

Online Single Submission (OSS) System: a Licensing Services Breakthrough in Local Government?

Hermawan^a, ^aUniversitas Brawijaya, Email: hermawanfia@ub.ac.id

Technological developments have become integral to government bodies to improve service quality. Electronic-based government, or e-government, is concerned with providing electronic services (electronic services). Problems with licensing are complicated, and the completion of the old license has resulted in an online permit system, namely Online Single Submission (OSS). The Online Single Submission (OSS) system is a business permit issued by OSS institutions to businesses through an integrated electronic system. This study aims to determine the potential challenges and opportunities involved in the application of OSS systems in licensing services. Through use of a qualitative descriptive research approach, the results of this study indicate that the implementation of the OSS system was successful. The OSS system increases regional investment, effectiveness and efficiency and improves service quality. Challenges also arose in its implementation, however, including lack of community understanding of the system and its absence of regional regulations.

Key words: *Licensing, e-service, Online Single Submission (OSS).*

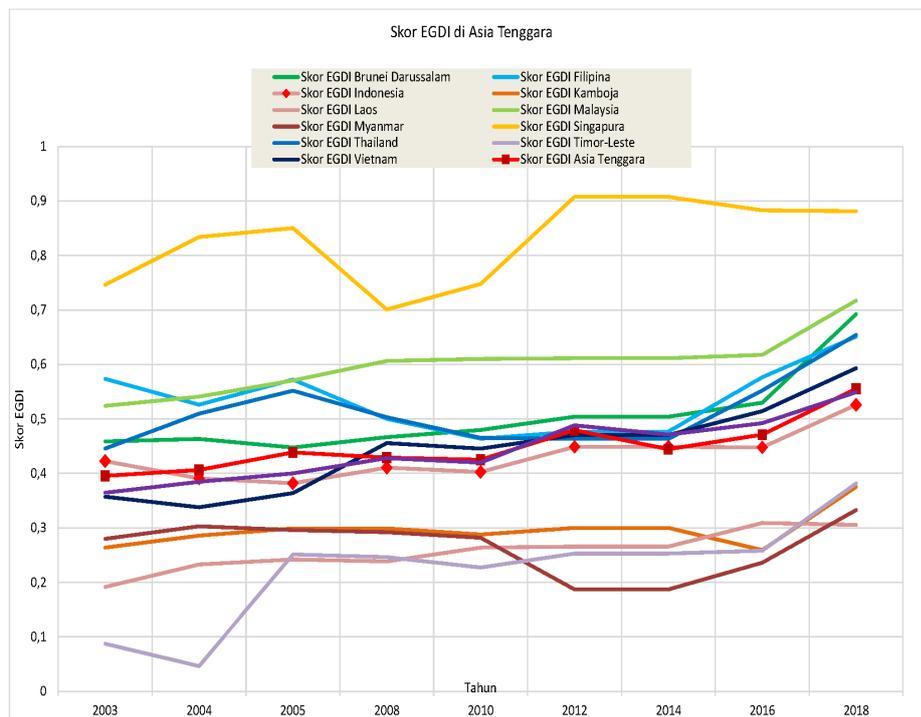
Introduction

The development of information and communication technology (ICT) is increasingly pivotal in improving the quality of public services in local governments. Gasol and Stofkova (2017: 230) state that “the information and the use of ICT in citizens’ everyday life creates a pressure on the government to provide public services more efficiently, more transparently and through the internet.” In addition to possessing sophistication, information technology also creates pressure for the government to increase its efficiency, transparency and use of the internet in public services. Abri and Mahmoudzadeh (2015) further explain that information technology has an impact on an organisation’s productivity and efficiency, meaning that thus public organisations utilising technology will be able to improve their service quality. The use of

technology can also increase productivity, democracy, responsiveness and transparency in government agencies (Lee, Choi, Kim & Jung, 2018).

The use of information technology for public services in local Indonesian governments was initiated almost two decades ago. Under the 2003 Presidential Instruction No. 3 on national policy and strategy development of e-government, the electronic-based government services have already improved in quality, though these services are still not optimal (Indrajit, 2006: 4).

Picture 1. E-government Development Index



Source: bpptik.kominfo

Since its instigation in 2003, the position of Indonesia's E-Government Development Index (EGDI) has increased every year. EDGI is a summarised assessment of UN member countries classified into four categories of very high, high, medium and low. The E-government development index presents a weighted average of normalised scores on the three most important dimensions of e-government: Online Service Index, Telecommunications Infrastructure Index and Human Capital Index (UN E-government Survey, 2018). The increases seen in the EDGI indicate that the Indonesian government continuously strives to improve public services through electronic means. Public services are defined as the provision of services that meet or fulfil the needs of the people or those interested in the organisation in accordance with the established principles and procedures (Kurniawan, 2005: 6).

