

CHALLENGES AND OPPORTUNITIES FOR PROCUREMENT MANAGEMENT IN PANDEMIC ERA ON HEALTH INDUSTRY

Yusuf Amrozi¹, Roy Rafi Donissafaat², Syafrina Dyah Kusuma Wardani³

^{1,2,3} Science and Technology, Islamic State Of University Sunan Ampel, Surabaya, Indonesia

*Corresponding Author: yusuf.amrozi@uinsby.ac.id

Abstract: The procedure for procuring goods and services during this pandemic is different from normal conditions. The research aims to describe the challenges and opportunities for the management of procurement management during the COVID-19 pandemic in the health industry. The research method used is descriptive qualitative research. Data obtained from the relevant literature. The references were then analyzed using the literature review method. The challenge faced as a result of the COVID-19 pandemic in the procurement management for the health industry is the lack of accountability for the procurement management, causing fraud in the procurement of goods and services. Constraints and problems that occur in the procurement of goods in the health industry require appropriate steps and strategies to be implemented in goods and services procurement activities. Meanwhile, the opportunity for procurement management in this pandemic era is to increase investment in domestic medical devices.

Keywords: Covid-19, Procurement Management, Challenges and Opportunities, Supply Chain Management.

1. Introduction

The phenomenon that is currently happening is the rampant coronavirus disease 2019 (COVID-19) which makes the Indonesian economy decline both in terms of supply and demand. The COVID-19 pandemic also has an impact on the health sector, the lack of Personal Protective Equipment (PPE), medical devices, and supporting facilities in controlling the COVID-19 pandemic at this hospital has triggered problems. The challenge for the health industry is to maintain the continuity of goods or services that serve Covid-19 patients. In an emergency, goods and services can be purchased through special methods. Based on Article 59 of the Presidential Regulation (Perpres) Number 16 of 2018 concerning the Procurement of Special Goods and Services in Emergencies and the Procurement Implementation Statement in the LKPP Circular Letter Number 3 of 2020, it is intended to deal with Coronavirus Disease (Covid-19).

The procurement management during the Covid-19 outbreak has become hampered and cannot be carried out as usual under normal circumstances. Procurement of goods is problematic in current conditions, especially the procurement of goods to handle Covid-19 for medical personnel and the public as well as other health services, the problems experienced are the significant difference in the price of goods, the scarcity of goods such as Covid-19 supporting facilities causing many people flying, as well as readiness and the increasing number of needs,

especially Personal Protective Equipment (PPE). This situation greatly affects the finances of health agencies, the expenditure becomes larger.

Procurement management is a process or activity to obtain goods and services to meet the needs of the company in terms of its needs and application, and in terms of quality, quantity, price, and affordable time.[1] Meanwhile, according to Weele (2010), Procurement is the receipt of goods and services.[2] Procurement Management starts from the buying function carried out by buyers who carry out the process of purchasing goods to meet the needs of raw materials in the production process and fill stock or inventory for the smooth running of the company's activities. This procurement management has a broad scope from purchasing management (Purchasing), because of not only goods procurement activities (goods) but also services (services).

Procurement management is a major part of Supply Chain Management (SCM). Supply Chain Management is a production process that is made and delivered to consumers from a structural perspective. The supply chain represents complex relationships and relationships that keep companies and business partners from obtaining production sources to deliver to consumers. Supply chain management is a combination of various activities for procuring goods and services, changing semi-finished goods until products are ready to use and delivered to consumers or customers.[3]

2. Literature Review

Procurement Management

The description of the literal procurement of goods or services in the Big Indonesian Dictionary (KBBI) is a proposal to state costs and buy goods employment of providing goods or services. Procurement has a fairly broad meaning of purchasing. According to Martono, procurement is like a series of activities to supply needed goods to accommodate the progress of production activities. Procurement of goods or services also has five activities, namely approving the details of the needs for goods in the operational section, determining suppliers, prices, locations, cooperation with suppliers, bidding or negotiating, regulating and supervising, evaluating supplier performance. [4] To organize or plan the procurement of goods and services is called procurement management.

