



E-Government Transformation, Investment and Improvement of Workers' Absorption in Indonesia: A Literature Review

Ismiyarto^a, Honorata Ratnawati Dwi Putranti^b, ^aLecturer of Public Administration, IPDN Jatinangor, Sumedang, Indonesia, ^bLecturer of Human Resources Management, Universitas 17 Agustus 1945 Semarang, Indonesia, Email: anto200708@gmail.com, ratna.permai@gmail.com

This research is a study of literature relevant to the topic. The purpose of this research is to provide an implementation analysis through an economic restructuring that will eliminate inefficiencies and the *Sektora ego*. The study uses a qualitative, detailed method of approach, where the author conducts appropriate literature reviews based on the primary and secondary data obtained. Subsequent selection of the literature is based on the article Correlation analysis within NVivo. The results of this study are as follows: (1) Investment is held hostage by various regulations, free of export, prohibited from export, re-prohibited from export where this is due to complex bureaucracy, convoluted, easy to change rules, and long-winded licensing that colours the dynamics of investment in various sectors in Indonesia; (2) Changing investment rules and complicated bureaucracies cause investors to be less interested and cause slowing economic growth; (3) Structuring the bureaucracy or bureaucratic reform in Indonesia has actually been done for a long time, but it has only been done on the surface, not yet entered into a more substantial domain; (4) The benefits of e-Government are a new (modern) interaction mechanism between the government and the community and other stakeholders using information technology (especially the internet) aimed at improving service quality; (5) The use of digital technology is believed to have a positive impact on public services and the economy; (6) The goal of e-Government will be difficult to achieve if not accompanied by actions to eliminate various obstacles overlapping regulations and sectoral egos; (7) Omnibus law will directly encourage digital e-Government transformation that is more effective and efficient; (8) Increased labour absorption can sustain household consumption which has been the main driver of the national economy through the omnibus law mechanism for the Employment



Copyright Act that is expected to make conditions more positive, create greater employment and contribute to economic growth higher.

Key words: *E-Government, Omnibus Law, and Work absorption.*

Introduction

Implementation of an *e-Government* concept is a challenge in transforming information technology. The function of information technology in this case is not merely as a support for existing government management, but rather as a *driver of change* or as a mechanism that offers fundamental changes in relation to the process of governance in the modern era (Indrajit, 2002: 35). The effective implementation of *e-Government* is believed to be able to enlarge the potential of government to carry out its functions (United Nations, 2014: 141). This means that the application of *e-Government* is considered to have tremendous potential to increase the responsiveness of the government and the public sector to meet the needs of the community.

e-Government can be interpreted as the use of information and communication technology (ICT) in running government, especially to improve the accessibility of services to the public, the effectiveness of public services, as well as the government's responsibility towards the provision of public services (Spirakis and Nikolopoulos, 2010: 75). In this sense, *e-Government* is an effort to develop governance based on electronics. The existence of *e-Government* becomes a phenomenon of structuring management systems and work processes in the government environment by optimising the use of information and communication technology. The implementation of *e-Government* shows progress in the government in providing services to the community. Initially, the community must come to several different agencies to process their administrative needs and to get documents processing services, resulting in an inefficient use of time (Milakovich, 2012: 6). At present, *e-Government* is implemented to facilitate the public in obtaining public services by moving the manual process into an internet-based process. With the existence of an integrated *e-Government* portal, the public and private parties can easily access public services, track transactions *online*, access information, and interact with various government agencies without going through a queue process that consumes work time so as to save costs and time.

Furthermore, Wirtz and Daiser (2015: 10) describe *e-Government* as using electronics in administrative and democratic processes in the context of government activities through information and communication technology to support public tasks effectively and efficiently. Other opinions related to *e-Government* can be interpreted to be more than just the use of technology. *E-Government* provides the opportunity for government to be able to design appropriate ways to provide public services in accordance with the wishes of the community (Bashar et al, 2011: 492). Based on the various opinions, implementing *e-Government* will

facilitate the public to access public services and support the tasks of government agencies more effectively and efficiently. This supports the Government of Indonesia to make it easier to access services, particularly investment services, and an Investment Coordinating Board (BKPM) was formed.