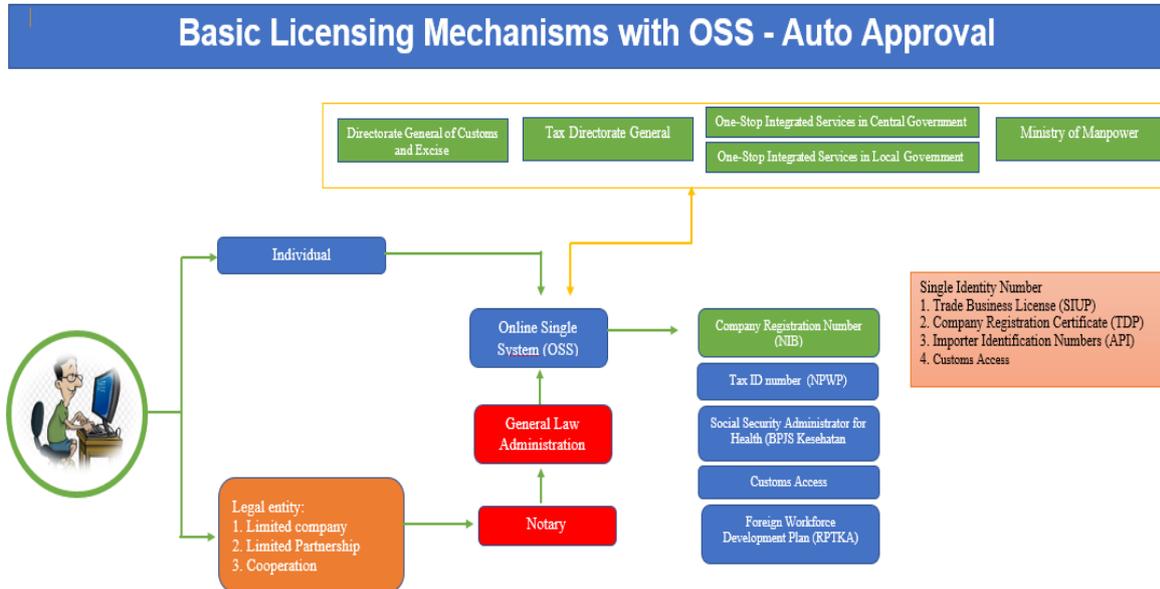


As a key aspect of public service provisions, licensing services are often complained about by the community, with businesses claiming licensing procedures to be convoluted, time-consuming and costly. The 2019 Business Confidence Index shows that foreign investors positively perceive Indonesia, but one of the challenges faced is too bureaucratic to cause inefficiencies (Inovasjon Norge, 2019). As Sutedi (2015: 49) suggests, “many business actors complain about their disappointment with the quality of services provided by the licensing bureaucracy, such as the lack of transparency of costs and convoluted procedures, the high costs incurred and the discrimination against certain groups.” In efforts to improve these issues, the government is attempting to implement an electronic-based system with e-government support known as the Online Single Submission (OSS) system.

The 2018 Government Regulation Number 24 regarding licensing services seeks to be integrated electronically. The coordinating ministry for the economy of the Republic of Indonesia states that licenses using OSS must be issued by OSS institutions on behalf of ministers, agency leaders, governors or mayors to participating businesses through the Investment and One-Stop Integrated Services Office (Dinas Penanaman Modal dan Pelayanan Terpadu Satu Pintu/DPMPTSP). These licenses include business and non-business, or commercial and operational, agreements, as well as location and environmental permits.

The public can access and complete business licensing registration via the internet at www.oss.go.id, after which businesses will receive a unique Business Identification Number (Nomor Induk Bisnis/NIB) issued by the OSS institution. Business actors must own this NIB in order to operate, as it validates Business Registration Certificates (Tanda Daftar Usaha/TDP), Import Identification Numbers (Angka Pengenal Impor /API) and customs access.