Procurement of goods and services is similar to a variety of new accommodations, roads, buildings, hospitals, and office buildings. The procurement of goods and services is sometimes called a tender, in government, the procurement of goods and services is used to meet the needs of organizations or government agencies for goods and services that can be used to support their performance and performance.[5]

Coronavirus Disease (COVID-19)

Coronavirus disease is a new virus that emerged in late 2019. According to WHO (2020a), COVID-19 is an infectious disease that attacks and infects the respiratory system. Covid-19 has caused common to very severe influenza, namely Middle East Respiratory Syndrome (MERS-CoV) and Severe Acute Respiratory Syndrome (SARS-CoV). [6] The epidemic broke out in Wuhan, China on December 31, 2019. The World Health Organization (WHO) declared it a public health emergency of international concern on January 30, 2020.

This virus is spreading very fast to various countries around the world. The global outbreak of coronavirus disease (Covid-19) has spread to hundreds of countries across continents in a matter of months. Covid-19 has become a very terrible pandemic. This epidemic has killed more than 250,000 people. Various countries have implemented lockdown or quarantine policies to minimize the spread of Covid-19.[7] In Indonesia itself, it has implemented a

lockdown with the name of Large-Scale Social Restrictions (PSBB) until the Enforcement of Restrictions on Community Activities (PPKM) from Level 1-4.

This covid-19 pandemic is psychologically and physically disturbing all humans because they are forced to carry out the social distancing phase and work from home (WFH), stay at home, a study from home for months. The spread of Covid-19 has had an impact on the world economy, especially Indonesia, both in terms of investment, trade, and tourism, and also has an impact on the procurement of goods and services. This impact has caused millions of people to fall into poverty due to the implementation of the Work From Home (WFH) policy and many unemployed due to being laid off (Termination of Employment Relations).

Impact of COVID on the Procurement of Goods and Services

The existence of Covid-19 hurts the health, economic, social and financial fields of society. In the field of health Covid-19, It is highly contagious and causes health problems. The crisis that occurred was due to the uneven distribution of vaccinations to all people to prevent the spread of the coronavirus, as well as health workers and limited medical equipment that supported the handling of COVID-19 patients. So that the Covid-19 has a very big impact on all Indonesian people.[8]

The high number of positive Covid-19 problems has made central or regional government resources focus on handling Covid-19. All countries facing the Covid-19 pandemic will face a slump in economic development. The economic slowdown during the covid pandemic was due to changes in circulation and demand for goods and services, due to the procedure for limiting activities carried out.[9]

The impact of the 2019 coronavirus disease pandemic on the Health Industry is that it is difficult to obtain supporting items for handling covid 19 due to the scarcity of items such as personal protective equipment, supporting medical equipment, oxygen cylinders, and others. Another problem is related to Human Resources (HR) who are not responsive in carrying out their duties in supplying stock of goods that are needed to handle Covid-19 patients in all health agencies. This lack of awareness resulted in uncontrolled inventory reports of goods that have been distributed and have not been distributed, so that warehouse officers have difficulty knowing what goods are available or which are no longer available.[10]

Strategy for Procurement of Goods and Services during a Pandemic

The strategy for procurement of goods and services is the best effort carried out to obtain procurement goals to obtain goods or services that are right for their quality, quantity, source, time, and priced according to procedures, policies from procurement principles and ethics. Each agency, including the agency health in completing the procurement of goods or services is closely related to the need for optimizing performance in each agency.

Therefore, the activity of procuring goods or services also has a major influence on routine and strategic activities that must be carried out by utilizing an accurate or appropriate approach. The implementation of the right approach to the procurement of goods or services will create quality and quantity of goods or services. With an appropriate strategy, the procurement of goods and services will be more efficient.

3. Method

This research method uses a literature study where obtaining information is done by looking for various kinds of literature after which it is compiled based on the results of the study obtained. The type of this research is descriptive qualitative, namely by describing the facts and conditions in the case study being discussed. This qualitative descriptive research is research that describes a research topic with real or real conditions. Choosing this qualitative

descriptive method is because the research can describe the real situation as well as the phenomena and trends that are happening.

This data collection technique is a literature study, which seeks and obtains sources of information or references based on the case study being discussed. This literature study technique was obtained from scientific journals and documentation books. The selected journal articles are journals that have been published in relevant universities. Collecting data by looking for references through journals, by reading references obtained and observing something related to the case studies discussed. This data collection method was chosen to obtain relevant information and be used as a reference source to strengthen the existing arguments.

The analytical technique used is qualitative analysis, by describing the existing information. This qualitative analysis is a collection of words or sentences and not numbers. So this qualitative analysis uses a sequence of words to compose an expanded reading where mathematical calculations are not used.

