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Analysing the Success Factors of SMEs on Public Procurement

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Abstract. Indonesia is catching up with infrastructure development as a developing country. This is an opportunity for large and small contractors, especially construction services to compete for development projects. In the process, the government held a tender for SMEs participating in government projects. In the government tender process there are many obstacles that can affect SMEs to participate and win the government tender process. One of them is more than 50% of the value of tenders under 2.5 billion rupiahs but it cannot be done by choosing directly so that SMEs become difficult to be involved in the government procurement tender process. In this study we will discuss the factors and constraints that affect construction SMEs to participate in public procurement. Factors and obstacles include two main factors, namely the internal SMEs and external factors from the government. The method used is the Partial Least Square analysis method which is doing descriptive statistical analysis and causal analysis that aims to find out whether the factors that influence and become obstacles for SMEs to participate in public procurement.

1. Introduction

The construction company is one of the businesses in the sectors of the economy that relate to a planning or implementation and supervision of the construction of an activity to establish a building or other physical form that in the implementation of the use and utilization of the building concerned interests and the safety of user community building [1]. In connection with that contractor-the contractor such as SMES in particular to construction services can play a role in infrastructure development in Central Java province. However, the role of SMES in terms of development is ruled out. That is because the lack of strong capital to finance the legal officer and do resistance over criminalization. In the case in the United Kingdom are currently small-scale contractors-contractor felt the fear of actions that complicate the SME auction activities that occur in or are tendering to enter into a large project [2].

The Government set about procuring goods/services that are poured into Public Procurement Regulation of Indonesia Government [3]. According to the regulation, the procurement of goods or services a Government can be classified into procurement, procurement services consultancy, procurement and construction work on other services. Regulation [4] on the procurement of goods or services the Government mandated that all procurement of goods or services the Government is applying the principles of efficient, effective, transparent, open, competitive, fair or not discriminatory and accountable, so that later can be obtained from a provider of goods or services who has the qualifications and is expected to provide the goods or services in accordance with the required specifications.



The current competition in the world of construction higher due to rampant foreign contractors-contractor took over the implementation of the national construction but not diimbangi with increased Indonesia's foreign contractors (GAPEKSINDO). Procurement performed conventionally assessed have some weakness that much harm as easy the corruption, Collusion and Nepotism (KKN) develops, as well as less transparent [5]. Similarly, in a great project organised by the Department or the Government around, the relevant parties will hold activities are tendering or auction to get the selected contractor who worked on the project. Sometimes small contractors are often faced with major contractors, such as contractors who come from State-owned enterprises. It is caused by the contractor did not distinguish classification segmentation within an auction competition projects. In which the contractor according to the institutions of the goods/services Procurement Policy of the Government, there are seven levels. Level one is the individual contractors and have not incorporated the law, levels 2-4 small contractors category entry should only be working on the project with a maximum value of IDR 2.5 billion, while levels 5-7 pertained to non small contractors can work on a project whose value is above IDR 2.5 billion (Institute for the policies of government procurement of goods/services). But sometimes the contractor level 5 which usually just moving on from the small contractors had to deal with level 7 classmates SOES which have a turnover of at least IDR 500 per year billion. In these activities, SMES often experience discrimination and considered one eye by big contractors [2]. This makes entrepreneurs SMES small and medium contractors fret and can not enter into the Government project. Besides being considered one eye, SMES also became victims of the irregularities that occurred in the process are tendering. This situation also leads to business competition in the construction market of small and medium scale becomes unhealthy and distorted so as to open up opportunities for service users who bertikad less well to take advantage of most construction contracts through an unfair and unbalanced [2].

Nevertheless, according to the ministry of Industry (2011), it is estimated that there will be many obstacles that should be faced, like information access; market understanding; entrepreneurial motivation; and capital, which became the challenges in achieving those targets. This is consistent with research from [6] who stated that insufficient information is one of the constraints in SMEs development, and it is also supported by the Organization for Economic Cooperation and Development, which states that the lack of information to analyze the market causing a major barrier for SME development [7].

In the auction process sometimes SME experience difficulties and has its own barriers in the auction process. One of the factors that influence SME is a value package auction, sometimes the Government issued a total package cost above Rp 2, 5 m so the chances of SMES small and medium class with the smaller and slightly to follow the auction process. Then also about human resources and technology used, usually the Government pegged the price of the package is high with a high specification as well so that SMES with little capital and less technology will be hard to get in and win the auction process.

