the P3DN (Increasing the Use of Domestic Products) program in East Java Province are very diverse and strategic. The implementing organization is responsible for preparing a comprehensive monitoring work plan. This plan includes mapping available domestic products, as well as strategies to increase their use in government procurement of goods and services. This is important to ensure that local products get the attention they deserve and can compete with foreign products.

The implementing organization is also responsible for monitoring and evaluating the implementation of the P3DN program. This includes monitoring the implementation of the action plan that has been prepared, as well as assessing

the effectiveness of the program in increasing the use of domestic products. This monitoring aims to identify obstacles that may arise and find appropriate solutions to overcome them, so that the program can run according to the targets that have been set. In addition, the implementing organization is also expected to coordinate with various government agencies and State-Owned Enterprises (BUMN) to ensure synergy in program implementation. This responsibility includes preparing periodic reports on program achievements, as well as developing staff capacity through training and communication forums to improve the effectiveness of P3DN implementation. Thus, the implementing organization has a key role in driving the success of the P3DN program in East Java Province.

For the success of the implementation of the P3DN program, it is necessary to have the disposition (attitude) of the implementer who has the ability to carry out the task well. The ability of the implementing organization to meet the requirements set by the P3DN (Increasing the Use of Domestic Products) program in East Java Province shows positive developments. With the fulfillment of P3DN which has reached 53% for 2023, this organization has exceeded the minimum standard set at 40%. This reflects the serious commitment and efforts of the P3DN Team in increasing the use of domestic products, and shows that the strategies implemented so far have begun to produce significant results.

The movement of the P3DN fulfillment rate from 11% to 22% and then increasing to 30.6% in a relatively short time indicates good dynamics in program implementation. This shows that the implementing organization is not only able to plan, but also implement and evaluate the program effectively. This increase also reflects a rapid response to the challenges faced, as well as the ability to adapt to changing situations.

The target set to reach 90% by 2024 shows the high ambition of the implementing organization. This requires more mature planning, capacity building, and better collaboration between various related agencies. With a clear and measurable work plan, the implementing organization can be more focused in achieving the target. This also reflects the awareness of the importance of using domestic products in supporting the local and national economy.

The cognition or understanding and knowledge of the Domestic Product Utilization Enhancement Team is a key factor in the success of the P3DN program. This team must have a deep understanding of domestic products, including their advantages, quality, and market potential. This knowledge will help the team formulate appropriate strategies to promote and increase the use of local products among the government and the community. In addition, training and capacity building for team members are also very important. By participating in communication forums and training activities, team members can update their knowledge of policies, regulations, and best practices in the procurement of goods and services. This will increase the effectiveness of the team in carrying out their duties and responsibilities, as well as strengthen coordination with other agencies.

The implementation of the Domestic Product Utilization Enhancement Program (P3DN) in East Java Province reflects the importance of the match between the program and the capabilities of the implementing organization. With the achievement of P3DN fulfillment increasing from 11% to 30.6% in a short time, the implementing organization shows that they are not only able to plan, but also implement and evaluate the program effectively. This shows a quick response to the challenges faced, as well as the ability to adapt to changing situations, which are important indicators of the match between program tasks and organizational capabilities.

The success of the P3DN program is also influenced by the organization's ability to monitor and evaluate the implementation of the program. By conducting regular evaluations, the organization can identify obstacles that arise and find the right solutions to overcome them. This creates a cycle of continuous improvement, where each evaluation can be used as a basis for better planning in the future. Thus, the combination of available resources and the effectiveness of the implementing organization is key to achieving the objectives of the P3DN program, in accordance with Korten's view of the importance of the fit between the program and the implementing organization.

3. *Program Target Group*

Korten emphasizes the importance of the target group element in a program. This means that there must be alignment between the program's objectives and the results set by the implementing organization, so that the program's objectives can benefit the target group. If the target group is unable to meet the objectives set by the implementing organization, then they will not get results from the program. Therefore, synergy between the implementer and the program's targets is very important so that both parties can mutually benefit from the implementation of the program.

The Domestic Product Utilization Enhancement Program (P3DN) in East Java Province has clear target groups, namely the Government, State-Owned Enterprises (BUMN), and large, medium, and small industry players. In accordance with the mandate of Law Number 3 of 2014 concerning Industry, the government and business entities that use public funds are required to use domestic products in the procurement of goods and services. This shows that the P3DN program does not only focus on industry, but also on the role of government in encouraging the use of local products.

In the context of Korten's program implementation theory, the target group of the P3DN program can be analyzed through indicators that include understanding and participation. To ensure that the target group understands the benefits of the P3DN program, the government needs to conduct effective socialization and provide clear information about the P3DN program. One way to measure this understanding is to see the fulfillment of the minimum target of 40% of the budget set by the government. If the target group can meet this target, it can be concluded that they understand and apply the benefits of the P3DN program. In addition, the increase in the number of industries that have Domestic

Component Level (TKDN) certificates is also an important indicator in assessing the understanding of the target group. With 43,364 TKDN certificates that have been issued, it shows that the industry in East Java is increasingly aware of the importance of this certification to participate in the procurement of goods and services. This is in line with Korten's theory which emphasizes the importance of active participation from the target group in program implementation.

