

Implementation of Principles *Good Corporate Governance* (GCG) Procurement of Goods and Services by the Regional Public Service Agency at The Jatisari Regional Public Hospital, Karawang

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Abstract

This study examines the implementation of Good Corporate Governance (GCG) principles in the procurement of goods and services at Jatisari Regional Public Hospital, Karawang, which operates as a Regional Public Service Agency (BLUD). A qualitative descriptive method with a phenomenological approach was employed to analyze the application of transparency, accountability, responsibility, independence, and fairness in procurement processes. Data were collected through in-depth interviews with hospital directors, procurement officers, and patients, supported by direct observation and document analysis. The findings indicate that Jatisari Regional Public Hospital has made positive progress in implementing GCG principles through the use of electronic procurement systems, public information disclosure, and compliance with regulatory standards. Nevertheless, several challenges remain, including incomplete digitalization, inconsistent reporting mechanisms, political and bureaucratic intervention affecting institutional independence, limited human resource capacity, and unequal distribution of facilities across service units. The study concludes that while GCG implementation demonstrates a positive trajectory, substantial improvements are required in system strengthening, human resource development, and the enhancement of information technology-based governance.

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1. INTRODUCTION

Since the 1998 economic crisis, the implementation of good corporate governance (GCG) has been a major issue in Indonesia. Poor governance in the government and corporate sectors during that period significantly weakened the Indonesian economy (Zarkasyi, 2008). This situation was exacerbated by complex regulatory changes, digital transformation requirements, and the gap in access between urban and remote areas (Widjaja, 2025). The crisis, particularly the corporate crisis, made many stakeholders aware of the importance of building resilient business structures, as large business groups that previously supported the economy collapsed under unsustainable guarantees and required restructuring.

In an era of transparency and accountability in public financial management, the implementation of GCG principles in Regional Public Hospitals (RSUD) with the status of Regional Public Service Agency (BLUD) has become an unavoidable necessity. Jatisari Karawang Regional Public Hospital, as a public health service institution, has adopted

flexibility in financial and operational management as stipulated in BLUD regulations. This flexibility provides flexibility in the procurement of goods and services; however, it also presents challenges in maintaining transparent, accountable, and responsible governance (Fatmainnah, 2020; Wijayanti & Setyorini, 2023).

The main problem identified is the suboptimal implementation of GCG principles in the procurement process at Jatisari Regional General Hospital, Karawang. GCG implementation faces challenges, including frequently changing regulations, limited human resources and technological infrastructure, and potential organizational cultural resistance to the values of transparency and integrity (LKPP, 2018; LPKN, 2025). Conversely, procurement governance that is not aligned with GCG principles risks creating inefficiencies, abuse of authority, and potential fraud, which can impact the quality of public services and public trust (Hindrianti & Rokhayati, 2024; Sholeh et al., 2024).

Procurement of goods and services plays a crucial role in any organization as it serves as a means of utilizing significant budgets to acquire goods, services, and work necessary to carry out the organization's mission or objectives. In the government sector, procurement activities, commonly known as Government Procurement of Goods/Services (PBJP), are carried out by Ministries/Agencies/Regional Apparatus using APBN or APBD funds. This process, which encompasses identifying needs through to handover of work results, plays a crucial role in implementing national development to improve public services and develop the national and regional economies. Government procurement is also expected to fulfill the value of domestic product use, increase the role of micro, small, and medium enterprises (MSMEs), and support sustainable development (LKPP, 2020).

In the context of a Public Service Agency (BLUD), procurement of goods and services holds strategic significance because it is the primary instrument for ensuring the availability of facilities, infrastructure, and operational needs that support the smooth delivery of public services. Unlike conventional government agencies, BLUDs are granted flexibility in financial management to better adapt to public needs. This flexibility can only be optimally utilized if the procurement system is managed effectively, efficiently, transparently, and accountably (Ministry of Finance, 2022). Therefore, procurement in a BLUD is not merely an administrative activity but a vital function that directly impacts the quality of medical services, operational sustainability, and public satisfaction (Indrajit, 2018).

