
Strengthening Public Procurement Governance Through the Electronic Procurement System (SPSE): A Conceptual Framework for Local Governments

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Abstract

This conceptual paper develops an integrative framework for strengthening public procurement governance in local governments through the implementation of the Electronic Procurement System (SPSE). SPSE serves as a digital governance mechanism that enhances procurement transparency, promotes public accountability, and supports the realization of good procurement governance. Drawing upon Agency Theory and the principles of New Public Management (NPM), the proposed framework illustrates how SPSE contributes to more transparent, accountable, and efficient procurement processes, ultimately fostering greater public trust in government institutions. The framework offers both theoretical and practical contributions by providing insights into the role of digital procurement systems in public sector governance reform. Furthermore, it serves as a reference for local government practitioners in designing procurement governance strategies and establishes a foundation for future empirical research on the effectiveness of SPSE implementation in the public sector.

Keywords: *Electronic Procurement System (SPSE), E-Procurement, Procurement Transparency, Public Accountability, Good Procurement Governance, Public Trust.*

INTRODUCTION

Government procurement of goods and services is one of the most strategic activities in public administration, as it plays a crucial role in supporting development programs and delivering public services to society. Through procurement processes, governments acquire various goods, services, and infrastructure necessary to perform governmental functions effectively and efficiently. Given the substantial allocation of public funds involved in procurement activities, this sector is considered one of the most critical determinants of the quality of national and local public financial management. However, the complexity of procurement procedures, the involvement of multiple stakeholders, and the high value of procurement transactions make government procurement particularly vulnerable to various challenges, including inefficiency, abuse of authority, conflicts of interest, corruption, and collusion. These conditions necessitate the establishment of a procurement system capable of ensuring transparency, accountability, and the optimal utilization of public resources in order to achieve good governance (Thai, 2009; OECD, 2016).

In an effort to improve the integrity and effectiveness of government procurement, various reforms have been implemented through the adoption of information technology in public procurement processes. One of the most significant reforms is the implementation of the Electronic Procurement System (Sistem Pengadaan Secara Elektronik—SPSE), an electronic platform designed to facilitate all stages of procurement in a more transparent, standardized, and well-documented manner. The implementation of SPSE is consistent with public administration reform initiatives that emphasize efficiency, transparency, and accountability in the management of public resources. Through the digitalization of procurement processes, direct interactions

between suppliers and procurement committees can be minimized, thereby reducing opportunities for collusion, corruption, and nepotism. Furthermore, SPSE provides broader access to procurement information for stakeholders, accelerates administrative procedures, and enhances monitoring and oversight of government expenditure (Vaidya et al., 2006; Neupane et al., 2014). Therefore, SPSE should be viewed not only as a technological innovation but also as an instrument for reforming public procurement governance toward a more modern and accountable system.

Nevertheless, the success of SPSE implementation is determined not only by the adoption of technology in procurement processes but also by its ability to promote greater transparency and accountability. In the context of public procurement, transparency refers to the openness and accessibility of information throughout all stages of procurement, including planning, tender announcements, bid evaluations, and contract awards. The availability of accessible information enables citizens, suppliers, and oversight institutions to monitor procurement processes more effectively. Such transparency subsequently serves as the foundation for accountability, as every decision and action taken by procurement officials can be traced, evaluated, and justified. Through the digital records maintained within electronic systems, procurement activities become more documented and measurable, thereby reducing the risk of irregularities. Consequently, SPSE functions not merely as a tool for the digitalization of procurement administration but also as a governance mechanism that promotes more transparent, accountable, and public-oriented procurement practices (Bertot et al., 2010; Mahmood, 2010).