SME has a large and strategic role in supporting economic growth in Indonesia. Ironically, Indonesian SME products are facing strong competition with imported products, even in its own country [6]. With the opening of free trade area agreement, Indonesian market were flooded with foreign products which easily adapted and chosen by customers. Not to mention, foreign products are even able to provide cheaper items with better quality compared to Indonesian products. These facts raise the question, what is the exact barrier for Indonesian SMEs resulting in inability to compete in both local and international markets? In fact, viewed from our strategic advantages, Indonesian SMEs are surrounded by abundant resources and availability of human resources [8]. These factors can actually be the competitive advantages when Indonesian SMEs competing in global market. Yet, due to various internal factors faced by SMEs, we have not been able to optimize those advantages to win in the global market.

2. Literature Review

Procurement (Procurement) in the center of the construction and development of a large Indonesian Language Dictionary in the Language of procurement there is derived from the word meaning is present or has been made available, while the procurement was: process, ways, deeds held, provides.

Meanwhile, according to researcher Mochamad Ichram Believer in his procurement of goods and services, defines procurement as follows "the procurement is all efforts and activities to meet the need for goods and services within the limits of legislation policy in force". The procurement involves the activities involved in setting basic requirements for procurement activities procurement process also itself such as market research, evaluation of vendor, and negotiating contracts. It can also include the required purchase activities for ordering and receiving goods.

Based on the regulation of government procurement [4], the procurement of goods/services: "The procurement of goods and services is an activity to obtain goods and services by the Ministry or institution or working unit device area or institution that process starts from planning needs until the completion of the entire activity to obtain goods and services."

The objective is to acquire goods/services required government agencies in sufficient amounts by the quality and price that can be accountable, as well as in a particular time and place effectively and efficiently according to the provisions and ordinances that apply.

The definition of implementation of Government procurement of goods and services the field of construction work according to [4] is a work related to the implementation of the construction of buildings or other physical form of creation. Is the execution of the construction of buildings, including whole or in part the implementation of activities that includes the work of architectural, civil, mechanical, electrical, environmental, and governance respectively, along with its furnishings to realize a building.

Public procurement is any goods or services procurement activities conducted in the public sector of the Government. In order to achieve the objectives in the system of procurement of goods and services, each country must have set a goal to be achieved in terms of (legal basis) of procurement of goods and services in the country. Each country set a goal that varies in accordance with the conditions and the interests of each country.

3. Research Model

3.1. Regulation

Based on the institution's policy of Government procurement of goods/services, the procurement of goods/services the Government is done with reference to a number of regulations and policies. Legal basis and conditions/rules of procurement of goods/services can be grouped into two parts, namely the Main Legal Basis and the Legal Basis Related

The main legal basis that is used as the basis for the implementation of government procurement of goods/services are article 4 paragraph (1) of the Constitution of the Republic of Indonesia in 1945; Act No. 1 of 2004 concerning the Repertory-State (State Gazette of the Republic of Indonesia in 2004, an additional Sheet No. 5 of the Republic of Indonesia Number 4355); Government regulations Number 29 in 2000 on the Organization of construction services (State Gazette of the Republic of Indonesia year 2000 Number 64, an additional Sheet of the Republic of Indonesia Number 3956); Government Regulation number 6 in 2006 about the management of Goods belonging to the country/region (State Gazette of the Republic of Indonesia Number 20 in 2006, an additional Sheet of the Republic of Indonesia Number 4609) as amended by the Government Regulation Number 38 in 2008 (State Gazette of the Republic of Indonesia Year 2008 Number 78 Additional sheets of the Republic of Indonesia Number 4855); Presidential regulation of the Republic of Indonesia Number 106 in 2007 about the institution of Policy Procurement of Government goods/services; Presidential regulation of the Republic of Indonesia Number 54 in 2010 about Government procurement of goods/services.

Ministry/Agency/Regional Government work Units or other institutions to the wider community. The importance of the economic growth of any small and medium business can be seen in government regulation that support the small and medium business [9]. Related regulations issued by the Government in the auction, government regulation is sometimes not supporting the SME sector to be able to win the Government procurement of goods and services [10]. Some of the barriers for small and medium class contractor is related to the supply from the Government itself, the slow payments, bad

specs [11] and the packet size is too large [12]. Procurement performed conventionally assessed have some weakness that much harm as easy the corruption, Collusion and Nepotism (KKN) develops, as well as less transparent [5]. Similarly, in a great project organized by the Department or the Government around, the relevant parties will hold activities are tendering or auction to get the selected contractor who worked on the project. Sometimes small contractors are often faced with major contractors, such as contractors who come from State-owned enterprises. It is caused by the contractor did not distinguish classification segmentation within an auction competition projects. In which the contractor according to the institutions of the goods/services Procurement Policy of the Government, there are seven levels. Level one is the individual contractors and have not incorporated the law, levels 2-4 small contractors category entry should only be working on the project with a maximum value of IDR 2.5 billion, while levels 5-7 pertained to non-small contractors can work on a project whose value is above USD 2.5 billion [3].