The Domestic Product Utilization Enhancement Program (P3DN) in East Java Province sets several requirements for target groups to be able to participate effectively. The main requirement that must be met by industry players is to have a Domestic Component Level (TKDN) certificate with a minimum achievement of 25% plus Domestic Raw Materials (BMI) of 15%, so that the total reaches 40%. This TKDN certificate is an important requirement to participate in the procurement of goods and services, both at the government and private levels. With this requirement, it is hoped that local industries can increase the use of raw materials and components produced domestically, thereby supporting local economic growth. The government has simplified the product registration and certification procedures, including through the SIINAs system which is specifically designed for small industries. This aims to reduce the obstacles that industry players, especially those on a small scale, may face in obtaining the necessary certificates. With this convenience, it is hoped that more industries can participate in the P3DN program.

Assessment of the target group's ability to meet the specified requirements can be done through several indicators. One of them is the number of TKDN certificates that have been issued. Currently, there are more than 43,364 TKDN certificates that have been issued, which shows that many industries in East Java have met the specified requirements. Most industries are currently able to meet the requirements for obtaining TKDN. This is proven by the fact that there are 43,364 TKDNs that have been issued through the assessment scheme by the Indonesian Verification Institute appointed by the Ministry of Industry and 25,018 TKDNs for small industries issued through SIINAs. However, there are indeed industries that have not been able to be produced domestically, including medicines and modern medical devices. In addition, assessments can also be made by looking at the level of industrial participation in the procurement of goods and services that use domestic products. If the industry is able to meet the minimum target of 40% of the budget that has been set, then it can be concluded that they understand and are able to meet the requirements of the P3DN program.

Domestic Component Level (TKDN) certification provides a number of specific benefits for industry, especially in the context of procurement of goods and services. TKDN certification is a primary requirement for participating in government and state-owned enterprise procurement. By having a TKDN certificate, industry can access wider contract opportunities, which in turn can increase revenue and business growth. This is very important for local industries, especially small and medium-sized ones, to expand their markets and increase competitiveness at the national level. TKDN certification also serves as

recognition of the quality and commitment of the industry in using raw materials and components produced domestically. By achieving a high TKDN level, industry shows that they are contributing to the development of the local economy and reducing dependence on imported products. This not only improves the company's image in the eyes of consumers, but can also attract the attention of investors and business partners who prefer to work with companies that are committed to using domestic products. Obtaining TKDN certification can encourage innovation and improve product quality. The process of obtaining this certificate often involves evaluating and improving production standards, which can spur industry to invest in better technology and processes. Thus, the industry not only qualifies for procurement, but also increases the competitiveness of their products in domestic and international markets. This is in line with the goal of the P3DN program to create a sustainable and highly competitive industrial ecosystem.

In the context of Korten's program implementation theory, the target group element is very crucial to achieve program objectives. Korten emphasized that the suitability between program objectives and the achievements set by the implementing organization is the key to ensuring that the program benefits can be felt by the target group. If the target group is unable to meet the set objectives, then they will not get results from the program. Therefore, synergy between the program implementer and target is very important so that both parties can mutually benefit from the program implementation.

The Domestic Product Utilization Enhancement Program (P3DN) in East Java Province reflects the principles promoted by Korten. In this program, the government and industry players, including State-Owned Enterprises (BUMN) and large, medium, and small industries, are expected to collaborate to achieve common goals. The main requirement to participate in this program is to have a Domestic Component Level (TKDN) certificate with a minimum achievement of 40%. This shows that there is hope that the target group can meet the established criteria, so that they can feel the benefits of the P3DN program.

Supporting Factors for the Implementation of the Domestic Product Utilization Increase Program (P3DN) at the Industry and Trade Service of East Java Province

The following is an analysis of the Supporting Factors for the implementation of the Domestic Product Utilization Increase Program (P3DN) at the Industry and Trade Service of East Java Province.

1. Suitability of the P3DN Program to the Needs of the Target Group

In the context of P3DN, the local government seeks to understand the specific needs of industry players, especially Micro, Small, and Medium Enterprises (MSMEs). Through an inclusive approach, such as the preparation of a performance tree, the government can align the strategic objectives of the program with real needs in the field. This shows that the P3DN program is not just an initiative, but also a response to the challenges faced by the local industry.

One indicator of the success of P3DN is the increased use of domestic products by government agencies. In this case, the P3DN program is designed to encourage government agencies to maximize the use of local products in the procurement of goods and services. With the existence of supporting regulations, it is hoped that government agencies can more easily implement this policy, thus providing a positive impact on the local industry. The suitability of the program with the needs of the target is a key factor in the successful implementation of P3DN in East Java. By understanding and responding to the needs of the community and industry players, this program can provide significant benefits and empower the community. Therefore, it is important for all parties involved to continue to commit to ensuring this suitability.