Numerous studies have examined the contribution of electronic procurement systems to improving the quality of public procurement from various perspectives. Khorana et al. (2024) demonstrated that e-procurement plays a significant role in enhancing procurement transparency through greater information disclosure and accessibility of procurement data. Consistent with these findings, Henda et al. (2025) reported that the implementation of e-procurement in Indonesia has improved efficiency, transparency, and accountability in government procurement processes. Furthermore, Sebastian et al. (2026) emphasized that procurement digitalization creates audit trails that strengthen integrity and oversight mechanisms within procurement activities. From a governance perspective, Mazta et al. (2025) identified e-procurement as a key pillar in achieving good governance, while Yanuarisa et al. (2025) highlighted transparency and accountability as fundamental elements of effective public procurement governance. In addition, OECD (2024) and Pratiwi et al. (2024) found that transparent and accountable governance contributes significantly to increasing public trust in government institutions.

Despite these findings, most previous studies have examined these relationships only partially. To date, limited research has integrated the Electronic Procurement System (SPSE), procurement transparency, public accountability, public procurement governance, and public trust into a comprehensive conceptual framework, particularly within the context of local governments. This conceptual gap provides the foundation for the present study to develop an integrative model explaining the mechanisms through which SPSE strengthens public procurement governance and enhances public trust in local government institutions.

Based on this conceptual gap, this study aims to develop a conceptual framework that explains the relationships among the Electronic Procurement System (SPSE), procurement transparency, public accountability, public procurement governance, and public trust in the context of local governments. This study argues that SPSE functions not only as an instrument for procurement digitalization but also as a mechanism that promotes information openness, strengthens public accountability, and supports the development of procurement governance that

is more effective, efficient, and integrity-driven. By integrating these five constructs, the study contributes theoretically through the development of a conceptual model that expands the understanding of SPSE's role in public sector governance reform. In addition, the study offers practical contributions by providing perspectives that can assist local governments in designing strategies to strengthen procurement governance based on transparency, accountability, and enhanced public trust. The proposed conceptual framework is expected to serve as a foundation for future empirical studies evaluating the effectiveness of SPSE implementation in the public sector.

RESEARCH METHODS

This study adopts a qualitative approach using a literature review method to develop a conceptual framework explaining the relationships among the Electronic Procurement System (SPSE), procurement transparency, public accountability, public procurement governance, and public trust. The literature review method was selected because it enables researchers to synthesize findings from previous studies in order to develop a comprehensive understanding of the phenomenon under investigation. According to Snyder (2019), a literature review is an effective method for identifying research developments, discovering research gaps, and constructing conceptual frameworks that can serve as foundations for future studies.

The literature collection process involved reviewing scholarly articles, books, reports published by international organizations, and policy documents relevant to the research topic. Literature sources were obtained from academic databases such as Google Scholar, Scopus, ScienceDirect, Taylor & Francis, as well as publications issued by international organizations such as the OECD. The selected literature focused on studies related to e-procurement or SPSE, public sector transparency, public accountability, public procurement governance, and public trust. In addition, priority was given to studies published in recent years to capture the latest developments in the field.

The collected data were analyzed using a thematic analysis approach. Through this method, various concepts, theories, and findings from previous studies were categorized according to major themes associated with the research constructs. The results of the analysis were subsequently used to identify patterns of relationships among variables, determine existing research gaps, and develop a conceptual framework explaining the relationships among SPSE, procurement transparency, public accountability, public procurement governance, and public trust.

Based on the literature synthesis, this study develops a conceptual model illustrating how the implementation of SPSE can enhance procurement transparency, strengthen public accountability, support the realization of good public procurement governance, and ultimately increase public trust in local governments. The resulting conceptual framework is expected to serve as a foundation for future empirical studies aimed at testing the relationships among the variables proposed in this research.

RESULTS AND DISCUSSION**SPSE as a Digital Governance Mechanism**

The Electronic Procurement System (SPSE) serves as a primary digital mechanism for strengthening public procurement governance. SPSE not only transforms procurement processes from manual to electronic systems but also enables digital documentation, information disclosure, and data accessibility for various stakeholders. This contributes to reducing the risks of collusion, corruption, and conflicts of interest, in line with Agency Theory, which emphasizes the importance of reducing information asymmetry between governments as agents and citizens as principals (Jensen & Meckling, 1976; Panda & Leepsa, 2017).