H1: The regulation variable is positive and significant effect against the success of SME services implementing construction in government procurement of goods and services.

3.2. Culture

The culture of Government that are discussed in this aspect is about negative culture may inhibit small business Medium to follow and won the process of procurement of goods and services of the Government. One way for the Government to help SMES to achieve their full potential through their public procurement system [13]. However, the influx of potentially profitable market to SMES is often hampered by the negative culture that challenges do certain persons such as corruption, bureaucracy and lack of transparency in the tender. Some research has also described the attention into public procurement. Some say that rationality supplier providing barriers that need to be taken care of by the small and medium sized contractors [14] and also the Government's cultural objective and did not dare to take the risk of the work to small and medium sized contractors [2];[15].

In addition, the issue concerning the culture of bribes and cooperation carried out by the Government against the company are still often occur in this country of Indonesia. It is also expressed by [16] saying that SMES are prone to engage in crimes of corruption, the majority of SMEs in Indonesia involved, which may be caused by a bad government culture and bureaucracy that parties making SMES have no other choice [16]. Of course, SME Indonesia has a weak position against celebrating the negative. The attitude of the Government which has always been in favor of big corporations so that the party has always regarded SMES are not good in terms of the quality and workmanship of project procurement of goods and services.

The existence of the hidden relationships between persons with a certain company is also one of the factors restricting the SMES to win procurement process of goods and services of the Government. This makes SME Party feel restless action competition. In addition, on the attitude of the Government who do not want to accept the risk for the working of the project held by SMES. Small and medium businesses are sometimes working on a package of jobs that are not on time and have a good quality it poses a negative government attitude and does not believe in the work undertaken by the SMES so that SMES are often not in the priority in government procurement of goods and services [2].

H2: The culture variable is positive and significant effect against the success of SME services implementing construction in government procurement of goods and services.

3.3. Organization

The Organization of the public procurement are consists of elements [4]: Pengguna Anggaran (PA), Pejabat Pembuat Komitmen (PPK), Unit Layanan Pengadaan (ULP), Panitia Penerima Hasil Pekerjaan (PPHP). The working relationship between the three functions is appointed and responsible to the PA. Thus the third function can work independently in hopes will happen to mutual control [4]. But in the

procurement of goods and services the Government organizational aspects explained that government agencies that hold auctions have different information from each Department so that SMES have difficulty to get the appropriate information from the Government [2] and also of the Association as well as the cooperation among companies with the Government really help small and medium sized contractors in government procurement of goods and services [15]. Regular irregularities carried out by the Organization Committee for the procurement of Government is not transparent, the integration Committee, and the Committee siding. Other variables that are described, namely an organization of SMES cannot be developed because of the lack of relationship with other SMES as well as with Government.

H3: The organization variable is positive and significant effect against the success of SME services implementing construction in government procurement of goods and services.

3.4. Procurement Process

Related to the process of government procurement of goods and services including the magnitude of the problem is the size of the contract, the work time projects by SMEs, payment method from the Government, and a track record of SMES in government procurement of goods and services [2].

The process of procurement of goods and services is a sequence of activities at each stage of implementation which can be grouped in several stages. Procurement of goods and services which use the chartering auctions method and procurement consulting services that use the selection process through five stages, as follows: procurement planning, preparation of procurement documents, the preparation of the list of participants of the auction, implementation of procurement, the preparation and signing of the contract.

The procurement process is the core of the Government's procurement of goods and services, therefore in this procurement process activities have the greatest chance of occurring irregularities that could hamper small and medium enterprises in winning procurement of goods and services of the Government.

H4: The procurement process variable is positive and significant effect against the success of SME services implementing construction in government procurement of goods and services.

3.5. Capacity

Small and medium business in Indonesia is a major thing and on the priority to meet the Government's economic growth target in Indonesia [17]. Until such time as these small and middle businesses in Indonesia still have many experience difficulties and obstacles such as the lack and the lack of technology used, the limited knowledge of business management and production. Based on the results of his studies, the presence of these small and medium enterprises is the key to the country's economic growth is important for [18]. The Government in Indonesia appear to have difficulty in retaining the small and Medium Business in a sustainable way.

