

Business Analysis Of Procurement Process In Outsourcing Service Provider Business Unit (Jakarta Unit 2)

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Abstract

This research was conducted in conjunction with an internship program conducted at Business Unit 2 of the Outsourcing Provider, from February 20, 2023 to July 7, 2023. This study aims to analyze the implementation of the procurement business process in the unit. The research method used is a descriptive qualitative approach, which aims to understand the phenomena that occur in the object being studied. The data collected includes primary and secondary data; secondary data in the form of work documents such as Organizational Structure, Job Description, SOP, and work reports, while primary data is obtained through observation and interviews. The snowball sampling method was applied, where respondents were interviewed until the researcher felt that they had obtained sufficient information about the implementation of the procurement business process in three business units (BPO, MPO, KPO) in Business Unit 2 of the Outsourcing Provider Jakarta. The results of the study showed that the implementation of the three business units was in accordance with the existing SOP and could be relied on by partner companies.

Keywords: Business Process Procurement, Business Process Outsourcing, Man Power Outsourcing, Knowledge Process Outsourcing

INTRODUCTION

The procurement process in an organization is very important because it allocates a large portion of the budget to obtain goods, services, and labor needed to achieve organizational goals. According to Setiadi (2019), procurement is the process of obtaining resources needed for a particular project. This is reinforced by Sembiring's view (2017),

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which states that procurement is an activity to realize previously identified and budgeted requests. Willem (2016) also defines procurement as an effort to obtain the necessary goods and services, based on standards and ethics according to conventional procedures. Procurement of goods and services makes a significant economic contribution, helping to drive the economy through fiscal policy, increasing employment, competitiveness, and economic growth. In addition to seeking profit, organizations also seek to achieve other goals such as progress, service, and acceptance in society, based on management ideas that can be applied globally.

Trade in goods and services does not only occur in BUMN and small businesses, but also at the government level, where goods and services that support performance will be added to meet the needs of companies or government agencies. In addition, procurement of goods and services is expected to increase the utilization of the national manufacturing sector, increase profits and income of small and medium businesses, and strengthen the national economy (Rizky, 2018). There are structures and methods used in purchasing products and services, where the system is defined as a process designed to carry out the main tasks of the business. This system uses four acquisition techniques: direct appointment, public auction, basic auction, and direct procurement, with the process starting from the preparation stage to the signing of the contract or agreement.

A company engaged in workforce management is a Procurement Provider Company. This company offers various products and services, such as recruitment, assessment, job analysis, education and training, as well as job provider/work contract services. This is done so that the Procurement Provider Company can meet the procurement needs of services for other businesses.

This study aims to analyze in depth the implementation of the procurement process business in the Business Process Outsourcing (BPO) business unit in a Procurement Service Provider Company. In this context, the study will explore how the procurement process is implemented in BPO to improve efficiency, optimize resources, and support the achievement of business targets. This analysis will not only look at it from an operational perspective, but also how the integration of technology and strategic management in the procurement process can provide competitive advantages for the company.

Furthermore, this study will also focus on the implementation of the procurement process business in the Man Power Outsourcing (MPO) business unit. Here, the study will identify various challenges and opportunities faced in managing human resources through the procurement process. This study will examine how the Procurement Service



Provider Company ensures that the procurement process implemented in MPO is in accordance with quality standards and client needs, and how this impacts the performance and satisfaction of work partners.

In addition, this study will analyze the implementation of the procurement process business in the Knowledge Process Outsourcing (KPO) business unit in the Procurement Service Provider Company. The main focus will be on how the procurement process in KPO supports effective knowledge and information management, as well as its contribution to creating innovation and added value for the company. This study will also evaluate the extent to which the procurement process in KPO helps in meeting the specific needs of clients related to specialized knowledge and expertise.