From the perspective of New Public Management (NPM), SPSE reflects public administration reform that emphasizes efficiency, results-oriented management, and service quality. The electronic system accelerates administrative processes, facilitates data-driven decision-making, and strengthens both internal and external oversight mechanisms (Hood, 1991; Klijn, 2012; Henda et al., 2025). Therefore, SPSE should be viewed not merely as a digital platform but as a strategic instrument that links technological modernization with improvements in public procurement governance.

Transparency in Public Procurement

Transparency represents the core mechanism linking SPSE to effective procurement governance. In the context of public procurement, transparency refers to the openness of information throughout all procurement stages, from planning and tender announcements to bid evaluation and contract award decisions. SPSE facilitates the publication of procurement data that is systematically documented and accessible to citizens, suppliers, and oversight institutions, thereby minimizing opportunities for abuse of authority (Bertot et al., 2010; Grimmelikhuijsen & Welch, 2012; Khorana et al., 2024).

The transparency generated through SPSE also supports the development of public accountability. The availability of digital records enables stakeholders to monitor and evaluate procurement decisions, strengthens accountability mechanisms, and ensures that government actions comply with the principles of good governance (Bovens, 2007; Schapper et al., 2006; Henda et al., 2025). In other words, transparency serves as a prerequisite for effective accountability, thereby facilitating the achievement of Good Procurement Governance.

Good Procurement Governance

Good Procurement Governance (GPG) is the conceptual outcome resulting from the integration of SPSE, transparency, and accountability within public procurement. Effective procurement governance is characterized by procurement processes that are fair, efficient, transparent, accountable, integrity-driven, and oriented toward the public interest (Thai, 2009; OECD, 2016). SPSE supports the realization of GPG by providing a digital platform that is systematically documented, publicly accessible, and capable of minimizing direct interactions that may create opportunities for collusion or manipulation. Mazta et al. (2025) and Yanuarisa et al. (2025) emphasize that e-procurement strengthens good governance principles through enhanced transparency, accountability, and fraud risk control.

GPG should not be viewed solely as an administrative outcome but also as a reflection of the institutional quality of government organizations. Through accountability mechanisms supported by transparency, SPSE enables procurement decisions and actions to be monitored and evaluated objectively. This is consistent with Agency Theory, which suggests that the provision of adequate information reduces information asymmetry between agents (government)

and principals (citizens), thereby enhancing the effectiveness of public oversight (Jensen & Meckling, 1976; Panda & Leepsa, 2017).

Public Trust

Public trust represents the ultimate outcome of SPSE implementation integrated with transparency, accountability, and Good Procurement Governance (GPG). Public trust reflects citizens' confidence that government institutions are capable of managing public resources effectively, fairly, and responsibly (Blind, 2007). Procurement processes that are transparent and accountable enhance public perceptions of governmental integrity and legitimacy. Grimmelikhuijsen et al. (2013) and the OECD (2024) demonstrate that information openness and governance quality contribute significantly to the development of public trust.

Within this conceptual framework, the influence of SPSE on public trust is indirect. SPSE enhances procurement transparency; transparency strengthens public accountability; accountability supports Good Procurement Governance; and Good Procurement Governance ultimately increases public trust (Pratiwi et al., 2024). In other words, SPSE serves as the starting point of a governance enhancement chain that ultimately fosters public trust while simultaneously bridging Agency Theory, New Public Management (NPM) principles, and Good Governance principles.

Integrated Conceptual Framework

Based on the literature synthesis, this study proposes an integrative conceptual framework that illustrates the sequential relationships among SPSE, procurement transparency, public accountability, Good Procurement Governance, and public trust. The framework emphasizes that SPSE is not merely a digital platform but also a governance-strengthening mechanism that systematically influences the quality of local government administration.

