The Effect Of Implementation E-Procurement On Implementation Of Procurement Of Goods Or Services And The Impact On The Absorption Of The Capital Expenditure Budget

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ABSTRACT
Electronic Procurement of Goods/Services (e-procurement) aims to produce the right goods/services from every money spent, measured from the aspects of quality, quantity, time, cost, location, and providers that have the ultimate goal of achieving the absorption of government spending budgets, especially capital spending absorption. The purpose of this study was to ascertain how the adoption of e-procurement affected the acquisition of goods and services and how it affected the Magelang Regency Government's ability to absorb capital spending budgets. The population of this study was 34 Regional Apparatus Organizations (OPD) in the Magelang Regency Government, with 100 respondents who were procurement actors. The method used is a quantitative method. The data source is primary data with data collection techniques through questionnaires. The data analysis method uses SEM PLS, with the results of all studies showing that the implementation of e-procurement in the implementation of government procurement of goods/services has a positive and significant effect on the absorption of capital budgets in the Magelang Regency Government.

Keywords: E-Procurement, Procurement of Goods/Services, Budget Absorption, Capital Expenditure.

1. INTRODUCTION

Law Number 32 of 2004, as amended by Law Number 23 of 2014 concerning Regional Government, is the main instrument in the administration of regional government because it regulates regional autonomy, which, according to [30], one of the aims is to improve welfare. community and improve the quality and quantity of public services. So, the regional government makes the annual financial plan in the Regional Revenue and Expenditure Budget (APBD) to achieve the goal of regional autonomy. In the structure of the Regional Revenue and Expenditure Budget (APBD), government expenditure that supports the development of community welfare is reflected in the capital expenditure account.

The aim of government capital expenditure is to improve necessary public services, such as health, education, clean water, transportation, infrastructure, and other public facilities. This capital expenditure is structured in the APBD as government expenditure, showing government support for improving community welfare. This capital expenditure will be felt by the community and support prosperity if it is in accordance with the concept of value for money, which, according to [7], means that local governments must always act in an economical, efficient, and effective way when obtaining funds and using them. This aims to encourage local governments to always pay attention to how budget funds should be used.

To measure how the performance of budget funds has been used, budget absorption is one of the benchmarks for government performance, in this case, the regional government, as mandated by Minister of Finance Regulation (PMK) no. 249/PMK.02/2011 Capital expenditure budget absorption is defined as the accumulated realization of work unit capital expenditure budgets that have been realized divided by the accumulated capital expenditure budget ceiling. One of the reasons for

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low APBD absorption stems from the low level of capital expenditure budget absorption. Failure to achieve this budget absorption target shows that the budget is allocated inefficiently and ineffectively [3].

The absorption of the Magelang Regency Regional Government's capital expenditure budget has been in a low position. Namely, it has not yet reached 90%, let alone more.

Table 1. Realization of Capital Expenditures for the 2013-2023 Fiscal Year

Year	Capital Expenditure (Rp.)	Capital Expenditure (%)
2013	108.603.624.493,00	36,82
2014	319.022.187.365,00	73,22
2015	247.898.792.628,00	71,82
2016	353.167.692.583,00	72,5
2017	502.862.222.437,00	75,58
2018	501.727.375.261,00	84,47
2019	386.529.995.844,00	81,35
2020	214.407.058.402,00	83,13
2021	251.160.713.253,00	87,18
2022	304.002.891.493,00	90,48
2023	333.918.122.609,00	95,23

Source: Magelang Regency Government LRA audited by BPK 2013-2023

Table 1. above shows that the percentage of capital expenditure budget absorption in the Regional Government of Magelang Regency is low before 2022 and 2023, even at 36.82% in 2013. This happens because, before 2014, procurement activities for both goods and services were included in expenditures. Regional government capital is still done manually and has not been systemized using e-procurement.