Although the Government has been issuing supporting programs to assist SMES in terms of loan capital, but in reality it does not show a positive impact towards SMES due to lack of capacity and knowledge of limited information of the SME itself. That is because the existence of barriers in technology issues that occur in Indonesia, supported the statement of the research conducted by [19] explained that the application of existing technologies in Indonesia to run slowly.

The explanation is due to the growth of infrastructure in Indonesia that is running slow and have yet to reach all areas in Indonesia [19]. Difficulties in terms of acquiring raw material resources or the raw materials is also one of barriers faced by SMEs in Indonesia. One example is in the furniture industry, according to the Association of furniture and Rattan Handicrafts, Indonesia in 2011 having difficulties in obtaining raw materials of rattan on Kalimantan [17]; [6]; [20]. In a study conducted by the experts also found that there is a bottleneck in the supply chain of SMES which causes difficulties in getting

raw materials or raw materials. Small and medium businesses in Indonesia does not have sufficient capacity to manage management properly which can lead to waste from the production process [6].

Capacity of SMES that are minimal, the shortage of resources in terms of electronic technology and legal entities [21] as well as management, marketing, finance SMES making it difficult to enter into projects of government procurement of goods and services [22]. In addition, the Government issued the working time does not match the existing capacity in the SME itself [2].

H5: The capacity variable is positive and significant effect against the success of SME services implementing construction in government procurement of goods and services.

3.6. Skills

In addition to dealing with resource management, marketing, also discussed about human resources in SMES employers and employees regarding the limitations of knowledge and lack of education make a wide negative impact for various areas of activities of SMEs [23]. In fact, the skills possessed by the SME workforce usually obtained for hereditary or self-taught. So in terms of marketing, company management, access and information is still very limited. Lack of access to information the SMES lose a lot of opportunities to follow the activities of government procurement of goods and services, infrastructure in Indonesia being one of the factors in the cause of the limitation of access to such information [6].

The difficulties of access to this information have an impact on the limitations of knowledge and expertise on business and product quality. This explains why Indonesia is regarded as one of the countries that are barely able to meet the standards of the international market. Based on research conducted by [23], SMEs in Indonesia must implement Total Quality Management in its efforts to be able to compete in international markets [23]. In addition, from the SMES themselves cannot concentrate on their main vision and does not have a strong ambition to grow into a large business with a wider market [23]. Lack of expertise in SMES the SME makes it difficult to develop its business, it also had a significant impact on project work that is not completed on time.

H6: The skills variable is positive and significant effect against the success of SME services implementing construction in government procurement of goods and services.

3.7. Attitudes

The attitude of SMES that are discussed here relates to issues such as bribery and irregularities that can hamper SMES in government procurement of goods and services. In the research of [13] says that many of the barriers faced by SMEs in public procurement related to the lack of transparency in the procurement process. The negative culture that became obstacles each SME to follow public procurement, one of the impact on the SMES themselves are becoming less confident in following public procurement [2].

Aspects of the attitude of SMES here relate to SMES who lack confidence in the process of the auction so that it always crashed out. In addition, the attitude of SMES are reluctant in following the process of the auction because it was learned that in the process the auction going on diversion that can harm the SMES in the process of the auction [15].

At this moment, Indonesia faced UKM strong competition of the associated existence of ASEAN economic community. Therefore, the Government should wisely and discipline consider Indonesia SME promotion and develop programs that are indispensable as a strategic step to advance the economy. Small and medium businesses as a pillar of the economy of the country is expected not only to improve its own revenue, but also enhance the country's economic prosperity together [26].

H7: The attitude variable is positive and significant effect against the success of SME services implementing construction in government procurement of goods and services.

3.8. SMEs Success in Public Procurement

To be able to measure a variable effect on the indicator, then gained some indicators of the success of SMES in the process of auction. Based on the Report issued by the European Commission and the results of a questionnaire that asked researchers to construction experts explained some things about the indicators of the success of SMES in winning an auction process five, namely:

1. The improvement of the performance of the company
If the barriers that can effect can be overcome by good performance levels then a SME construction services can be improved. One example of the increased performance of a SME service construction is able to win as many auction package released by the Government.
2. The increase in network communication
When an SME can anticipate obstacles that influence the success of SME's dining services construction can be seen from the increase in communications networks. An example of this increased communication network like enhancement of relationship with other SMES and also increased the number of clients in the SME.
3. The growth in profits and the value of the contract
The level of success of SMES can also be seen from the advantages and value of the contracts related to the turnover of owned SMEs, an SME can be said to be successful in the auction process when the turnover has increased every year.
4. The lack of a troubled project
Based on the results of a preliminary questionnaire with expert procurement of goods and services in the field of construction, an SME can be said to be successful if it has little or no troubled projects in the Government's project work.
5. The growth in capacity
Capacity of SMES with regards to the amount of employee and expertise in SMES. Based on the results of questionnaire introduction researchers, respondents said that an SME can be said to be successful if the capacity increase or grow within a certain period.