Delays or inaccuracies in the procurement process will impact hampered medical services, suboptimal budget utilization, and the potential decline in public trust in healthcare institutions. Therefore, procurement in BLUD needs to be positioned as a strategic pillar in hospital governance, where its success can reflect the effectiveness of regional financial management while strengthening the legitimacy of BLUD as a professional, responsive, and integrity-based public institution (LKPP, 2020; Fatmainnah, 2020). Given the breadth of aspects that can be studied, this study specifically limits its focus to identifying and formulating the most adequate pattern of GCG principles implementation in procurement at Jatisari Karawang Regional General Hospital as a BLUD, without discussing all aspects of hospital management, but directed at the process, challenges, and strategies of GCG implementation within the scope of procurement.

This study aims to: (1) analyze the implementation pattern of GCG principles in the procurement process at Jatisari Karawang Regional General Hospital, (2) identify challenges and obstacles in implementing GCG principles, and (3) formulate strategies to strengthen the implementation of GCG in procurement at BLUD hospitals. These findings are expected to provide strategic references for other BLUD hospitals facing similar

challenges and enrich the knowledge base and practice of procurement governance in Indonesia in the public health sector.

2. RESEARCH METHODS

This study uses a qualitative descriptive research design with a phenomenological approach. The qualitative method was chosen by considering: (a) its ease of adaptation when facing actual events, (b) direct presentation of the relationship between the researcher and informants, and (c) its sensitivity and adaptability to various shared influences and value patterns encountered. The phenomenological approach emphasizes the subjective aspects of human behavior to understand how and what meanings are formed from various events in everyday life (Moleong, 2006).

The research was conducted at Jatisari Regional General Hospital (RSUD), Karawang Regency, focusing on hospitals and procurement managers implementing electronic procurement (e-Procurement). This hospital was deliberately selected because it has been operating as a Public Service Agency (BLUD) since 2020 and has implemented electronic procurement through the e-Catalog. The research was conducted over two months, from June to July 2023.

The respondents of this study consisted of six informants: the Director of Jatisari Karawang Regional Hospital, the Head of the Procurement Division, and four patients. Data collection used various methods, including in-depth interviews, observation, and documentation. Primary data were obtained directly from respondents through structured interviews based on predetermined characteristics – individuals knowledgeable about Jatisari Karawang Regional Hospital, including the hospital director, procurement manager, and hospital visitors, particularly from the surrounding community. Secondary data were collected through documents related to GCG discussions, including relevant books, research reports, and other supporting materials that could be correlated with the primary data.

The research instruments included observation guidelines to examine the implementation of GCG and e-procurement methods, and interview guidelines to obtain information directly from informants. The observations used participatory techniques in which researchers actively engaged with research subjects to obtain in-depth information. The interview guidelines were developed with a focus on five GCG principles: transparency (information availability and disclosure mechanisms), accountability (responsibility mechanisms and oversight systems), responsibility (compliance with regulations and service standards), independence (decision-making autonomy and conflict of interest management), and fairness (equal treatment and non-discrimination in services).

Data analysis followed a systematic procedure, including data reduction to simplify and focus information, data presentation through narrative text describing the phenomenon, and drawing/verifying conclusions based on the analyzed data. The study used triangulation techniques to validate the data through source triangulation (comparing information from different sources) and method triangulation (comparing results from different data collection methods) to ensure the reliability and validity of the study.

3. RESEARCH RESULTS AND DISCUSSION

The procurement procedures for goods and services at the BLUD Jatisari Regional Hospital refer to Presidential Regulation Number 16 of 2018 concerning Government Procurement of Goods/Services and Regulation of the Minister of Home Affairs Number 79 of 2018 concerning BLUD and its derivative regulations. The process starts from

planning needs, preparation of the General Procurement Plan (RUP), selection of procurement methods (e-purchase, tender, direct appointment, etc.), implementation of the organizer selection process, through the handover of contracts and goods/services. Jatisari Regional Hospital has utilized an electronic system through the LPSE (Electronic Procurement Service) application, accelerating the process and increasing transparency. However, the implementation continues to adapt to the flexibility of BLUD in financial management while maintaining the principles of efficiency, effectiveness, and accountability.