THEORETICAL STUDY

Operational Management

Operational management is an important branch of management science that is closely related to various other aspects such as marketing, finance, and human resources. The main focus of operational management is to coordinate the processes involved in the creation of goods and services. According to Assauri (2018), operational management is a process that involves the acquisition and utilization of resources to produce products and services that can meet the company's goals. This process involves the transformation of inputs in the form of people, machines, capital, and management into outputs that provide added value and profit. To ensure that the output is in accordance with expectations and desired quality standards, operational management also includes strict quality control, with the main goal of increasing the company's value and profit through optimal efficiency. On the other hand, operations managers, who are responsible for controlling and managing the production of goods and services, have an important role in strategic decision making. This decision making covers various aspects such as operational needs, management systems, and decision rights in operational management. The ability to make the right decisions is very important in ensuring the smooth operation and success of the company. In addition, operations managers are also tasked with planning, organizing, arranging, and supervising staff and workers. These tasks ensure that every step in the production process runs according to the set goals, from input to producing output that brings profit to the business. In short, operational management is a field that focuses on controlling and optimizing the production process from start to finish.



Procurement of Goods and Services

Procurement of products and services is an important element in maintaining business continuity, which involves the process of obtaining goods and services at the best price, the right quality and quantity, and the right time and location in order to provide maximum benefits to the company. This process, known as procurement in English, covers various categories such as procurement of goods, construction work, consulting services, and other services. According to Jambiani and colleagues, procurement is a strategic organization to obtain goods and services according to the company's needs, which is supported by the definition of Siahaya (2018). Zendrato et al. added that procurement is an administrative and strategic process that involves issuing purchase orders (POs), sending POs to suppliers, and seeking offers from vendors through requests for quotations (RFQs), all to ensure that customer demand is met in the most efficient and effective manner.

In practice, procurement is an effort made by a company to obtain the goods or services needed in the hope of maximizing the benefits of the costs incurred. Procurement can be done through various methods, such as renting, borrowing, exchanging, manufacturing, or repairing goods. The main focus of procurement is to ensure that the goods and services obtained meet the required specifications and support business objectives. Procurement of goods is defined as a strategic activity to obtain goods that meet the standards of quality, quantity, cost, time, source, and place appropriate to meet customer needs. Meanwhile, procurement of services involves technical planning and specifications that are tailored to needs, and are carried out based on applicable principles and provisions, to ensure that the services provided provide maximum benefits without involving ownership of the services.

Based on the explanation above, it can be concluded that procurement of goods and services is the result of an effort carried out systematically in accordance with applicable principles, objectives, and provisions. Although different in form, these two types of procurement have the same function in facilitating the company's tasks and operations. The procurement process must follow several guidelines, such as efficiency, effectiveness, healthy competition, transparency, fairness, and accountability. Efficiency ensures the use of minimal resources for maximum results, while effectiveness emphasizes meeting needs and objectives in the best possible way. Healthy competition between suppliers, transparency in the process, fair treatment of all prospective providers, and strict accountability are the keys to preventing abuse and irregularities in the procurement of goods and services.

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RESEARCH FRAMEWORK

According to Sekaran in Sugiyono (2017), a thinking framework is a conceptual model that describes the relationship between theory and important issues. The following is a summary of the thinking framework that the author used in this internship:

- The author begins by collecting data from companies that need outsourcing employees and want to collaborate with the Jakarta Outsourcing Business Unit, which is engaged in human resource services.
- After the data is collected and several partners join, the author conducts interviews and observations to ensure that outsourcing employees work according to SOPs and job descriptions.
- The author compiles a business process flow using the RACI Matrix to analyze the causes of operational conflicts between partner companies and the Jakarta Outsourcing Business Unit.
- Conflict findings are analyzed, simplified, and described in the data to find effective solutions.
- After presenting data and discussing solutions, the author draws conclusions from the most effective and efficient options to implement, in order to reach a mutually beneficial agreement.