Figure 2. Basic licensing mechanism with OSS



Source: www.oss.go.id

As seen in Figure 2 above, the registration of a business license is performed in the following order:

1. Create a User ID
2. Log in to the OSS system with the User ID
3. Fill in data to obtain an NIB

The purpose of the OSS is to simplify the development process for businesses in Indonesia. Cities or regencies that have implemented OSS systems are depicted in the following table:

Table 1. Areas that have implemented the OSS system

No	City/Regency	Implementation
1	Malang Regency	July 2018
2	Gresik Regency	August 2018
3	Blitar Regency	August 2018
4	Sidoarjo Regency	August 2018
5	Malang city	January 2019
6	Batu City	January 2019

Source: Processed by researchers, 2019

DPMPTSP Malang Regency is the location focus of this study. As the second-largest regency in East Java, the Malang Regency has high regional potential to grow both large and small industries (Badan Potensi Daerah Kabupaten Malang, 2018).

Figure 3. Malang Regency Industry



Source: Malang Regency in Figures

Figure 3 above shows an increase in the number of industries from 2013 to 2017, all of which require legality. As with licensing issues, DPMPTSP delegated authority from the Central Government to run Presidential Regulation 91 during the year 2017. This regulation concerned the acceleration of business implementation by applying the OSS system in licensing services.

In 2017, the Malang Regency DPMPTSP received an award as a role model for public service delivery and a second award in 2018 for outstanding public service provisions. It can therefore be seen that DPMPTSP continues to improve its services to the community. The implementation of the OSS system is expected to provide further benefits to the public, particularly in improving and simplifying licensing services and moving away from offline mechanisms into electronic procedures. The successful implementation of the OSS system can be determined by the capacity of benefits that it generates for businesses, and can be achieved by both government and organisational support of the system.

Literature Review

Public administration

Ahmad (2015: 44) defines public administration as the activity process of cooperation between two or more people to rationally achieve a pre-determined goal.

Electronic government (e-government)

E-government is a new mechanism of interaction between government, community and other interested parties, and involves the use of information technology to improve service quality (Indrajit, 2006: 4). The application of an e-government concept has several benefits. According to Al Gore and Tony Blair in Indrajit (2006: 5), the benefits of e-government include:

1. Improved performance of government service to its stakeholders.
2. Increased transparency, control and accountability.
3. Reduced administrative costs, relations and interactions.
4. Provision of opportunities to generate new sources of income.
5. Creation of a new community environment that quickly and accurately responds to problems faced by various global changes.
6. Empowerment of the community and other parties as government partners in the process of creating public policy equally and democratically.

Development elements of digitalisation

Research from the Harvard JFK School of Government suggest that in order to apply the concepts of digitalisation to the public sector, three key elements must be possessed, namely support, capacity and value (Indrajit, 2006: 15). Support refers to the desire of various public and political officials to implement the e-government concept. According to Indrajit (2006: 16-18), e-government implementation support is not only needed verbally, but is also required through a variety of other forms. Firstly, political will is a pivotal as it enables influential leadership support. Without the element of political will, it is impossible for e-government and its development initiatives to work as bureaucratic culture tends to function based on a “top-down” management model. In relation to the support element, political will strengthens leadership support and thereby positively influences the implementation of the OSS system. Secondly, the allocation of several important resources at each level of government are needed to develop this concept at a cross-sectoral level. These resources include human, financial, energy, time and information. Additionally, supporting infrastructures and superstructures must be built to create a conducive environment, such as the existence of clear laws and regulations and the assignment of particular institutions. Finally, the concept of e-government must be disseminated continuously, consistently and thoroughly to all bureaucrats and to society in general through various means to generate appropriate support.

Capacity is the second required element for applying digitalisation to the public sector, and refers to the government’s capabilities across three key factors. First, availability of sufficient resources is required to carry out various e-government initiatives, especially those related to financial aspects. Second, adequate information technology infrastructure must be available as

this facility comprises 50% of the keys to the successful implementation of the e-government concept. Third, human resources must be available with the competence and expertise needed to implement e-government procedures under the principle of expected benefits.

Value is the third required element of public sector digitalisation as e-government initiatives will prove useless if no one feels benefited and valued by them. While support and capacity are aspects seen from the side of the government as the service provider, such services rely on their value as perceived by the public. The benefits of such e-government initiatives are therefore not only determined by the government, but also by the community they serve.

These three elements of support, capacity and value combine to form the basis of the e-government network that will determine the primary key to success. The application of these elements can also support the development of e-government concepts in Indonesia.

Public services

According to Sinambela (2008: 5), public service is the fulfillment of the desires and needs of a community by state administrators.