The Regional Government of Magelang Regency has made various efforts to overcome this problem and improve the absorption of the capital expenditure budget, including by implementing e-procurement to ensure the availability of information and business opportunities, as well as to encourage healthy and competitive competition. This is in line with research [25], which found that purchasing goods and services at Sam Ratulangi University had a positive effect and significant impact on budget absorption. E-procurement of government goods and services has a positive and significant effect on budget absorption [6]. The implementation of e-procurement, which consists of e-tendering and e-purchasing in the Magelang Regency Regional Government, has been proven to be able to increase the percentage of capital expenditure in the Budget Realization Report (LRA) from 2014-2022 in the range of 70-90% and reached 95% in 2023.

However, despite the relatively good figures for achieving annual budget absorption, the allocation of budget absorption in general still often misses the budget absorption target in both the first quarter and the first semester, so regional government spending often piles up in the second semester and the final quarter of the year. Budget, especially on capital expenditure. This occurred due to various obstacles faced, both administrative and technical [10]. The tender process is slow to be implemented, the late ratification of the Budget Implementation Document (DPA), the late response and disposition of implementing activities at the relevant Regional Apparatus Organizations (OPD), the reluctance of employees to become Commitment Officials (PPK), the difficulty of getting certified employees who are experts in procurement of goods/services in OPD, as well as budget allocations which often experience unexpected shifts, delays and refocusing due to expenditures required to meet urgent and unexpected needs after handling COVID-19 or other unexpected disasters [2].

From the background above, it is clear that the use of e-procurement has not been maximized in the procurement of goods and services. The aim of this research is to determine the effect of implementing e-procurement on the procurement of goods/services and its impact on the absorption of the capital expenditure budget in the Regional Government of Magelang Regency. This research is also expected to provide benefits for the Regional Government of Magelang Regency in conducting performance evaluations regarding budget absorption, as well as formulating future control measures that are expected to be able to optimize APBD budget absorption in each period of the fiscal year.

2. THEORETICAL STUDY

2.1. Regional Revenue and Expenditure Budget (APBD)

The Regional Revenue and Expenditure Budget (APBD) is an estimation document that covers the income and expenditure of a region. Minister of Home Affairs Regulation (Permendagri) number 77 of 2020 states that all forms of regional revenue and regional expenditure must be recorded and managed in the APBD.

2.2. Capital Expenditure

Capital expenditures are expenditures that originate from the government budget and are used to acquire fixed assets or other assets that will provide benefits for more than one accounting period. They are also used by the government to carry out its duties. This capital expenditure is intended for capital formation. The capital formation referred to here is in the form of fixed assets, namely land, equipment, machinery, buildings and structures, animals, and so on. Because capital expenditure is expenditure where the benefits tend to exceed one year, and its nature is to increase government assets, this will also increase the routine budget for operations and maintenance. Thus, the Regional Government must be able to allocate the capital expenditure budget properly because capital expenditure is one of the steps taken by the Regional Government to improve services to the public in order to face fiscal decentralization.

2.3. Procurement of Goods/Services

Based on Presidential Decree number 4 of 2015 as amended by Presidential Decree number 16 of 2018 as amended by Presidential Decree number 12 of 2021, in article 1 it is stated that Government Procurement of Goods/Services, hereinafter referred to as Procurement of Goods/Services, is the activity of Procurement of Goods/Services by the Ministry /Institutions/Regional Apparatus financed by APBN/APBD, the process begins from identification of needs to handover of work results. In the procurement of goods/services, there are two parties who have mutual interests. Namely, the first is a government agency, BUMN or BUMD, which makes an offer for the procurement of goods/services, and the second party is an individual provider or company who actively offers to fulfill the request.

In its implementation, government goods/services are carried out electronically and in a system (electronic procurement). E-procurement consists of e-tendering and e-purchasing. E-tendering is the process of selecting providers of goods and services that is carried out openly. All providers of goods and services registered in the electronic procurement system can bid simultaneously within the specified time. Meanwhile, E-Purchasing is a method of purchasing goods and services provided by the government through an electronic catalog system or online shop.

2.4. Budget Absorption

The performance of public sector organizations or government entities is measured through budget absorption. According to [17], a budget is a statement of expected performance, expressed in specific financial measures, that must be met over a given time period. The performance of managers, in this case regional heads, will be assessed based on the achievement of budget targets and how much has been achieved. Performance assessment is carried out by analyzing the deviation of actual performance from the budgeted value.