In general, procurement procedures include the following stages: (a) Procurement Planning, starting from identifying the need for goods/services based on the annual work plan and budget, with the RUP prepared and announced through SIRUP (General Procurement Plan Information System); (b) Supplier Selection, choosing procurement methods such as open tenders, fast tenders, electronic purchasing, direct appointment, or direct procurement according to the value and complexity of the goods/services; (c) Procurement Implementation, carried out through the Karawang Regency LPSE where the procurement committee or officer evaluates the administrative, technical, and price aspects of the provider's tender documents; (d) Contract Signing, after determining the winner, negotiation and signing of the contract occurs between Jatisari Regional General Hospital and the provider; (e) Implementation and Supervision, goods/services are delivered and inspected by the technical team, with handover through official reports and supervision by the activity manager and internal control unit; and (f) Payment and Reporting, payments are made in accordance with the provisions of the contract with complete documents, followed by periodic procurement realization reporting.

3.1. Principle of Transparency

The implementation of the transparency principle at Jatisari Regional General Hospital is reflected in the hospital's efforts to provide accessible information to the public and internal stakeholders. Information regarding the types of medical services, cost standards, and procurement mechanisms for goods and services is published through official hospital media such as bulletin boards, annual reports, and the institution's website. This transparency demonstrates the hospital's commitment to ensuring information transparency so that the public can obtain a clear picture of their rights and obligations as service users.

Furthermore, transparency is demonstrated through a patient complaint management mechanism. Jatisari Regional Hospital provides a platform for the public to submit criticism, suggestions, or complaints, either directly through the complaint counter or indirectly through the provided digital channels. This is intended to build trust and ensure two-way communication between the hospital and patients and their families. However, in practice, transparency at Jatisari Regional Hospital still faces several obstacles. One of these is the limited digitalization of information, where data updates on the hospital's website and information system are not always carried out regularly. As a result, some of the information displayed is not fully relevant to the needs of the public, who require up-to-date and accurate data. Furthermore, transparency regarding the hospital's performance results and financial reports has not been fully accessible to the public, posing challenges in achieving optimal transparency standards as expected by the principles of Good Corporate Governance.

3.2. Principle of Accountability

The implementation of accountability principles at Jatisari Regional General Hospital is reflected in hospital management, accountability mechanisms for service performance, budget management, and achievement of established programs. As a regional hospital with BLUD status, Jatisari Regional General Hospital is required to prepare periodic accountability reports to the local government and other stakeholders. These reports cover aspects of financial, operational, and service quality indicators, which are used as a basis for evaluating organizational performance.

In practice, accountability is also realized through internal and external monitoring systems. Internal monitoring is carried out by the hospital; the internal control unit is tasked with monitoring program implementation and ensuring budget utilization complies with applicable regulations. Meanwhile, external monitoring is carried out by the Supreme Audit Agency (BPK) and the Regional Inspectorate, which assesses the compliance of financial and performance reports with regulatory standards. This mechanism is a crucial instrument for preventing irregularities in financial management and service administration. Furthermore, accountability at Jatisari Regional Hospital emphasizes moral responsibility towards patients and the community, which is manifested through medical service standard operating procedures (SOPs), a professional code of ethics, and the commitment of healthcare workers to provide services in accordance with patient safety principles.

However, challenges remain in implementing accountability, particularly regarding the consistency of performance reporting and limited human resources to document achievements in detail. Some accountability reports are not fully presented in a format that is easily understood by the public, potentially eroding public trust. Therefore, increasing the capacity of hospital staff in reporting governance and utilizing integrated management information systems is a strategic step to strengthen accountability comprehensively.

3.3. Principle of Responsibility

The principle of responsibility at Jatisari Regional Hospital is realized through compliance with laws and regulations, health service standards, and accounting guidelines applicable to the Public Service Agency (BLUD). As a public institution, the hospital has a legal and administrative responsibility to ensure that all operational activities are aligned with local government policies and national regulations, such as the Health Law, the Minister of Health Regulation on Hospital Service Standards, and BLUD management provisions. In its implementation, responsibility is reflected in the hospital's compliance with hospital accreditation standards organized by the Hospital Accreditation Commission (KARS). This accreditation serves as an external assessment instrument regarding the extent to which the hospital fulfills its professional responsibilities in ensuring service quality, patient safety, and organizational governance.