Therefore, the research model is as follows:

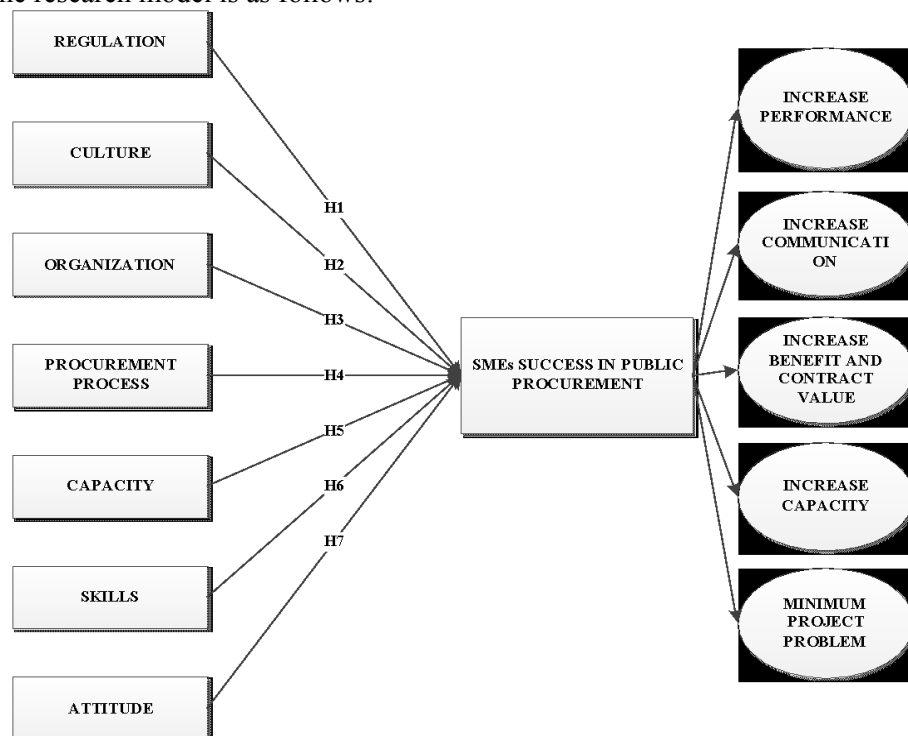


Figure 1. Research Model

4. Research Method

The research survey is used to test the research model. The population of users of the system as many as 262 contractors and as many as 72 the number of sample contractors and the number of respondents as many as 72 personnel. Respondents fill in questionnaire research are related parties are considered to be competent in this study, namely the head SMEs engaged in the field of construction services.

Data analysis was performed using analysis of evaluation measurement (outer model) and an analysis of the structural model (inner model). Structural model was tested using Structural Equation Modelling-Smart PLS. Descriptive analysis of the open-ended questions was also performed to explore qualitatively and complement the research findings.

Table 1: Measurement

Construct	Measurement	References
<i>ion</i>		
R1	Centralised major contract	Loader (2014)
R2	Contract value above IDR 2.5 billion	
R3	Transparency government regulation	
<i>ation</i>		
B1	Risk averse attitudes	Loader (2014)
B2	Pro-large business attitudes	
B3	Supplier rationalization	
<i>ization</i>		
O1	Government organization produce complexity	Loader (2014)
O2	Inconsistency about information contract	
O3	Minimum relation between SMEs and government	
<i>ment Process</i>		
PP1	Inability to determine appropriate contract	Loader (2014)
PP2	Size of contract	
PP3	Contract length prohibitive	
PP4	Professionalism	
PP5	Slow payment	
PP6	Track record	
PP7	Narrow definition of value for money	
<i>ty</i>		
K1	Lack of resource (management, marketing, etc)	Loader (2014); Irjayanti (2012); Siringoringo (2009)
K2	Lack of human resource	
K3	Lack of technology	
S1	Lack of project management skills	Loader (2014); Siringoringo (2009); Pribadi and Kanai (2011)
S2	Lack of required standards	
S3	Poor completion bids	
<i>s</i>		
SU1	Lack of struggle	Loader (2014)
SU2	Reluctance to engage with process perceived to be unfair	
SU3	Lack of completed project	
<i>uccess in Public Procurement</i>		
KU1	Increase perform of SMEs	European Commission Report (2014); Ardjouman (2014); The results of a questionnaire with respondents construction management
KU2	Increase communication	
KU3	Increase benefits and contract value	
KU4	Increase capacity of SMEs	
KU5	Minimum problem project	