4. Result and Discussion

Challenges of Procurement of Goods and Services during a Pandemic

This corona outbreak can be described as an earthquake that can cause a tsunami, where the waves spread very quickly to various parts of the world. This coronavirus disease (Covid-19) has a unique short-term outbreak short term outbreak. This epidemic is temporary like a tsunami, its occurrence is short, but it has a large enough impact, with a very fast spread of the epidemic. Many countries are so overwhelmed in the face of this pandemic.[11] The coronavirus disease pandemic has changed many perspectives. There is no exception for goods and services procurement activities in the health industry.

The challenge in procuring goods and services during this pandemic is the lack or lack of accountability for the procurement of goods and services, especially in the health industry. Accountability is a development effort.[12] In the condition of procurement of goods and services, accountability needs to be implemented because it is to minimize fraud and corruption when procuring goods and services. In this pandemic, many people do not have responsibilities, where they take advantage of the situation to commit fraud in the procurement of goods and services for health facilities for handling the covid 19 virus. The sector that often occurs in corruption in the procurement of goods and services in the health sector.

The next challenge that will be faced is that the price of quality goods tends to be expensive, with the scarcity of medical devices and the depletion of stock which is the cause of higher prices, the quality of imported medical device products also affects the high price. Insurance, as well as the cost of shipping goods, procurement of goods carried out by imports, will add to the value of logistics delivery costs because this pandemic requires sufficient time long. Factors that influence include taxes, carrying out goods procurement activities must be subject to VAT or tax rates.

Opportunities for Procurement of Goods and Services during a Pandemic

During the Covid-19 pandemic, the medical device industry was in the high-demand category. Therefore, the government continues to strive to improve the competitiveness of the medical device industry by encouraging digital-based technology transformation. The utilization of digital technology starts from the production stage to distribution to consumers. The existence of the Covid-19 pandemic provides a large enough opportunity to purchase medical devices such as rapid tests and PCR, PT. Indofarma has also said that sales of medical devices during the period from March to June last year had generated RP. 183 billion.[13]

Currently, the production of medical devices is being pushed around the world because as a form of response in handling COVID-19, it is not surprising that it has a positive impact on the economy. Investment in medical devices during the COVID-19 pandemic provides a promising opportunity and demand inevitably continues to increase.[14] By increasing investment in medical devices, it will facilitate the process of procuring goods for the health industry.

Impact of COVID on the Procurement of Goods and Services

It must be admitted that the announcement of the COVID-19 pandemic, has had an impact on the entire world economy, especially in the procurement of goods and services. With the spread of COVID-19 around the world, supply chains and procurement of goods have been severely impacted, both at the local and global levels. Not only the procurement of goods, the production of local demand, but this has also caused a massive impact in all stages of the supply chain and procurement of goods. Short-term impacts require intelligence and resilience in solving them. The procurement of goods in a sustainable manner increased in the years before the pandemic. [15]

Covid-19 has seriously disrupted supply chains on a global scale. Business executives, especially procurement leaders, must be able to maintain business operations, be able to meet urgent demands, and minimize the challenges of suppliers against the background of disruption to teams, employees. The procurement of goods and services in this pandemic era complicates the health industry, the impact of which is most felt is the sizeable price disparity when the situation has not yet experienced a pandemic with the Covid-19 pandemic. This high price increase is troubling health agencies.

The following is data on the increase in the price of PPE and medical devices at Dr. Kariadi Semarang. [16]

Table 1. Data on the increase in the price of PPE and medical devices at Dr. RSUP. Kariadi Semarang

No	Name Goods	Before the Pandemic		During the Pandemic	
		Price/ pcs	Average requirement per month	Price/ pcs	Average requirement per month
1	Mask Surgery	Rp. 320	130.725	Rp. 3.800	113.796
2	Mask N95	Rp. 14.820	2.420	Rp. 27.500	17.438
3	Closing Head	Rp. 340	22.900	Rp. 408.00	28.624
4	Dress Hazmat	Rp. 21.715	320	Rp. 38.500	6.500
5	Apron	Rp. 19.625	478	Rp. 16.500	5.336
6	Hand Sanitizer	Rp. 21.400	1.395	Rp. 59.400	2.500

Source: Descriptive statistics of data that have been inputted

In the table, it has been seen that the procurement of goods during the pandemic raises the price of PPE and medical equipment, for example before the pandemic the price of N95 masks per piece was quite cheap, namely Rp. 14,820 with an average monthly need of around 2,420 masks and during a pandemic the price of N95 masks is very expensive, namely Rp. 27,500 per pcs with an increasing average requirement, it can be seen from the example