Licensing

The 2008 Minister of Domestic Affairs Regulation Number 20 stipulates guidelines for organisations and work procedures of integrated licensing services in regions. Permits are interpreted as documents issued by local governments based on regional or other regulations which serve as proof of legality. These permits thus certify the permissibility of a person or legal entity to carry out a particular business or activity.

Online Single Submission (OSS)

According to Millard (2004: 636), electronic services or e-services refer to “Technology introducing electronic services (e-services) for a relatively modest investment, which can lead to significant savings; improved jobs; better, faster and more transparent user services, and better user interaction.” E-service quality is measured by a service provided through the internet network as an extension of a site’s ability to facilitate activities effectively and efficiently (Chase, 2006 in Komara, 2013). Government Regulation Number 24 (2018) concerns electronically integrated licensing services. Within these services the Online Single Submission system is a business license issued by OSS institutions for and on behalf of ministers, leaders, institutions, governors or regents to businesses through integrated electronic systems. As outlined in the Coordinating Ministry for the economy of the Republic of Indonesia, the benefits of OSS are facilitating the management of various business licenses.

Such licenses include prerequisites for doing business (permits related to location, environment and buildings), business licenses, and operational licenses for activities. Firms at the central or regional level with a mechanism to fulfill the commitment of permit requirements will therefore benefit from the management of such licenses. Further, facilitation of businesses to connect with all stakeholders and obtain permits safely and quickly is another key benefit, as well as assisting businesses with reporting and solving licensing problems in one place. Finally, the ability for business actors to store permit data in a single business identity (NIB) is another major benefit. As an e-service, the OSS functions as a single and secure online system which can be applied to a variety of license services. The OSS therefore aims to facilitate a supported and functional community for licensing.

Research methodology

This study uses qualitative research with a descriptive approach to analyse two key factors with the Online Single Submission system. First is the implementation of the OSS system in licensing services at the Investment Office and One-Stop Integrated Services in Malang Regency. The second focus involves the challenges and opportunities that may arise from application of the OSS system in licensing services at the One-Stop Investment and Integrated Services Office in Malang Regency. Data is based on primary and secondary data sources.

Discussion

Implementing an Online Single Submission (OSS) system in licensing services at the Investment and One-Stop Services Office in Malang Regency

Licensing services are a form of public service that use the concept of e-government. Referring to the 2018 Government Regulation Number 24, the Office of Investment and Integrated Services of One Door Malang Regency applies the OSS to facilitate licensing services. The licensing process was originally a manual transition to the online process. Originally a manual transition for licensing services into online procedures, the OSS system was implemented for more efficient transitions in July of 2018.

As previously mentioned, the successful implementation of e-government and digitalisation in the public sector relies on three elements of support, capacity and value. This study uses these three elements to determine the application of the OSS system in licensing services at the Investment Office and One-Stop Integrated Service (DPMPTSP) of Malang Regency. The three factors are related, meaning that if one element experiences problems, it will have an impact on the other aspects. The following sections present the data from this research.

Support

Leadership is the primary indicator of the success of an implemented e-government concept. Due to the top-down management model of bureaucratic organisations, leadership will have a direct impact on the application of e-government initiatives in bureaucracies. The leader is the primary facilitator and support figure of an e-government system, thus further heightening the impact of leadership on this system implementation. In applying e-government concepts of the Malang Regency government, particularly in the Office of Investment and One-Stop Integrated Services (DPMPTSP) following the service announcement, Mr. Irianto as the Head of Office fully supports the implementation of the OSS system in licensing services.

Resource allocation is another key indicator of e-government application success. These resources are in the form of human, financial and infrastructure, the allocation of which can influence the successful use of e-government ideas (Indrajit 2006). The Malang Regency Investment and Integrated One-Stop Service Office has allocated several of these resource types with the implementation of its OSS system, including specialised employees as OSS service operators, infrastructure resources specific to the system and budget changes to accommodate for required OSS equipment. Following the OSS system application, Malang Regency immediately planned several facilities and infrastructure developments for the OSS service room.

The establishment of an e-government scheme must also be formed by a legal basis as a regulation established to carry out certain policies. The 2003 Presidential Instruction Number 3 outlines the legal stipulations for applying the concept of e-government. The OSS system is regulated by the central government as mandated in Presidential Regulation Number 24 of 2018, which concerns electronic integrated business licensing services, and in Government Regulation Number 91 of 2017, which concerns the acceleration of business implementation. This indicates that government regulation is sufficient to run the OSS system in DPMPTSP Malang Regency as the regulation was immediately issued and determined by the central government.