5. Results

Data analysis was performed in 2 (two) stages of evaluation measurement (outer model) and tested the structural model (inner model). First, the evaluation of measurement (outer model) of empirical models; obtained convergent validity values (> 0.5), average variance extrated (> 0.5), composite reliability (> 0.6) and discriminant validity are eligible. Second, the test result of the structural model (inner model); the model shows the value of goodness-fit models are moderate with a value from 0.234 to 0.265. Table 2 illustrates the output of SmartPLS.

Table 2: Evaluation Measurement (Outer Model): AVE, CR, CA, T-Values

	<i>Outer Loading</i>	\sqrt{AVE}	<i>Composite Reliability</i>	<i>T Statistics</i>
<i>Regulation</i>		1.000	1.000	2.826
R1	0.952			
R2	0.460			
R3	0.328			
<i>Culture</i>		0.790	0.882	2.210
B1	-0.010			
B2	0.733			
B3	0.828			
<i>Organization</i>		0.620	0.764	0.683
O1	0.833			
O2	0.714			
O3	0.314			
<i>Procurement Process</i>		0.617	0.864	8.103
PP1	0.728			
PP2	0.338			
PP3	0.490			
PP4	0.656			
PP5	0.916			
PP6	0.719			
PP7	0.121			
<i>Capacity</i>		1.000	1.000	3.168
K1	-0.224			
K2	0.286			
K3	0.856			
<i>Skills</i>		0.671	0.855	3.317
S1	0.569			
S2	0.947			
S3	0.890			
<i>Attitudes</i>		1.000	1.000	0.183
SU1	-0.297			
SU2	-0.096			
SU3	0.995			
<i>SMEs Success in Public Procurement</i>		0.595	0.853	
KU1	0.876			
KU2	0.650			
KU3	0.834			
KU4	0.289			
KU5	0.688			

Latent variable correlations Table 3 below shows that the roots of AVE (diagonal elements) have a higher value than the value of the correlation between the other constructs. This proves that all the constructs has good discriminant validity.

Table 3: Latent variable correlations

	R	B	O	PP	K	S	SU	KU
<i>Regulation (R)</i>	1.000							
<i>Culture (B)</i>	-0.463	1.000						
<i>Organization (O)</i>	0.023	-0.541	1.000					
<i>Procurement Process (PP)</i>	0.222	-0.058	-0.357	1.000				
<i>Capacity (K)</i>	0.174	0.044	0.040	-0.188	1.000			
<i>Skills (S)</i>	0.136	0.012	-0.247	0.225	-	1.000		
<i>Attitudes (SU)</i>	-0.011	0.191	-0.173	-0.182	0.393	0.487	1.000	
<i>SMEs Success in Public Procurement (KU)</i>	0.419	0.102	-0.423	0.746	0.189	0.492	0.288	1.000

Notes: Bold numbers on the diagonal are the square root of the variance shared between the constructs (average variance extracted) and their measures. Off-diagonal elements are correlations among constructs. For discriminant validity, diagonal elements should be larger than off-diagonal elements.

Test of the inner model was performed to see of the relationship between constructs, as well as the value of significance and R-square. Test of goodness-fit model of the structural model (inner model) was performed by looking at the value of R-square. R-square value of 0.19, 0.33 and 0.67 for the endogenous latent variables in the structural model indicates that the model is weak, moderate and good. The following table provides estimates of the output. Table 3 below provides the output estimate.

Table 4: Testing a structural model (inner model): R-Square

	R Square
KU	0.925

Table 4 above shows that the model is quite good to describe the effect of the latent constructs are independent to the latent constructs. This means the variable regulation, culture, organizations, procurement process, capacities, skills, attitudes of SMES only the dependent variable can explain the success of SMES in government procurement of 92% and the rest is explained by other variables outside of the model.