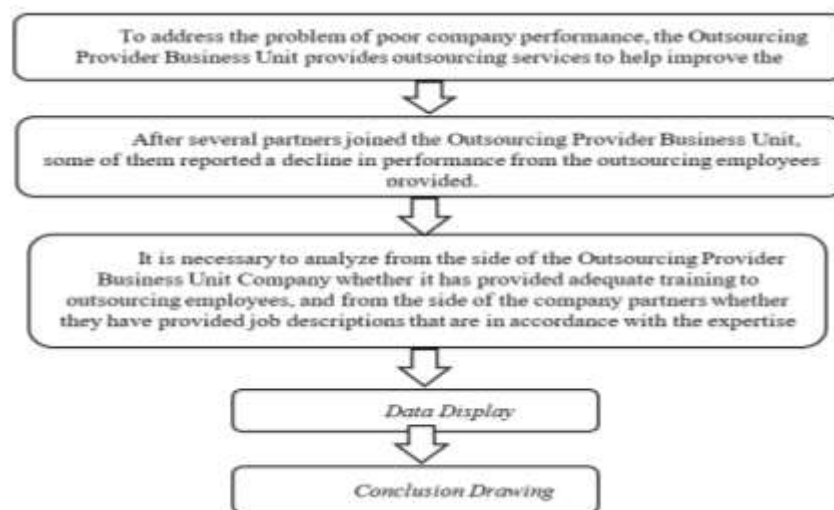


Figure 1. Research Framework

RESEARCH METHODS

This study uses qualitative methodology to understand social problems through a descriptive and exploratory approach. According to Creswell (2016), qualitative research aims to compile a detailed picture and understand social phenomena from the perspective of participants, with data presented in the form of words and images. Case study methodology, mainly descriptive, is applied to explore the implementation of the procurement business process at the Outsourcing Service Provider Company Business Unit 2 Jakarta, by utilizing procurement principles such as efficiency and accountability. Data collection techniques include direct observation, interviews with related parties, and literature studies from books and journals. The unit of analysis is the Outsourcing Service Provider Company Business Unit 2 Jakarta, located in South Jakarta, as part of the procurement business process analysis.

RESULTS AND DISCUSSION

MPO (*Man Power Outsourcing*) Implementation

a) Outsourcing Provider

Outsourcing involves handing over work from one company to another party with the aim of reducing the burden on the company (Kurniasari, 2022). Based on the Manpower Law, outsourcing is divided into two categories: job supply and labor supply, with further regulations regarding the types and conditions of each category in Articles 65 and 66, including the transfer of employment relationships between workers and service providers with the employer company. Outsourcing Service Provider Company Business Unit 2 Jakarta provides various services, including functional personnel such as administration and marketing, professional and managerial personnel such as IT, supervisors, and managers, security personnel such as security guards, and supporting personnel such as drivers, cleaning services, and basic workers.

b) Recruitment and Assesment Business

In addition to functioning as a labor provider, the Outsourcing Service Provider Company of Business Unit 2 Jakarta also offers People Development services to assist partner companies in human resource management. This service covers various aspects such as recruitment, career development, skills training, and employee management. The main services offered include recruitment of prospective workers which can be done online or face-to-face with the support of technology, headhunters to find the best candidates, and psychological tests for psychological

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assessment of prospective workers. In addition, there is an Assessment Center for competency assessment through simulations and interviews, background checking to verify prospective worker information, and social media screening to analyze prospective worker behavior on social media.

Overall, the implementation of MPO services at the Outsourcing Service Provider Company of Business Unit 2 Jakarta is in accordance with applicable standard operating procedures (SOP) and regulations. This service helps partner companies to focus on business development and increase efficiency, which in turn can reduce production costs and increase profits. This is in line with the outsourcing theory presented by Nofrivul (2012), where the MPO system can reduce costs and increase the efficiency of partner companies.

BPO (*Business Process Outsourcing*) Implementation

Business Process Outsourcing is a company that provides services to help complete work given by partner companies so that partner companies do not need to recruit employees to complete the work (Andu, 2021). This company implements BPO according to this definition, where the service aims to provide human resource service solutions that are able to carry out the strategic business functions of partner companies.