Furthermore, social responsibility is also an integral part of the implementation of responsibility. Jatisari Regional Hospital, as a regional hospital, bears the obligation to serve all levels of society, including BPJS Kesehatan patients and underprivileged community groups. This demonstrates that the hospital carries out not only legal responsibilities but also moral responsibilities in ensuring equitable and fair healthcare accessibility. However, there are challenges in implementing the principle of responsibility, particularly regarding limited resources – both healthcare workers and facilities that must be adjusted to the ever-increasing needs of the community. These

limitations require hospital management to continuously strive to meet service standards without neglecting regulatory compliance.

3.4. Principle of Independence

The implementation of the principle of independence at Jatisari Regional General Hospital emphasizes the importance of institutional autonomy in managing healthcare services without being influenced by external interests. As a Public Service Agency (BLUD), despite being under the authority of the local government, the hospital enjoys flexibility in financial management, procurement of goods and services, and human resource management. This autonomy allows the hospital to adapt to community needs quickly and efficiently while maintaining service quality.

Independence is also demonstrated through decision-making mechanisms based on operational standards and professional medical judgment. For example, in determining health program priorities, Jatisari Regional Hospital prioritizes patient needs and budget efficiency over political or administrative interests. This effort demonstrates management's commitment to upholding objectivity and reducing potential conflicts of interest. However, in practice, the principle of independence still faces serious challenges. Political, bureaucratic, or group-based intervention often influences the process of position placement, strategic policy formulation, and even budget priorities. This can undermine the professionalism of hospital management and potentially erode public trust.

To address this, strengthening the internal governance system is crucial. The BLUD Supervisory Board is expected to provide objective oversight, ensure transparency in decision-making processes, and protect the hospital from interventions irrelevant to the healthcare vision. This way, the principles of independence can be better maintained and contribute to Jatisari Regional Hospital's long-term performance improvement.

3.5. Principles of Justice and Equality

The principle of fairness in the governance of Jatisari Regional Hospital means that all stakeholders, both internal and external, must be treated fairly, proportionally, and non-discriminatively. This includes fairness in healthcare services for all levels of society, fairness in human resource management, and fairness in distributing opportunities and access to available facilities. As a regional hospital with BLUD status, the principle of fairness is key to maintaining public trust and enhancing institutional legitimacy.

In service practice, the principle of fairness is realized by ensuring that all patients receive services based on medical need, not on social status, economic status, or personal relationships. For example, BPJS (Social Security Agency) patients, private insurance patients, and general patients must receive the same standard of care in accordance with their rights. Fairness must also be reflected in queuing systems, referral mechanisms, and the provision of appropriate medications and medical procedures. Internally, fairness encompasses human resource management policies, particularly in recruitment, promotion, placement, and remuneration. Transparency and objectivity are key to preventing nepotism, discrimination, or unfairness in awarding or sanctioning services.

However, challenges in implementing the principle of fairness remain significant. Unequal access between wealthy and poor patients, political pressure in determining

structural positions, and limited facilities often create perceptions of injustice. This situation can undermine public trust and hinder the achievement of hospital goals. Therefore, strengthening internal policies that guarantee fairness, increasing transparency of public information, and establishing effective complaint mechanisms are crucial steps. The Supervisory Board of the Public Service Agency (BLUD), along with hospital management, needs to ensure that every policy and action consistently reflects the principle of fairness.

3.6. Discussion

The findings of this study align with previous research emphasizing that flexibility in BLUD financial management must be balanced with strengthening internal oversight systems and policy adjustments in accordance with GCG principles (Fatmainnah, 2020; Wijayanti & Setyorini, 2023). However, in practice, BLUD hospitals, including Jatisari Regional Hospital, still face obstacles in the implementation stage, ranging from uneven understanding of GCG principles among procurement implementers, lack of technical training, to the absence of a standard GCG implementation pattern that is adaptive and relevant to procurement within the BLUD environment.

The implementation of the e-procurement system through the LPSE (Employee Services Agency) has shown positive progress in increasing transparency and efficiency. These findings support research by the Indonesian Government Agency for the Procurement of Goods and Services (LKPP) (2018), which showed that electronic procurement can reduce direct interactions that could potentially lead to irregularities while accelerating the procurement process. However, successful digitalization requires adequate technological infrastructure, data security, and increased human resource capacity, aspects that still need attention at Jatisari Regional Hospital.