The APBN/APBD absorption process is a process where all activities that have been detailed in the Budget Implementation Document (DPA) of each Apparatus Organization/Device Work Unit (SKPD) are carried out, and payments are made to parties entitled to receive them or in other words state expenditure has occurred. State expenditure is defined as the amount of money that comes out of the state treasury [18]. According to Lubis's opinion research [1], the effectiveness of budget absorption is emphasized primarily on the achievement of everything that is done, namely having efficiency (precise, fast, economical, and safe).

The factors causing low budget absorption include revisions in the DPA due to incompatibility with needs in the department, delays in the issuance of implementation instructions (*juklak*), and technical instructions *(juknis*) regarding activities to be carried out. Delays in determining the PPK and implementing activities, changes in regulations that result in differences in disbursement requirements, delays in the procurement of goods and services/tenders, conditions in which partners do not disburse down payments or payment terms, and there is a procurement schedule which is implemented at the end of the fiscal year.

Relevant previous research is (1) research conducted [4] with the title Application E-Procurement. The process of procuring goods and services in Malang Regency The results show that the implementation of e-procurement has a positive effect on the goods/services procurement process in Malang Regency. Research (2) was conducted by [10], entitled Analysis of Factors Affecting Budget Absorption in the Batang Regency Regional Government with the results of the goods and services procurement process influencing budget absorption. (3) Research on analysis of factors in the implementation of government procurement of goods/services using e-procurement on budget absorption in Sabang City conducted [33] results that the influence of

goods/services procurement factors e-procurement The factors that influence budget absorption are the dominant variables transparency, accountability and access to information.The results of implementing electronic procurement, or e-procurement, have an impact on the absorption of the capital expenditure budget, according to Study (4), which takes as its theme The Influence of Implementing E-Procurement on the Implementation of Procurement of Goods/Services and the Implications for Absorption of the Capital Expenditure Budget in the West Java Provincial Government [11]. Research (5) on the analysis of factors that influence budget absorption in the Cimahi City Government showed that budget planning, budget implementation, regulations, human resources, and procurement of goods and services have a positive and significant effect on budget absorption [24]. The quality of human resources, budget planning, and the acquisition of goods and services all had a partial and significant impact on the Pasaman Regency Government's budget absorption, according to research (6) on the factors influencing the absorption of the Regional Revenue and Expenditure Budget (APBD) [27]. Research that is still relatively recently carried out is research (7) regarding the elements that affect budget absorption in the Jambi University Public Service Agency Work Unit, the outcomes of budget planning, participation in budget preparation, organizational commitment, administration, procurement of goods and services, and human resources all have a favorable impact on budget absorption in the Jambi University Public Service Agency work unit [9], as well as research (8) on factors that influence budget absorption: budget planning, procurement goods, and services as well as budget participation which results in budget planning, procurement of goods and services, and budget participation having an influence on budget absorption [14].

This relates to previous research showing that e-procurement has a positive result on the procurement of goods and services, as well as on the budget absorption of work units, institutions, and local governments. However, the fact that there is an imbalance in budget absorption every quarter during the fiscal year, especially in the Magelang Regency Regional Government, makes researchers feel the need to conduct further research on this matter, with the aim of retesting the impact of implementation variables e-procurement (covers e-tendering, e-purchasing by using e-catalog both local, sectoral and national), goods/services procurement implementation variables, as well as capital expenditure budget absorption variables. So, the following hypothesis is drawn:

According to previous research, the application of e-procurement has a positive impact on the goods/services procurement process, and a hypothesis was obtained [4]:

***H*1: The implementation of e-procurement has a positive effect on the implementation of procurement of goods/services.**

According to [10] in their research, the process of procurement of goods and services influences budget absorption so:

***H*2: Implementation of procurement of goods/services has a positive effect on absorption of the capital expenditure budget.**

According to research about the implementation of electronic procurement (e-procurement) affects the absorption of the capital expenditure budget so [11]:

***H*3: The implementation of e-procurement has a positive effect on the absorption of the capital expenditure budget.**

According to the research results about the influence of e-procurement factors that influence budget absorption is dominant in the variables of transparency, accountability, and information access factors, obtaining the hypothesis [33]:

***H*4: The implementation of e-procurement has a positive impact on the absorption of the capital expenditure budget and directs the implementation of procurement of goods/services.**

3. RESEARCH METHOD

This research uses a quantitative descriptive approach, taking a sample of 100 respondents using purposive sampling from the population of Civil Servants (PNS) of the Regional Government of Magelang Regency who act as actors procuring goods/services in 34 OPDs. Hypothesis testing in this research uses the Partial Least Square (PLS) analysis technique with the help of the SmartPLS application program. The reasons for choosing PLS are as follows: (1) PLS is an SEM (Structural Equation Modeling) analysis method that is used to see the relationship between variables and indicators or between variables and other variables so that PLS has a higher accuracy factor than conventional analysis methods such as linear regression multiple; (2) In this study the sample was quite large so it was more appropriate to use SEM PLS analysis; and (3) The PLS technique is robust (immune) to data abnormalities so

that it does not provide biased analysis results even though the data being analyzed is not normally distributed.

4. RESULT

4.1. Description of Respondent Characteristics

Table 2. Description of Respondent Characteristics

Characteristics	Category	Frequency	Presentation
Department	Office of the Commitment Maker	15	15%
	The official in Charge of Technical Activities	31	31%
	Procurement Officer	21	21%
	Working Group	11	11%
	Finance Officer	22	22%
Gender	Man	54	54%
	Woman	46	46%
Age	< 30 years	15	15%
	30 - 45 years old	46	46%
	> 45 years	39	39%
Education	D3	15	15%
	S1	65	65%
	S2	20	20%

4.2. SEM analysis with PLS

4.2.1. Outer Model

4.2.1.1 Convergent Validity

Table 3. Convergent Validity Test Results

Variable	Indicator	*Loading factor*	*Cut Value*	*AVE*
Implementation *E-procurement*	X11	0,721	0,7	0,682
	X7	0,913	0,7	
	X8	0,798	0,7	
	X9	0,858	0,7	
Implementation of Procurement of Goods/Services	Y12	0,802	0,7	0,611
	Y2	0,737	0,7	
	Y4	0,761	0,7	
	Y5	0,714	0,7	
	Y6	0,721	0,7	
	Y7	0,846	0,7	
	Y8	0,875	0,7	
Absorption of the Capital Expenditure Budget	Z1	0,803	0,7	0,634
	Z10	0,799	0,7	
	Z11	0,801	0,7	
	Z12	0,783	0,7	
	Z2	0,831	0,7	
	Z3	0,842	0,7	
	Z5	0,793	0,7	
	Z6	0,713	0,7	

Table 3. shows that all constructs are valid and have an AVE greater than 0.5. This shows that, from a value perspective, from the loading factor and AVE, all constructs meet the requirements for convergent validity.

4.2.1.2 Discriminant Validity

Table 4. Discriminant Validity According to Test Fornell Larcker

	X	**AND**	**WITH**
X	0,826		
AND	0,657	0,782	
WITH	0,792	0,784	0,796

All constructs in this PLS model meet the required discriminant validity based on the results of the discriminant validity test shown in the table above. Value $\sqrt{AVE}$ construct consistently exceeds the construct's correlation coefficient with other constructs.

Table 5. Discriminant Validity According to Test Cross Loading

	X	**AND**	**WITH**
X11	0,721	0,520	0,656
X7	0,913	0,597	0,742
X8	0,798	0,528	0,552
X9	0,858	0,517	0,645
Y12	0,705	0,802	0,672
Y2	0,362	0,737	0,454
Y4	0,365	0,761	0,588
Y5	0,351	0,714	0,550
Y6	0,473	0,721	0,609
Y7	0,554	0,846	0,638
Y8	0,647	0,875	0,716
Z1	0,545	0,616	0,803