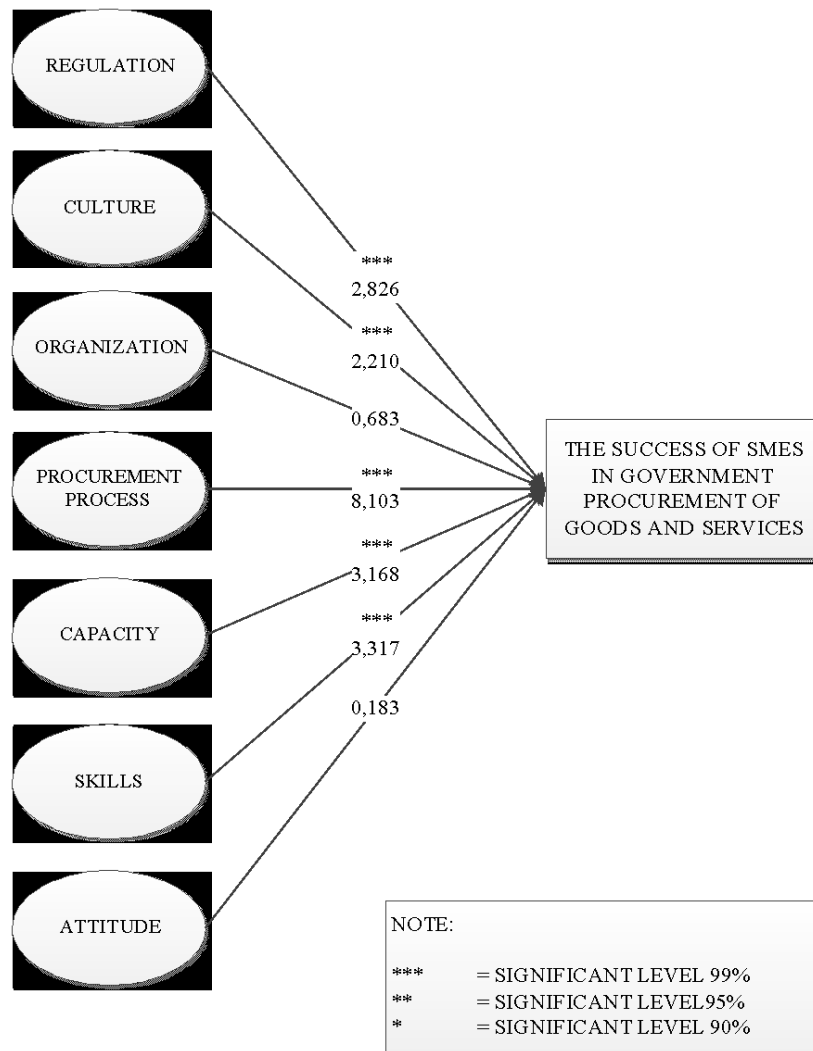


Figure 2. Results

It can be seen from Figure 2 above that there are five variables that have a confidence level of 99% with the highest t comparison table of variables 2.64 are regulation, culture, processes, procurement capacity and skill. This explains that the five variable has a true chance of 99% with the number of t-statistics on procurement process variables.

6. Discussion

First, indicates the value of path coefficient of 0.263 with a value of the T-statistic of 2.826. The value is greater than T comparison 1.960. This result means that government regulation has a positive and significant relationship towards the success of SMES in government procurement. On this hypothesis suggests that a positive and significant effect of regulation against the success of SMES in government procurement of goods and services. It is when a government regulation supports SMES construction services, then SME success rate will be higher as it can win the appropriate package, increased turnover, and also increased capacity within a certain period. Whereas when government regulation that do not support SMES construction services, then SME success rate construction services will declined and could hinder the SMES in the process of winning the procurement of goods and services of the Government.

Second, It can be seen the first hypothesis test results demonstrated that the relationship of cultural variables (B) with the success of SMES in Government Procurement (KU) indicates the value of path

coefficient of 0.274 with a value of the T-statistic of 2.210. The value is greater than T comparison 1.960. This result means that the culture the Government has significant positive relationships and inhibit SME Success against in government procurement. In the regulation [4] has already been mentioned that the announcement was made openly and transparently. However, in the practice of government procurement of goods and services still there are deviations that occur. The Government still lacks a culture of discipline against the procurement of goods and services of this Government which then becomes an obstacle for small and medium-sized contractors. The pattern of irregularities which occurred are usually the cooperation covered bond between the Government with the companies that are already established. Data obtained from Indonesia Procurement Watch (IPW) as much as 70% of the condemnations came from government procurement of goods and services. Negative culture such as this should be removed and dealt with firmly in order to establish a healthy and competitive rivalry [27].