Socialisation among government and community is another determinant of the success of e-government implementation. Socialisation can occur face to face or indirectly, and is needed by the community to determine the functionality and use of the OSS system. The Malang Regency conducts socialisation with the OSS system through the DPMPTSP website, radio and information services, and by providing brochures and x-banners.

Capacity

Capacity is the second element in applying the concept of digitalisation. According to the theory of Indrajit (2006), capacity consists of the availability of technological infrastructure and the availability of human resources. Indrajit (2006) suggests that the availability of

technology infrastructure and facilities functions as a 50% indicator of success in leading a digitalisation concept. The availability of infrastructure in implementing the OSS system is an indicator of the success of the method used in the Investment Office and Integrated Services of One Door Malang Regency. Technology infrastructure is a means of support used by DPMPTSP in the form of tools to run the OSS system. The equipment provided by DPMPTSP Malang Regency comprises of three computers, one printer and a fast internet network, with machines strategically placed in the OSS service room. The availability of this equipment can therefore assist with the successful implementation of the OSS system in DPMPTSP Malang Regency.

Human Resources (HR) is another essential indicator in applying the concept of e-government. As the executors of e-government initiatives, HR personnel must be qualified and competent in the use of technology. The existence and availability of HR who understand and master IT will therefore influence the success of e-government application and functionality. When the OSS system was first implemented, the Malang Regency Investment and One Door Integrated Service Office (DPMPTSP) immediately provided specialised employees as OSS service operators who displayed sufficient competency in the use of information technology. Two such employees understand the registration flow of the OSS system, while another two assist applicants who are new to technology in registering their business licenses.

Value is the third element in applying the concept of digitalisation. As indicated by Indrajit (2006), the concept of value refers to benefits, which in this case are not only felt by the government but also by the community. The implementation of the DPMPTSP Malang Regency's OSS system has experienced a decrease in community complaints that are reflected in the Community Satisfaction Survey (SKM). This decline can be seen in results of the first quarter of research, namely January-July 2018 at 90.86%, and in the second quarter in July-December 2018 at a lower rate of 90.27%. Furthermore, within the first two months of the OSS system being implemented, the permits that entered the Malang Regency had already reached 700. This reduction of public complaints affects the quality of service in licensing services, which is supported by Kasmir in Pasolong (2007: 133)'s suggestion that excellent service is one's ability to provide services that can give satisfaction to customers with specified standards.

Challenges and opportunities faced in the implementation of the OSS system in licensing services at the Investment and One-Stop Integrated Services Office in Malang Regency

Various challenges and opportunities are faced by DPMPTSP Malang Regency regarding the OSS system implementation. Based on the research of the Investment and One-Stop Integrated Services Office, the challenges involve lack of community knowledge, lack of regional regulation, and issues with the OSS system itself. Not all members of the Malang Regency

understand how to use information technology, though people still often come to DPMPTSP to register their business licenses. This is one of the challenges faced by the Malang Regency in implementing the OSS system in licensing services. This leads to issues with the OSS system itself, which is still in the period of transformation from an offline to online system. As a result of this transitional process, the system continues to experience improvements until the refinement stage. The OSS system is published and created by an indirect centre of the region, which is the only place of authority to implement the OSS system. If there are obstacles in the order, DPMPTSP Malang Regency cannot directly improve the system as they must first report to the centre and then repair it. Finally, underlying rules and regulations are required to properly implement a policy. Central and local regulations must be synchronised, and the existence of local regulations will strengthen the government and local communities. The Malang Regency faces challenges with this lack of regional regulation as it still does not have rules in place for the OSS system.

Despite these challenges, several opportunities have arisen from the research regarding the Malang Regency's implementation of the OSS system. These include increases in investment, higher efficiency and effectiveness of licensing services and improved quality of licensing services. The implementation of the OSS system at the Malang Regency Investment and One-Stop Integrated Service (DPMPTSP) Office creates opportunities for the Malang Regency, which can in turn increase investment. The Malang Regency has excellent potential for investors, and with the ease in managing licenses, investors will undoubtedly be more willing to invest in the Regency. Implementing this OSS system therefore provides increased investment opportunities for the Malang Regency. Further, the new online nature of the licensing services through the OSS improves their efficiency and effectiveness. No longer an offline procedure, people do not need to queue for long, and the licensing process is faster than the manual method to meet customer needs quickly and easily. Opportunities arising from the implementation of the OSS system indicate that the order has been running well and provides benefits to the community, especially to the entrepreneurs of the Malang Regency. Finally, the OSS system can improve the quality of services provided to the community. These improvements include time effectiveness, availability of information, security, and the ability to provide sufficient services. Under the theory of Parasuraman (2002) in Buckley (2003: 457), measures of the quality of electronic services include efficiency, fulfillment, privacy, and reliability, all of which can be improved through the OSS system.