Based on data from the Investment Coordinating Board; investment realisation in the third quarter of 2019 was Rp. 205.7 trillion and the workforce absorbed was 212,581 people. In the third quarter of 2018 investment realisation was smaller at 173.8 trillion. Whereas more workers were absorbed, namely 213,731 people, while the General Chair of the Indonesian Employers' Association said that in 2010, every Rp. 1 trillion investment can absorb around 5,014 workers. In 2018, the ratio changed to 1,650 people per Rp. 1 trillion investment. Investments that enter the digital technology industry sector, including electronic commerce or e-commerce, are considered good, because they are able to grow new businesses. These new businesses have grown including micro, small and medium enterprises. This condition strongly supports the government's efforts to increase employment growth, especially in the formal sector.

Data as of August 2019; the total workforce in Indonesia is 133.56 million. Of that number, 126.51 million people are employed, while 7.05 million are unemployed. The number of people working in the formal sector is 56.02 million people (44.28 percent). More than half, namely 55.72 percent or 70.49 million people, work in the informal sector. Meanwhile, data as of August 2018 showed that employment had an upward trend, including the provision of accommodation, food and beverages (0.5 percent), the manufacturing industry (0.24 percent), and wholesale and retail trade (0.2 percent). The employment with a downward trend is agriculture (1.46 percent), financial services (0.06 percent), and mining (0.04 percent). In percentage terms, the open unemployment rate as of August 2019 which was 5.28 percent was better than as of August 2018 which was 5.34 percent. However, when viewed from that number, unemployment per August 2019 increased by 50,000 people compared to August 2018. It can be interpreted that job creation has not been massive (according to the Executive Director of the Center of Reform on Economics Indonesia).

Investment is held hostage by various rules such as export-free, export-restricted, and export-prohibited return. One example of the fate of such a negative impact is the export of raw mineral commodities that are not processed and refined domestically. Complex, complicated bureaucracy, rules that are easy to change, and long-winded licensing colours the dynamics of investment in the energy and mineral resources sector in Indonesia, which is also found in other sectors in Indonesia. Changing investment rules and complicated bureaucracies have an impact on slowing economic growth.

Based on World Bank data, the ease of doing business in Indonesia in 2015 is at the position of 120, compared to 2018 where the ease of doing business is increased to the rank of 72. If the ease of doing business is getting better, then investment in Indonesia is also expected to increase. But if the ranking goes down, it could result in a decrease. There are no easy fixes to the problem of improving the investment climate in the country to attract investors. Issues concerning licensing ease, overlapping regulations, and regulations that are not synchronous are still often heard. The concept of one-stop integrated services related to licensing seeks to be integrated through information technology or OSS (*one stop service*), which is part of *e-Government* has been voiced. Likewise a number of policies, including those related to efforts to support the investment climate have also been issued in the era of the Indonesian Cabinet of Work.

In the midst of conditions of trade war and political tensions, even before the Government of the Indonesian Cabinet era advanced to make various regulations again, the world was faced with challenging economic conditions. , For the Indonesian Government it would also be important to evaluate the realisation of economic policies which up to now had 16 packages. Efforts to attract investment need a number of breakthroughs so that potential investors are attracted to invest their capital in Indonesia, in which case potential investors are also shown to their investment destinations. Door-to-door approaches such as *sales marketing* or picking up the ball, without a clear strategy, investors have the potential to turn to Vietnam. To make it easier and faster for investors to invest their capital in Indonesia, bureaucratic structuring needs to be prioritised immensely. Based on the foregoing, through the transformation of *e-Government* and the *omnibus law*, it will be a breakthrough to encourage economic growth through harmonisation of regulations which will ultimately be able to increase investment and absorption of workers in Indonesia.

Methodology

The author used descriptive qualitative research methods and literature studies. The author conducted a *literature review* according to the data needed as primary and secondary material of this research. The selection of literature was based on the analysis of article correlation using the NVivo software. This study describes the problem, which is then interpreted based on the theories that the author uses in this study. Descriptive research presents a detailed illustration of a particular situation, social order, or is related to both. In this research, found descriptive materials, such as journals, the internet, books, newspapers, and magazines used to decide policies are descriptive. Literature results obtained become dominant as a source of thought formation and tentative conclusions (Silalahi, U. 2010: 27).