The BPO services provided by outsourcing business unit are as follows:

a) Managed Service Sales

Managed Service Sales is a service that supports the sales process through integrated management. Business Unit 2 of Jakarta Outsourcing Provider offers this service which includes the entire range of marketing and sales management. Sales management services include sales team management, sales strategy formulation, reporting, analysis, and customer relationship management. Meanwhile, marketing management includes market research, marketing strategy planning, promotion management, and marketing performance analysis.

b) Managed Service Collection

Business Unit 2 Jakarta Outsourcing Service Provider provides collection management services that include the process of collecting payments from clients. This service aims to improve cash flow and reduce credit risk by managing collection activities effectively. Business Unit 2 offers three main methods: Field Collection, which is direct collection to customer locations; Tele Collection, collection via phone calls to remind clients of payments due; and Voice Blast, an automation technique that sends mass voice messages to inform or remind clients about payments.

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c) Managed Service Administration

Managed Service Administration is a professional administration management service for partner companies. Business Unit 2 of Jakarta Procurement Service Provider offers services such as data entry and data scanning. Data entry involves inputting information into a computer system from multiple sources to ensure accuracy and consistency, while data scanning converts physical documents into digital files using a scanner, so they can be accessed and managed electronically. This service aims to ensure efficient management of important partner business data.

d) Managed Service E-Archive

Managed Service E-archive is a service for digitizing, storing, and managing electronic archives. Business Unit 2 Outsourcing Provider Jakarta offers this solution to help companies manage documents and data efficiently and securely, replacing impractical physical storage systems. The main services provided include scanning, uploading, and systems. Scanning converts physical documents into digital format, uploading uploads digital documents to the storage system, and systems refer to technology platforms for storing, managing, and accessing electronic archives. The main features of this system include document management, security, accessibility, and recovery.

e) Quality Assurance

Quality Assurance (QA) ensures that a product or service meets established quality standards. Jakarta Outsourcing Provider Business Unit 2 offers QA services that include contact centers and surveys. Contact Center QA involves monitoring and evaluating interactions between clients and agents to ensure effective, friendly, and compliant communication, through call monitoring, performance evaluation, feedback, and data analysis. Survey QA, on the other hand, collects and analyzes customer feedback to assess and improve the quality of a service or product, through survey design, data collection, results analysis, reporting, and follow-up.

f) Event Organizer

Event Organizer is a service that plans and manages various events for partner companies, ensuring that all aspects of the event are in accordance with expectations. Business Unit 2 Jakarta Outsourcing Provider offers this service in three categories: Gathering, Exhibition, and Outing. Gathering includes events that bring people together for interaction or celebration, such as large meetings or product launches, and involves planning, managing attendees, decoration, and additional facilities. Exhibition is an event to promote a product or service, with services that include booth

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design, promotion, visitor management, and supporting facilities. Outing is a recreational activity for employees that aims to improve team building or celebrate achievements, including location selection, activities, transportation, and security during the event.

g) Managed Service Security

Managed Service Security is a service provided by a third party to help organizations improve and manage their security, including physical and cyber security. Jakarta Outsourcing Provider Business Unit 2 offers this service through Integrated Security Management (ISM), which integrates various security elements into one comprehensive system. Business Unit 2's ISM includes physical security such as CCTV, access control, and alarms, as well as cybersecurity including firewalls, intrusion detection systems, endpoint security, and 24/7 monitoring. This service also includes incident management, risk management, and employee training.

h) Managed Service Facility

Managed Service Facility is a service that manages and maintains physical facilities and company infrastructure to ensure efficient, safe, and standardized operations. Business Unit 2 Jakarta Outsourcing Provider provides this service in the form of Facility Service, which includes building maintenance, cleanliness, security, and facility management. The implementation of BPO in Business Unit 2 has been effective, complies with government regulations, and provides benefits to partners. In accordance with the Incomplete Contracts theory in Nofrivul (2012), resource allocation is carried out rationally, helping partner companies in production cost efficiency without the need for large investments in new business systems, such as software, hardware, and additional human resources.