Z10	0,797	0,597	0,799
Z11	0,779	0,620	0,801
Z12	0,705	0,688	0,783
Z2	0,516	0,598	0,831
Z3	0,596	0,612	0,842
Z5	0,534	0,617	0,793
Z6	0,483	0,638	0,713

All required indicators meet discriminant validity because each indicator has the highest indicator in its construct, not in other constructs, as shown in the discriminant validity test results listed in Table 5. The recommended alternative method is HTMT to assess discriminant validity. Measurements are based on a multitrait-multimethod matrix. Discriminant validity between two reflective constructs is required if the HTMT value is <0.9 (Henseler et al., 2015). The constructs in the PLS model have shown discriminant validity in this test if the HTMT value between that construct and other constructs is no more than 0.9.

Table 6. HTMT Between Latent Constructs

	X	AND	WITH
X			
AND	0,730		
WITH	0,881	0,854	

All constructs in the PLS model meet the criteria for discriminant validity, as shown by the results of the discriminant validity test in Table 6, where the HTMT value between constructs is no more than 0.9.

Based on the results of the third method of discriminant validity testing mentioned previously, it can be concluded that the PLS outer model meets the requirements for discriminant validity. Then, the composite reliability test will be carried out.

4.2.1.3 Construction Reliability

Table 7. Composite Reliability

Construct	Cronbach's Alpha	Composite Reliability	Reliability
X	0,841	0,895	reliable
AND	0,893	0,916	reliable
WITH	0,918	0,933	reliable

Based on the results of the analysis in Table 7 above, the composite reliability and Cronbach's Alpha values for all constructs exceed 0.7, and this shows that all constructs have met the required reliability.

4.2.2. Inner Model

4.2.2.1 Goodness of Fit Model Testing

R Square Model

Table 8. R Square Value

Variable	R Square	Criteria
Implementation of Procurement of Goods/Services	0,432	Strong
Absorption of the Capital Expenditure Budget	0,750	Strong

According to Chin, W. W. (1998), a PLS model is considered strong in endogenous prediction if its R Square value is greater than 0.67, moderately strong if its R Square value is between 0.33 and 0.67, and weak in endogenous prediction if its R Square value is between 0.19 and 0.33.

The results of the analysis in Table 8. show that the R for implementing goods/services procurement is 0.432 (strong), and the R square for capital expenditure budget absorption is 0.750 (strong).

Q Square Model

Table 9. Q Square Value

Variable Latent	Q Square	Criteria
Implementation of Procurement of Goods/Services	0,240	Predictive relevance
Capital Expenditure Budget Absorption	0,446	Predictive relevance

The predictive relevance model is indicated by the Q square. According to Chin (1998), a model is considered to have little predictive relevance if its Q square value falls between 0.02 and 0.15, moderate predictive relevance if it falls between 0.15 and 0.35, and great predictive relevance if it exceeds 0.35. According to Table 9's analysis results, Q Square's capital expenditure budget management and product and service procurement fall under the predictive relevance category.

SRMR Model

Table 10. SRMR

Component	SRMR	Estimated Model
Saturated Model	0,101	Perfect fit

Esimated Model	0,101	

Apart from being assessed from the R square and Q Square values, the goodness of fit model is also seen from the SRMR estimated model value, where the model is declared a perfect fit if the SRMR estimated model is <0.08 and the model is declared fit if the SRMR estimated model value is 0.08- 0,10. The analysis results are in Table 10. show the SRMR estimated model value of 0.101, so it is in the perfect fit category.

4.2.2.2 Multicollinearity

Multicollinearity in the SEM PLS model was tested using the VIF value of the inner model. The SEM PLS model must be free from multicollinearity, as indicated by the VIF inner model value < 5.00. The results of the analysis in the following table show that the VIF value of the inner model for all constructs is <5.00, which means that there is no multicollinearity in the regression model.

Table 11. VIF Inner Model

	X	AND	WITH
X		1,000	1,760
AND			1,760
WITH			

4.2.3. Hypothesis Testing

4.2.3.1.Direct Effect Testing

After the model is proven to be appropriate to the analysis in PLS, it is continued with testing the influence between variables consisting of testing direct influence, testing indirect influence, and testing total influence.