Third, indicates the value of path coefficient of 0.065 with a value of the T-statistic of 0.683. The value is smaller than the comparison of 1.960 T. This result means that government organizations do not have a positive and significant relationship towards the success of SMES in government procurement. From the results of statistical tests said that government organizations do not affect the positive and not significantly to the success of SMES in the construction service procurement services of the Government. In this case this means that the Government Organization that is in the process of procurement is not too influential towards the success of SMES in government procurement of goods and services. Complex or whether State government organizations does not affect the construction service for SME won the procurement of goods and services of the Government. In addition, based on the results of brainstorming by contractors of their small and medium says that an Association of construction services are not giving more value against small and medium contractors in the process of procurement of goods and services of the Government.

Fourth, indicates the value of path coefficient of 0.709 with a value of the T-statistic of 8.163. The value is greater than T comparison 1.960. This means that the results of activities in the Procurement Process has a positive and influential relationship significantly to the success of SMES in government procurement. In the process of implementation of procurement is indeed still present condemnations that essentially leads into action not professional by officials of the procurement of goods and services. Although it is written clearly in the regulation [4], but still there is a plurality of persons who abuse and invited to stray from these existing policies and can harm small and medium contractors-contractor in the Government procurement of goods and services. Therefore variable this can affect the procurement process and could also hamper small and medium contractors in government procurement of goods and services [21].

Fifth, indicates the value of path coefficient of 0.385 with a value of the T-statistic of 3.168. The value is greater than T comparison 1.960. This result means that the capacity of SMES to have a positive and significant relationship towards the success of SMES in government procurement. The capacity of the small and medium contractors including is a resource experts and technologies used by small contractors who are still not adequate to make a variable capacity this affect small and medium contractors in winning procurement of goods and services of the Government. In addition to the lack of resources, expertise and technology based on the lack of capital owned by small and medium sized contractors. Those factors obtained from comprehensive research conducted by [28].

Sixth, indicates the value of path coefficient of 0.420 with a value of the T-statistic of 3.317. The value is greater than T comparison 1.960. This result means that the Skills of the SMES have a positive and significant relationship towards the success of SMES in government procurement. Things that can hamper small and medium contractors because of a lack of skill or expertise that is owned by the small and medium contractors, also human resources contained in the contractor which have not yet adequately so that it can influence and hamper small and medium contractor to win the auction process for the procurement of goods and services of the Government. On the basis of brainstorming with the respondents research says that the experts college graduates who don't want to work on small and medium contractors. Those factors obtained from comprehensive research conducted by [28].

Seventh, shows the value of 0.024 coefficient path with a value of the T-statistic of 0.183. The value is smaller than the comparison of 1.960 T. This result means that the attitude of SMES in government procurement does not have a positive and significant relationship towards the success of SMES in government procurement. The SME attitude variables in an auction of government procurement of goods and services in statistical tests say the relationship is not significant. This means the attitude of small and medium contractors who are already confident and have the attitude of wanting to compete with contractors-contractor. On the Government policy stated in regulation [4] is also written about an increased role as well as small businesses, micro and small cooperatives in government procurement of goods and services. So in this SME attitude variables do not affect significantly on the success of SMES in the process of procurement of goods and services of the Government.

7. Conclusion and Recommendation

From the results of the data processing and analysis using statistics analysis of descriptive and causal analysis shows that significant and influential factors are positive toward the Government's procurement of goods and services in a row was a factor in the process of procurement, SME skills, the capacity of SMEs, government regulation, government and culture.

Activities in the process of procurement demonstrate the most influential factor in the success of SMEs in government procurement. This procurement process factors explain that the policy contract that is not appropriate for small and medium contractors as well as professional attitude and the Government payment that does not fit can be influential in the success of SMES in the construction service procurement of goods and services of the Government.

Suggestion of recommendations given by researchers both to government officials as well as SME construction services so that small and medium contractors in Indonesia can thrive and compete healthily is build awareness of the Government that the importance of the contribution of SMES to promote State income. Facilitate all opportunities for growth SMES such as implementing training programs and skills to realize the human resources as well as new expertise and quality, Create a good performance and the level of discipline of the Government officials to make affordable by SMES needs and create a stable economic condition. Run the process in accordance with the regulation or regulations exist, increasing the level of discipline is good for government officials as well as SMEs and apply strict sanctions and appropriate both to the providers of goods and services as well as government officials in violation and perversion.

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