Transforming e-Government

E-Government is a public service carried out by all government agencies that are coordinated with each other optimally by using telematics technology. *E-Government* must be seen as a means, not as a goal. In order to implement *e-Government* properly, it requires technical and non-technical factors that can influence success. In general, non-technical factors are more dominant than technical factors, therefore an in-depth understanding of non-technical factors is needed when designing and implementing *e-Government*. The implementation of *e-Government* that is associated with efforts to meet the needs of all sectors of activity both in government and society requires patrons from leaders, who can provide examples and shared commitment. The development of *E-Government* in a country according to Layne and Lee in Wahid can be viewed from several stages of evolution, namely starting with the presence of government in a web form that provides basic and relevant information to the public.

Essentially the implementation of the *e-Government* concept is a transformational challenge. The function of information technology within this framework is not merely to support existing government management, but instead is a *driver of change* or as something that actually offers fundamental changes related to the process of governance in the modern era (Indrajit, 2002: 35). According to David Darcy (in Indrajit, 2002: 61), there are 8 (eight) elements of success in conducting *e-Government* project management, namely: 1) Political Environment; 2) Leadership; 3) Planning; 4) Stakeholders; 5) Transparency / Visibility; 6) Budgets; 7) Technology; and 8) Innovation. The eight important elements do not stand alone, but have a relationship with one another.

The use of *E-Government* technology is not only meant as a tool to provide public services. Furthermore, *e-Government* is expected to realise democratic governance and increase public participation. *E-Government* can also be used as a tool to create a transparent government and achieve sustainable development. The purpose of *e-Government* can be realised by creating a *one stop governmental website* that includes all government services and takes into account the needs of users, such as applications that support government interaction with the public, private parties, and with other government agencies (Writz and Daiser, 2015: 7). By implementing *e-Government*, it will facilitate the public to access public services and support the tasks of government agencies more effectively and efficiently. For this reason, the Government of Indonesia has designed and facilitated access to services by forming government agencies. This specifically provides investment services, namely the establishment of the Investment Coordinating Board (BKPM) at the website <http://www.bkpm.go.id/>. The BKPM has the task to carry out policy coordination and services in the field of investment based on statutory provisions.

Theory of Worker Absorption

According to Sumarsono (2009: 3) workers are people willing and able to work. This definition of labour includes those who work for themselves or family members, who do not receive payment in the form of wages, or those who are actually willing and able to work, in the sense that they are unemployed because there are no employment opportunities. Labour includes residents who are already working, looking for work and who are doing other work such as going to school and taking care of the household. Aris Ananta (2008: 78) defines that labour demand is a list of various alternative combinations of labour with other available inputs related to salary levels. Sudarsono (2008: 35), states that labour demand is related to the number of workers needed by certain companies or agencies. Usually, this labour demand is influenced by changes in the level of wages and changes in other factors that affect demand for production, including the rise and fall of market demand for production from the company concerned. This is reflected through the large volume of production and prices of capital goods, namely the value of machines or tools used in the production process. Employers' demand for labour differs from consumer demand for goods and services. Consumers buy goods because the goods provide satisfaction (*utility*) to these consumers. But the employer hires someone to help in the process of producing goods or services to be sold to the community. In other words, employers' demand for labour depends on the increase in public demand for the goods they produce. This demand for labour is called derived demand. In the production process, labourers receive income as remuneration from what they have done, namely in the form of wages, so that the understanding of demand or labour absorption can be interpreted as the amount of labour demanded by employers at various wage levels.

Omnibus Law

Omnibus Law is derived from Latin, which means "for everything". In law, this term is interpreted as the need for a single document that incorporates a diverse combination of subjects on the basis of several criteria (Gunter, 2012, Kompas 27 November 2019). Literally, the word omnibus comes from Latin; *omnis* which means a lot and is usually associated with a literary work that combines a variety of genres; or the world of cinema that portrays a film made from a collection of short films. In the *Black Law Dictionary of the Ninth Edition*, Bryan A. Garner, it is mentioned that *the omnibus: relates to dealing with numerous objects or items at once; including many things or having various purposes*. Adjusting to this definition, if it is related to the Act, then it can be interpreted as an adjustment (incorporation?) of certain policy rules contained in various Laws into one Law. For the legal aspect, the word omnibus is usually juxtaposed with the word law or *bill*, which means a rule made based on the compilation of several rules with substance at different levels. According to Audrey O 'Brien (2009), the *omnibus law* is a *bill* that covers more than one aspect combined into one law. Meanwhile, for Barbara Sinclair (2012), the *omnibus bill* is a complex regulatory process and its resolution