KPO (*Knowledge Process Outsourcing*) Implementation

Knowledge Process Outsourcing (KPO) is an outsourcing service that involves transferring processes that require specialized expertise to an external service provider. KPO focuses on complex, value-added tasks involving data analysis, research, and decision-making with a deep understanding of a specific industry. Business Unit 2 Jakarta Outsourcing Provider provides KPO services to improve HR knowledge in carrying out strategic business functions of partner companies, by offering security guard education and training as well as various training programs.

a) Security Guard Education and Training



Education and training for Satpam (Security Unit) members are designed to improve skills and knowledge in carrying out security duties effectively. Business Unit 2 Outsourcing Provider Jakarta offers training at three levels: Gada Pratama, Gada Madya, and Gada Utama, each with a different focus and curriculum according to the level of responsibility.

Gada Pratama training is basic training for new Satpam, covering basic security, physical skills, legal education, and communication and ethics. Gada Madya is advanced training for experienced Satpam that focuses on security management, leadership, and crime handling. While Gada Utama is intended for Satpam who want to take on managerial roles, with a focus on security strategy, leadership, and auditing. This program is designed to ensure Satpam members have the skills needed to deal with various security situations with professionalism and efficiency.

b) Training

Training is a process designed to improve an individual's skills, knowledge, and competencies through courses, seminars, workshops, or online programs. Jakarta Outsourcing Provider Business Unit 2 offers various types of training that can be tailored to partner needs, including soft skills, hard skills, and integrated training.

Soft skills training aims to develop interpersonal and intrapersonal skills, such as public speaking, communication, and leadership. Hard skills training focuses on specific technical skills needed to perform certain tasks, such as general banking, auditing, and loan syndication. Meanwhile, integrated training provides skills for various roles or career stages, including banking ODP programs and training for front-liners and universal banks. KPO in this form of training supports production cost efficiency, in accordance with the outsourcing theory which states that outsourcing can reduce company expenses and allow focus on core business activities.

Conflict and Problem Solving

During the internship period, there were several conflicts between Business Unit 2 Jakarta Outsourcing Provider and Partner Companies, which were revealed in the monthly performance evaluation meeting. Several complaints from Partners reported the attitudes of outsourcing employees that were considered detrimental to them, potentially disrupting the performance of the team at the partner company. To overcome this problem, Business Unit 2 Jakarta Outsourcing Provider followed the conflict resolution procedure through a whistleblowing reporting system.



Categories of indications of violations that can be reported through the whistleblowing system include various types of serious violations, such as fraud, deception, gratification, conflict of interest, harassment, and violations of company provisions and work safety. These violations also include activities that are detrimental to the company or partners.

Business Unit 2 Jakarta Outsourcing Provider has a special procedure for handling and resolving conflicts. The process begins with the receipt and verification of conflict information, followed by an analysis of the source of the problem to determine a solution. Furthermore, conflict resolution is communicated through non-litigation means and if necessary, legal processes can be applied. This process continues with a review of recommendations by top management, followed by implementation, monitoring, and evaluation of the results of conflict resolution. All of these steps ensure that conflict handling is in accordance with the company's standard operating procedures.

CONCLUSION

In closing this paper, several important findings are outlined based on the research on the analysis of procurement business processes in Business Unit 2 of Jakarta Outsourcing Providers. This research involves document review, interview, and observation methods. The main findings include that the recruitment process of workers by Business Unit 2 begins with the submission of needs by partner companies and ends with a selection process involving an announcement of acceptance. This process uses an external approach to recruit new candidates through various channels. Furthermore, this unit has carried out the selection of prospective workers according to stages that include screening, testing, interviews, and health checks. Finally, the placement of prospective outsourcing employees in this unit is assessed according to job specifications, ensuring the suitability of the workforce's talents, experience, personality, and education with the company's needs.

RECOMMENDATION

In order to improve the effectiveness of cooperation between Business Unit 2 Jakarta Outsourcing Provider and its partners, several important recommendations need to be considered. First, this unit is advised to strengthen the screening process of potential partners to ensure a fair agreement for both parties and avoid future problems. Second, this unit should prepare the best candidates to meet the needs of partners, so as to increase their satisfaction. Third, it is important for Business Unit 2 and partners to

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implement the agreement according to the initial agreement. Finally, this unit must take strict action against outsourcing workers who are involved in detrimental actions and who can tarnish the company's reputation.

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