Table 12. Results of Direct Effect Testing

	Original Sample (O)	T Statistics (|O/STDEV|)	P Values
X -> Y	0,657	12,950	0,000
X -> Z	0,488	5,840	0,000
Y -> Z	0,463	5,827	0,000

When exogenous variables have a direct impact on endogenous variables without first influencing other variables, this is known as a direct effect. The p-value, T-statistic, and path coefficient on each path connecting endogenous and exogenous variables in SEM PLS analysis show the direction and significance of direct influence. It is determined that the exogenous variable has a significant influence on the endogenous variable with the direction of influence indicated by the sign attached to the path coefficient if the p-value for the relationship between variables is less than 0.05, the T statistic is greater than 1.96 (t value two tail, α 5%), and the T-statistic is greater than 1.65 in the one-tail test. Additionally, if the p-value is greater than 0.05 and the T-statistic is less than 1.96 (t value two tail, α 5%) in the two-tail test and less than 1.65 in the one-tail test, it can be said that the exogenous variable has no significant impact on the endogenous variable (Hair et al, 2019). The following outcomes were attained in light of the test findings:

a. **H1**: The implementation of e-procurement has a positive and important influence on the implementation of procurement of goods/services, shown by a p-value of 0.000 < 0.05 T statistic 12.950 > 1.96 and a coefficient on the positive path of 0.657, this means that the higher the implementation of e-procurement procurement, the higher the implementation of procurement of goods/services, conversely, the lower the implementation of e-procurement, the lower the implementation of procurement of goods/services.

b. **H2**: The implementation of e-procurement has a positive and important influence on meeting the absorption of the capital expenditure budget, as shown by the p-value of 0.000 < 0.05, the T- statistic value of 5.840 is greater than 1.96, and the positive path coefficient is 0.448, which indicates that the more implementation of e-procurement, the greater the absorption of the capital expenditure budget, and conversely, the less implementation of e-procurement, the less absorption of the capital expenditure budget.

c. **H3**: The implementation of procurement of goods/services has a positive and significant effect on the absorption of the capital expenditure budget, as shown by the p-value of 0.000 < 0.05, the statistical T value of 5.827, which is greater than 1.96, and the positive path coefficient of 0.463. This shows that the implementation of a larger procurement of goods/services will result in a larger absorption of the capital expenditure budget, and conversely, the implementation of a smaller procurement of goods/services will result in a smaller absorption of the capital expenditure budget.

4.2.3.2.Indirect Effect Testing

Table 13. Indirect Effect Test Results

	Original Sample (O)	T Statistics (|O/STDEV|)	P Values
X -> Y -> Z	0,305	4,840	0,000

When an exogenous variable directly affects an endogenous variable without the assistance of other variables, this is known as indirect influence. In SEM PLS, the P value, statistical t value, and path coefficient analysis were found for every path that connected endogenous and exogenous data. You can conclude that the exogenous variable had a significant effect on the endogenous with a direct influence if the p-value for the relationship between variables is less than 0.05, the T-statistical value is more than 1.96 (two tail t value, α = 5%), and the T-statistical value is more than 1.65 in the one-way test. Additionally, if the p-value is greater than 0.05, the T statistic is less than 1.96 (two tail t value, α = 5%) in the two-way test, and the T statistic is less than 1.65 in the one-way test, it can be said that the exogenous variable has no significant effect on the endogenous variable. The following outcomes were attained based on the aforementioned test results:

H4: Implementation of E-procurement → Implementation of Procurement of Goods/Services → Absorption of the Capital Expenditure Budget

A p-value of 0.000, a T statistic of 4.840, and a coefficient on the positive path of 0.305 were found in the indirect path of the impact of e-procurement implementation on capital expenditure budget absorption through the implementation of procurement of goods/services. The adoption of e-procurement has an indirect impact on the absorption of the capital expenditure budget through the implementation of procurement of goods and services, as indicated by the p-value being less than 0.05 and the T statistic being greater than 1.96. The indirect impact of e-procurement implementation on capital expenditure budget absorption is demonstrated to be mediated by the implementation of procurement of goods and services in this PLS model.