2. The Capabilities of the Implementing Organization

The success of the implementation of the Domestic Product Utilization Enhancement Program (P3DN) in East Java is greatly influenced by the ability of the implementing organization. An effective implementing organization has an important role in planning, implementing, and evaluating the program, so that it can achieve the goals that have been set. One indicator of the ability of the implementing organization is the level of fulfillment of the set targets. In the case of P3DN, the achievement of program fulfillment increased from 11% to 30.6% in a short time, indicating that the implementing organization was able to respond to challenges and implement the action plan well. This increase reflects the positive dynamics in program implementation, which is highly dependent on the capacity of the organization. The ability of the implementing organization is also closely related to the disposition and attitude of the implementor. According to Korten, a good disposition from the implementor will affect the overall success of the program.

3. Supportive Policies

The implementation of the Domestic Product Utilization Enhancement Program (P3DN) in East Java is greatly influenced by supporting policies. This policy serves as a foundation for program implementation, provides clear direction, and creates a conducive environment for the use of local products. One of the main policies supporting the Domestic Product Utilization Enhancement Program (P3DN) is the allocation of a budget for domestic product spending by the regional government. This policy aims to encourage the use of local products in government procurement of goods and services, which is expected to increase the competitiveness of local industries and strengthen the regional economy. With a clear budget allocation, regional governments can focus more on prioritizing domestic products in every procurement.

CONCLUSION AND RECOMMENDATIONS

From the description and analysis of the discussion of the research results on the implementation of P3DN in East Java, it can be concluded that;

- 1) The results of the study show that the implementation of P3DN focuses on increasing the use of local products and empowering domestic industries. This program is designed to reduce dependence on foreign products and increase the contribution of Micro, Small, and Medium Enterprises (MSMEs) to the regional economy.
 - a) The P3DN program aims to increase the use of local products, empower local industries, and strengthen the national industrial structure. This is done by optimizing government spending to reduce dependence on foreign products, as well as creating more job opportunities and increasing industrial efficiency.
 - b) The implementing organization, the Domestic Product Utilization Improvement Team formed through the Governor's Decree, is responsible for implementing this program. This team is led by the Regional Secretary and the Head of the Industry and Trade Service, which shows the commitment of the regional government in directing and coordinating activities related to P3DN. Their duties include preparing a comprehensive monitoring work plan and mapping domestic products.
 - c) Target group, this program targets various parties, including local governments, BUMN, and local industry players. Through training and socialization, it is expected to improve coordination and communication between the P3DN National Team and the P3DN Team in the regions, as well as support program evaluation to achieve domestic product spending targets.
2. Based on the results of research on supporting factors for the implementation of the Domestic Product Utilization Increase Program (P3DN) at the Industry and Trade Service of East Java Province, the following conclusions can be drawn:
 - a) The suitability of the Domestic Product Utilization Increase (P3DN) program with the needs of the target group is a crucial element that determines the success of the P3DN program implementation at the East Java Provincial Industry and Trade Office. By understanding and responding to the needs of the community and industry players, especially Micro, Small and Medium Enterprises (MSMEs), the P3DN program can be designed inclusively and effectively. The P3DN program has clear objectives, appropriate policies and effective implementation strategies so that it provides significant benefits and empowers local communities. This suitability not only increases public trust in domestic products, but also creates a positive cycle that supports regional economic growth.
 - b) The ability of an effective implementing organization to plan, implement, and evaluate the program well, so that it can meet the set targets, as seen from the increase in program fulfillment from 11% to 30.6% in a short time. In addition, the ability to adapt to

the needs of the community and industry players, as well as to carry out regular monitoring and evaluation, is very important to identify obstacles and find the right solutions. By strengthening the capacity of implementing organizations through training and development, the P3DN program can provide significant benefits and empower the community, creating synergy between the various parties involved.

- c) Policies that support the implementation of the Domestic Product Utilization Enhancement Program (P3DN) in East Java play a crucial role in encouraging the use of local products and strengthening the regional economy. With the policy of allocating budget for domestic product spending by the regional government, the regional government not only creates a conducive environment for local industry, but also increases the competitiveness of local products through incentives that encourage innovation and quality improvement.

ADVANCED RESEARCH

The implementation of the Domestic Product Utilization Enhancement Program (P3DN) in East Java demonstrates a strategic alignment between policy objectives and regional economic development, emphasizing the empowerment of local industries and the reduction of dependence on foreign products. The structured approach, led by the Domestic Product Utilization Improvement Team, ensures systematic coordination between governmental bodies, state-owned enterprises (BUMN), and industry players, particularly MSMEs, fostering a more inclusive industrial ecosystem. The program's effectiveness is underscored by a significant increase in domestic product utilization, rising from 11% to 30.6% within a relatively short period, highlighting the adaptability and efficiency of its implementation framework. However, the sustainability of this progress hinges on continuous capacity building, dynamic policy adjustments, and the reinforcement of monitoring and evaluation mechanisms to address emerging challenges. Furthermore, the allocation of regional budgets specifically for domestic product spending enhances local industry competitiveness by incentivizing innovation, improving product quality, and facilitating market expansion. By strengthening institutional capabilities and fostering cross-sectoral collaboration, P3DN not only accelerates regional economic resilience but also contributes to the broader national agenda of industrial self-sufficiency and sustainable economic growth.

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