The issue of political and bureaucratic intervention in decision-making processes, particularly those affecting independence principles, reflects broader governance challenges in Indonesian public sector institutions. These findings resonate with research by Hindrianti and Rokhayati (2024), which shows that governance that is not aligned with GCG principles can create inefficiencies and potential fraud. Strengthening the BLUD Supervisory Board is crucial for providing objective oversight and protecting hospitals from interventions irrelevant to the healthcare mission.

From a managerial perspective, the implementation of GCG in procurement has important implications for organizational management. Transparency in the procurement process encourages hospital management to provide open information, from planning and supplier selection to the reporting stage. Maintaining transparency can increase public trust in hospital management while minimizing the potential for corruption and collusion. Accountability also carries significant managerial consequences, as every procurement decision must be accounted for through clear procedures, systematic reporting, and strict internal oversight mechanisms.

Independence in procurement is key to preventing intervention from certain parties that could potentially influence management decisions. Hospitals need to ensure that procurement teams operate professionally, prioritizing institutional interests and patient care, rather than the interests of specific groups. The managerial implication is the need to establish a decision-making system free from conflicts of interest and to strengthen the integrity of individuals involved in the procurement

process. The principle of fairness impacts healthy competition among providers of goods and services. Hospital management must establish objective and transparent criteria so that all providers have equal opportunities to participate.

Another implication concerns improving the overall quality of hospital services. Clean, accountable, and timely procurement will ensure the availability of medical equipment, medicines, and service facilities that meet standards. This directly impacts the quality of patient care, public satisfaction, and the achievement of hospital accreditation targets. Therefore, strengthening the implementation of GCG in procurement is part of hospital management; a long-term strategy for enhancing institutional competitiveness and reputation. Procurement digitization also has important managerial implications. Utilizing an e-procurement system enables a faster and more efficient procurement process with minimal direct interaction that could potentially lead to irregularities.

Finally, implementing GCG in procurement requires strengthening human resources. Employees involved in the procurement process need to be equipped with updated regulatory knowledge, procurement ethics, and adequate technical skills. Hospitals must continuously provide training and supervision so that governance principles become not only formal rules but also embedded in the work culture. Thus, the managerial implications of GCG implementation focus not only on controlling the procurement process but also on building a more professional, transparent, and service-oriented organizational culture.

4. CONCLUSION

This study shows that Jatisari Regional General Hospital has made efforts to implement the principles of Good Corporate Governance in its healthcare services as a Public Service Agency (BLUD). Transparency is evident through the openness of public information, although digitalization is not yet optimal. Accountability is realized through the preparation of financial reports and performance accountability, but reporting consistency remains a challenge. The principle of responsibility is reflected in regulatory compliance and the provision of services according to standards, although resource constraints remain challenging.

Independence is a crucial aspect for maintaining objectivity in decision-making, but field practice remains vulnerable to political and bureaucratic interference. The principle of justice has also been pursued through equitable and non-discriminatory services, although disparities in facilities and human resources across service units remain. Overall, it can be concluded that the implementation of GCG at Jatisari Regional Hospital has progressed in a positive direction, but still requires system strengthening, human resource capacity enhancement, and improved IT-based governance.

The research findings have several important practical implications. First, Jatisari Regional General Hospital and similar BLUD hospitals need to prioritize investment in information technology infrastructure to support transparency and accountability. Second, a continuous capacity-building program for procurement personnel related to GCG principles, updated regulations, and procurement ethics is crucial. Third, strengthening the BLUD Supervisory Board; its role in providing objective oversight and protecting institutional independence from external intervention is crucial. Fourth, developing clear standard operating procedures and a comprehensive documentation system can improve accountability and consistency in the procurement process.

Future research should examine GCG implementation patterns across multiple BLUD hospitals to identify best practices and contextual variations. Longitudinal studies can provide insights into how GCG implementation evolves and its long-term impact on hospital performance and community satisfaction. Furthermore, investigating the relationship between the level of GCG implementation and specific performance indicators such as patient satisfaction, accreditation scores, and financial efficiency would provide valuable evidence for policy development. Comparative studies between BLUD and non-BLUD hospitals can also illuminate the unique challenges and opportunities associated with BLUD status in implementing GCG principles.

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