The mechanism proposed in this framework can be described as follows:

- 1. Electronic Procurement System (SPSE)**

SPSE provides the digital infrastructure required to support all stages of government procurement, facilitating procurement documentation, information publication, and data accessibility (Vaidya et al., 2006; Neupane et al., 2014).

- 2. Procurement Transparency**

The information openness generated through SPSE enables citizens, suppliers, and oversight institutions to monitor procurement activities more effectively. This reduces information asymmetry between principals and agents, as explained by Agency Theory (Jensen & Meckling, 1976; Panda & Leepsa, 2017).

- 3. Public Accountability**

Transparent information serves as the foundation for government accountability in procurement decision-making, ensuring that procurement activities are conducted in accordance with ethical principles and good governance standards (Bovens, 2007; Schapper et al., 2006).

- 4. Good Procurement Governance (GPG)**

Good Procurement Governance is achieved when SPSE, transparency, and accountability operate synergistically to create procurement processes that are fair, efficient, accountable, transparent, and integrity-driven (Thai, 2009; OECD, 2016; Mazta et al., 2025; Yanuarisa et al., 2025).

- 5. Public Trust**

Public trust represents the ultimate outcome of effective procurement governance. Citizens' trust develops when they perceive procurement processes to be transparent, accountable,

and aligned with the public interest (Blind, 2007; Grimmelikhuijsen et al., 2013; OECD, 2024; Pratiwi et al., 2024).

This framework confirms that the influence of SPSE on public trust is indirect and mediated by procurement transparency, public accountability, and the quality of Good Procurement Governance. Furthermore, the framework integrates all relevant theoretical perspectives. Agency Theory explains the reduction of information asymmetry between governments and citizens; New Public Management provides the context for public sector modernization through digitalization; and the principles of Public Accountability and Good Governance emphasize institutional responsibility, transparency, and integrity. Consequently, this framework offers a robust conceptual foundation for future empirical research examining public procurement governance in local government settings.

CONCLUSION

Based on the literature synthesis and conceptual discussion, it can be concluded that the Electronic Procurement System (SPSE) serves as a strategic instrument for strengthening public procurement governance within local governments. SPSE facilitates the digitalization of procurement processes, enhances transparency, expands access to information, and creates traceable documentation systems, thereby reducing the risks of abuse of authority and corrupt practices.

The transparency generated through SPSE serves as the foundation for public accountability, whereby procurement decisions and actions can be justified and evaluated by citizens and oversight institutions. The integration of SPSE, transparency, and accountability contributes to the establishment of Good Procurement Governance (GPG), which encompasses the principles of fairness, efficiency, integrity, and public-interest orientation (Thai, 2009; OECD, 2016; Mazta et al., 2025; Yanuarisa et al., 2025).

Ultimately, effective procurement governance enabled by SPSE contributes to increased public trust in local government institutions. This trust emerges as an indirect outcome of a sequential governance mechanism: **SPSE → Procurement Transparency → Public Accountability → Good Procurement Governance → Public Trust** (Blind, 2007; Grimmelikhuijsen et al., 2013; OECD, 2024; Pratiwi et al., 2024).

From a theoretical perspective, this study integrates Agency Theory, New Public Management (NPM), and the principles of Public Accountability and Good Governance into a comprehensive conceptual framework, thereby addressing the limitations of previous studies that have largely examined these relationships in a fragmented manner. From a practical perspective, the proposed framework provides guidance for local governments in designing SPSE implementation strategies that go beyond administrative digitalization and genuinely contribute to improving transparency, accountability, governance quality, and public trust.

Future research is encouraged to conduct empirical testing to validate the relationships among the variables proposed in this framework and to adapt the model to different local government contexts. Such efforts would enable a more objective and sustainable assessment of the effectiveness of SPSE in strengthening public procurement governance

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