Conclusion

Based on the results of this research, it can be concluded that the Online Single Submission (OSS) system for licensing services at the Malang Regency Investment and One Door Integrated Services Office (DPMPTSP) has been successfully implemented and is running successfully. With leadership support from the head of the DPMPTSP office to immediately

implement the OSS system to carry out the DPMPTSP announcement, the Malang Regency is to provide licensing services to the public. Support is also provided to DPMPTSP in allocating financial, human and infrastructure resources. The regulation that forms the legal umbrella of the DPMPTSP Malang Regency in implementing the OSS system is clear based on Government Regulation Number 24 of 2018, which concerns integrated electronic business licensing services, and on Government Regulation Number 91 of 2017, which concerns the acceleration of business implementation. However, DPMPTSP Malang Regency still does not have local regulations that specialise in OSS systems such as in the Sidoarjo Regency. Socialisation is not only carried out among the government but also among the community, and is currently conducted by the Malang Regency through websites, information services and radio. Infrastructure resources in the form of equipment such as computers, printers, and networks have also been introduced by the DPMPTSP to complement the implementation of the OSS system, as well as competent human resources (HR) who have expertise in operating the system. The reduction in public complaints about licensing services in the Malang Regency was a direct result of the implementation of its OSS system, which indicates the system's effectiveness and success as a public resource.

Challenges and opportunities were also found in applying the Online Single Submission (OSS) system for licensing services in the Malang Regency. Challenges included the unequal understanding of the community about the system, the issues with the system itself during the transition from offline to online, and the lack of local regulations for the system. Opportunities provided by the OSS system included increased investment possibilities, improved effectiveness and efficiency of licensing services and improved quality of public services.

Recommendations

Based on this research, the study has formed recommendations for the continuance of the OSS system. First, in order to optimise the application of the system, the DPMPTSP Malang Regency should provide regular and scheduled socialisation to the public, particularly regarding the OSS system itself. This will ensure that people in all facets of the community understand the flow and registration of permits through the OSS. Second, it is recommended that the Malang Regency immediately create regional regulations regarding the OSS system. While the current government regulation is sufficient, improvements could be made with further regional rules related to the system. Finally, controlling is required to continue the OSS system that is currently applied as this system is relatively new and still in the stage of refinement. Appropriate DPMPTSP supervision and management can ensure that this new OSS system continued to function successfully.



REFERENCES

- Abri, A.G. & Mahmoudzadeh, M. J *Ind Eng Int* (2015) 11: 143.
<https://doi.org/10.1007/s40092-014-0095-1>
- Ahmad, Jamaluddin. 2015. *Metode Penelitian Administrasi Publik: Teori & Aplikasi*. Yogyakarta: Gava Media
- Buckley, Joan. (2003). Managing Service Quality. *E-Service Quality and The Public Sector*. 6, 453-462. DOI 10.1108/09604520310506513
- Gasova, K&Stofkova, K. (2017). E-Government as a quality improvement tool for citizens' services. *International scientific conference on sustainable, modern and safe transport*. 192, 225-230. <https://doi.org/10.1016/j.proeng.2017.06.039>
- Indrajit, Richardus Eko.2006. *Electronic Government: Strategi Pembangunan dan Pengembangan Sistem Pelayanan Publik BerbasisTeknologi Digital*. Edisi Ketiga. Yogyakarta: Andi
- Inovasjon Norge. 2017. *The Hanbook Challenge of Doing Business In Indonesia*.
- Kurniawan, Agung. 2005. *Transformasi Pelayanan Publik*. Yogyakarta
- Lee, K., Choi, S.O., Kim J., & Jung M. 2018. Government Corruption and Mediating Effects of the Development of ICT and E-Government—A Cross-Country Analysis.
- Sinambela, Lijan Poltak . 2008. *Reformasi Pelayanan Publik*. Jakarta : LP3ES
- Sutedi, Adrian. 2015. *Hukum Perizinan Dalam Sektor Pelayanan Publik*. Cetakan Ketiga. Jakarta: Sinar Grafika.
- United Nation. 2018. *United Nations E-Government Survey 2018 Gearing E-Government To Support Transformation Towards Sustainable And Resilient Societies*. New York