Due to this pandemic, the price of masks that were previously cheap has become very expensive, and the demand is quite high and there is a shortage of goods, making it difficult for the health industry to obtain. Not only that, there are several Personal Protective Equipment (PPE), rapid test equipment and PCR which are needed to procure imported goods. In the procurement of goods in an emergency through a supervisor, the parties involved are limited,

because the procurement is carried out as soon as possible so that the goods are immediately used to handle emergency conditions, this is an obstacle to the procurement of goods during the pandemic. [17]

The shortage or scarcity of Personal Protective Equipment (PPE) is due to inadequate supply, where raw materials are lacking, production capacity is problematic. The price of PPE, which has soared so high, is the cause of the inability of health care facilities for medical workers. Carrying out activities to procure medical devices by importing during a pandemic is also not easy, because the impact of this pandemic is a large-scale lockdown or social restriction system that affects the time and cost required in shipping goods, the implementation of health protocols results in increased costs of logistics delivery. [18]

Proposed Strategy That Might Be Implemented In Procurement Management

Procurement of goods and services in the health industry is inseparable from efforts to achieve the vision and mission of the health industry. The health industry in carrying out the procurement of goods and services must have goods that are in accordance with the wishes or needs because to improve the performance of the health industry. The right strategy will produce results from the implementation of economical procurement of goods and can be characterized by minimal administrative costs, the purchase price is close to the market price, the scope of procurement is part of the health industry strategy, as well as its strategic implementation. [19]

The procurement strategy is the best way that can be implemented to achieve the goals of procurement to get the goods that are needed quality. With the implementation of this strategy, it is hoped that the procurement of goods and services with 5T (right quality, right quantity, right time, right source, and right price) can be realized. Therefore, the procurement strategy needs to be implemented to identify the need for goods and set priorities for procurement accurately, understand the state of market competition, be able to find out the type of relationship between the supplier of goods and the health industry, determine the methods and methods used for procurement appropriately. [20]

Other strategies used to deal with the impact of the pandemic this is by accelerating the development of domestic medical devices because the government believes that producers in this country can meet domestic needs, this is a strategy from the government. Minister of Home Affairs Tito Karnavian also circulated a letter of cooperation with Social Organizations (Ormas). This Type III Swakelola Scheme is the procurement of goods and services which is carried out by mass organizations that have the technical expertise needed by the government and fulfill administrative requirements. [21]

Efforts to improve governance of the procurement of medical devices are strategies that can be carried out, namely by increasing the safety of the use of medical devices through e-watches, collaborating with LKPP on procedures for determining electronic catalog providers and also multiplying medical devices that are ready in the Electronic Catalog which will make it easier for users. to determine and provide more competitive providers, as well as accompany and supervise by the Inspectorate General of the Consultation Team for the Procurement of Goods and Services of the Ministry of Health.

5. Conclusions

The challenge of procuring goods for the health industry during this pandemic is a real thing that is happening. Covid-19 has had a fairly large impact on supply chain activities, especially the procurement of goods and services. We can see a fairly large variation in procuring goods and services during a pandemic and during normal times. The increase in the price of personal protective equipment (PPE) as well as other medical devices as well as the scarcity of goods

due to the lack of supply make it difficult for the health industry to procure goods and services in an emergency, not only that, irresponsible people steal the opportunity to take advantage of the situation by committing corruption in the procurement of goods and services, this is a big challenge that continues to be faced in this country. To overcome these problems to achieve the vision and mission in the health industry, appropriate strategies or steps are needed to be applied to the procurement of goods and services, so that the operation of the procurement of goods and services can move optimally.