4.2.4. Coefficient of Determination

Exogenous and endogenous variables in the research model will affect one another in a structural model. The value of the coefficient of determination indicates the extent of the exogenous contribution to the endogenous. The Adjusted R Square value, which ranges from 0–1 or can be interpreted in terms of percent, shows that a larger coefficient of determination indicates more endogenous variation explained by exogenous factors. A lower coefficient of determination indicates that the influence of the exogenous on the endogenous is still lower. This could be possible because there are many factors outside of the exogenous.

Table 17. Coefficient of Determination

	R Square	R Square Adjusted
Implementation of Procurement of Goods/Services	0,432	0,426
Capital Expenditure Budget Absorption	0,750	0,744

The analysis results in Table 17 show that the adjusted R square value of the goods/services procurement implementation variable is 0.426 or 42.6%, where the goods/services procurement implementation variable is influenced by the e-procurement implementation variable while the remaining 77.4% is the procurement implementation variable. goods/services are influenced by things outside the implementation of e-procurement.

Next, the adjusted R square value of the capital expenditure budget absorption variable is 0.744 or 77.4%, where the capital expenditure budget absorption variable is influenced by the implementation of goods/services procurement and e-procurement implementation variables, while the remaining 32.6% is the capital expenditure budget absorption variable. influenced by things outside the implementation of goods/services procurement and the implementation of e-procurement.

CONCLUSION

The study's findings led to the conclusion that the application and implementation of e-procurement had a positive and significant impact on the implementation of the procurement of goods and services and that the implementation of the procurement of goods and services had a positive and significant impact on the absorption of the implementation of those goods and services. The adoption of the capital expenditure budget is positively and significantly impacted by the use of e-procurement. By implementing the procurement of goods and services, e-procurement has a positive and significant impact on the capital expenditure budget's absorption.

DISCUSSION

The Regional Government of Magelang Regency has made various efforts to improve the absorption of the capital expenditure budget, including by implementing e-procurement to ensure the availability of information and business opportunities, as well as to encourage healthy and competitive competition. E-procurement consists of e-tendering and e-purchasing. E-tendering is the process of selecting providers of goods and services that is carried out openly. All providers of goods and services registered in the electronic procurement system can bid simultaneously within the specified time. Research stated

that e-procurement of government goods and services has a positive and significant effect on budget absorption [6]. Research on the goods and services procurement process in Malang Regency shows that the implementation of e-procurement has a positive result on the goods/services procurement process [4].

To maximize the capital expenditure budget's absorption through the use of e-procurement and the acquisition of goods and services, several strategic steps need to be implemented. First, organizations (in this case, Regional Apparatus Organizations) must increase the implementation of e-procurement by integrating and optimizing the system as a whole, including investing in sophisticated software and overcoming technical challenges.
E-procurement can increase the effectiveness and efficiency of the procurement of goods and services, which will increase the absorption of the OPD capital expenditure budget. Second, it's critical to create clear procedures (SOP) in order to optimize the procurement process for goods and services, provide training to all relevant procurement actors, and carry out strict supervision. Improving the quality and efficiency of the procurement process will ensure that the capital expenditure budget is absorbed optimally. In addition, organizations need to utilize data and analysis from e-procurement systems for better budget management, with real-time monitoring and regular evaluation of budget allocations. Effective collaboration and communication between procurement teams, project managers/work supervisors, and goods/service providers are also important to overcome obstacles in the procurement process. Thirdly, increasing transparency and accountability in the procurement process and budget absorption through e-procurement will reduce the risk of irregularities and ensure that all relevant information can be accessed easily and clearly by related parties. By following these steps, companies can increase the use of e-procurement, improve the process of procuring goods and services, and efficiently absorb expenditure budgets, especially capital expenditures.

Based on these findings, suggestions for further research are that it is necessary to explore contextual factors and mediating variables that influence the relationship between implementing e-purchasing, procuring goods and services, and meeting the capital expenditure budget. Understanding how factors such as organizational size, industry sector, or local regulations can influence e-procurement effectiveness will provide deeper insight.

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