References

- [1] E. Prayatna and AAS Sayekti, "RAW MATERIAL PROCUREMENT (FFB) MANAGEMENT AND USED CAPACITY OF POM (Case Study at Natai Baru Palm Oil Mill, PT Kalimantan Sawit Abadi, Natai Baru Village, South Arut District, West Kotawaringin Regency, Province of Central Kalimantan)," p. 10, 2018.
- [2] P. Putri, GMI Satriawan, IGAMPU Utami, IGAP Putri, and KID Priyanto, "APPLICATION OF READY IN THE PROCUREMENT OF GOODS AND SERVICES ELECTRONICALLY TO REALIZE GOOD GOVERNANCE IN THE GOVERNMENT OF BULELENG DISTRICT," J. Ilm. Account. Dan Humanika, vol. 8, no. 3, Sept. 2019, doi:10.23887/jinah.v8i3.20028.
- [3] MF Manambing, P. Tumade, and JSB Sumarauw, "SUPPLY CHAIN MANAGEMENT (SCM) PLAN ANALYSIS AT PT. SINAR GALESONG PRATAMA," p.9, 2014.
- [4] "Zahro, et al., Implementation of Procurement of Chicken Carcass Raw Material Supply at Ayam Bakar Wong Solo, Jember," p. 5.
- [5] NI Faisal, J. Morasa, and LM Mawikere, "ANALYSIS OF GOODS AND SERVICES PROCUREMENT SYSTEM (DIRECT SUPPORT) AT THE PUBLIC WORKS AND SPATIAL PLANNING DEPARTMENT OF MANADO CITY," GOING CONCERN J. Ris. Account., vol. 12, no. 2, Dec. 2017, doi:10.32400/gc.12.2.18613.2017.
- [6] AI Fahrika and J. Roy, "The impact of the COVID-19 pandemic on macroeconomic developments in Indonesia and the policy response taken," p. 8, 2020.
- [7] "Covid-19, New Normal, and Development Planning in Indonesia," J. Perenc. developer. Indonesia. J. Dev. plans., vol. 4, no. 2, pp. 240–252, Jun. 2020, doi:10.36574/jpp.v4i2.118.
- [8] R. Zakariya, "OPTIMIZATION OF ACCOUNTABILITY FOR PROCUREMENT OF GOODS AND SERVICES AND SOCIAL ASSISTANCE IN HANDLING THE IMPACT OF COVID-19," p. 18, 2021.
- [9] N. Aeni, "COVID-19 Pandemic: Health, Economic, and Social Impacts of the COVID-19 Pandemic: The Health, Economic, and Social Effects," vol. 17, no. 1, p. 18, 2021.
- [10] J. Ramadhane, "IMPLEMENTATION OF GOODS/SERVICES PROCUREMENT POLICY DURING THE COVID-19 PANDEMIC AT SIBUHUAN Hospital, PADANG LAWAS REGENCY, SUMATERA PROVINCE," p. 13.
- [11] BWL Masinambow, "CHALLENGES AND OPPORTUNITIES OF THE WORLD OF CONSTRUCTION SERVICES IN THE MIDDLE OF THE COVID-19 PANDEMIC," p. 6, 2020.
- [12] A. Listiyanto, "UPDATE REGULATIONS FOR THE PROCUREMENT OF GOVERNMENT GOODS AND SERVICES," J. Rechts Vinding Media Pembn. Huh. Nas., vol. 1, no. 1, p. 113, Apr. 2012, doi:10.33331/rechtsvinding.v1i1.109.
- [13] "<https://insight.kontan.co.id/news/kejar-pengadaan-alkes-covid-19-indofarma-inafbangun-pabrik-alat-rapid-test>."
- [14] "<https://www.investindonesia.go.id/id/article-investasi/detail/investasi-alat-kesehatan-increase-permits-accelerated>."

- [15] IN Pujawan and AU Bah, "Supply chains under COVID-19 disruptions: literature review and research agenda," *Supply Chain Forum Int. J.*, pp. 1–15, May 2021, doi: 10.1080/16258312.2021.1932568.
- [16] H. Sasongko, C. Suryawati, and M. Rahardjo, "The Effect of the Procurement of Goods and Services during the Corona Virus Disease 2019 (COVID-19) Pandemic on the Financial Condition of Hospitals at Dr. RSUP. Kariadi Semarang," *J. Eco. health. Indonesia*. vol. 6, no. 1, Jul. 2021, doi:10.7454/eki.v6i1.4898.
- [17] IMR Putra, "Procurement of Medical Devices as an Effort to Accelerate Handling of Corona Virus Disease 2019 (Covid-19)," *Jurist-Diction*, vol. 4, no. 3, p. 1023, May 2021, doi:10.20473/jd.v4i3.26980.
- [18] "<https://binus.ac.id/bandung/2021/09/dampak-pandemi-covid-19-terhadap-eksport-import/> ." accessed on December 14, 2021
- [19] Abu Sopian, SH, MM, "GOVERNMENT PROCUREMENT STRATEGY OF GOODS/SERVICES."
- [20] "2014 LKPP Goods Procurement Strategy Module." LKPP, Apr. 14, 2014.
- [21] "<https://www.ksi-indonesia.org/id/stories-of-change/detail/2270-handling-pandemi-covid-19-together-ormas> ." accessed on December 14, 2021