takes a long time because it contains a lot of material even though the subject, issue, and program are not always related to each other. Therefore, it can be said that *omnibus law* is a method or concept of making regulations that combines several rules with different regulatory substance into a large regulation that functions as a legal umbrella (*umbrella act*). When the regulation is enacted, the consequence is to revoke some of the rules resulting from the merger where the substance is subsequently declared to be invalid, either in part or in whole.

The steps towards simplification of regulations related to investment are reflected in the issuance of Government Regulation Number 24 of 2018 concerning Electronic Integrated Business Licensing Services, better known as *Online Single Submission* (OSS). OSS is one of the outputs of the accelerated business licensing policy which can lead to the creation of the *omnibus law*. Before the OSS was launched, the government first carried out a process of deregulation, bureaucratisation and simplification of rules that prevented business licensing. OSS is a breakthrough that deserves to be appreciated, although OSS is not free from shortcomings, because we are heading towards the era of the digital *ecosystem*.

Within Indonesia another breakthrough is required, namely the need for *omnibus law*. Although Indonesia adheres to the *civil law* system, while the *omnibus law* arose from the tradition of the common law system, in the world of the digital ecosystem and *global governance*, it would be advantageous for Indonesia to break through into this space. The Philippines has begun reforming the law in the context of investment by issuing *The Omnibus Investment Code*. Furthermore, Vietnam learned the techniques of making *omnibus law*, as part of its regulatory reforms. Indonesia has also begun to design *omnibus law*, which is reportedly to be published, but there are still concerns this will be contrary to Law No. 12 of 2011 concerning the Formation of Legislation. This condition will certainly be an interesting study of law experts, namely about how to make a clear *omnibus law*, obey the hierarchy of rules, and guarantee legal certainty. (Source: Paulus <https://business-law.binus.ac.id/2019/10/03/memahami-gagasan-omnibus-law/>).

Results and Discussion

E-Government

e-Government is often described in quite a variety of ways by each individual or community. This is due to various reasons, namely: (1) An *e-Government* concept has universal basic principles, but because each country has different implementation or application scenarios, the definition of the scope of *e-Government* becomes diverse; (2) The implementation of *e-Government* applications is very broad, bearing in mind the numerous tasks and responsibilities of a country's government that function to regulate its people through various types of interactions and transactions; (3) Understanding the application of *e-Government* in a country cannot be separated from internal conditions, both macro and micro, so that its understanding

is very much determined by the history, culture, education, political views, and economic conditions of the country concerned. The benefits of *e-Government* (Indrajit, 2002: 4) is a new (modern) interaction mechanism between the government, the community and other interested parties (*stakeholders*), using information technology (especially the internet) with the aim of improving service quality.

According to Eddy Satriya, some of the benefits of *e-Government* are (1) reducing administrative costs; (2) increasing the ability to respond to various requests and questions about public services, both in terms of speed and accuracy; (3) can provide access to services for all departments or LPND at all levels; (4) provide assistance to the local and national economy; (5) as a means to channel feedback freely without fear. The various benefits are ultimately expected to be able to improve governance capacity in general. Other opinions related to the benefits of *e-Government*, namely: 1) To be able to improve a quality of service from government to *stakeholders*, especially in matters of effective and efficient performance in various fields of state life; 2) In order to increase the transparency of control and also the accountability of government administration, namely in the context of applying the concept of *Good Corporate Governance*; and 3) In order to reduce significantly, the total of administrative costs, relations and interactions also incurred by the government, for the benefit of daily activities (sourced from <https://www.dosenpendukasi.co.id/e-Government>).

Three Pillars of Economic Transformation

According to Agus Herta Sumarto in Kompas 27 November 2019, there are at least three main pillars that must be carried out in the next five years, namely the availability of adequate infrastructure, investment-friendly bureaucracy and regulations and the availability of quality human resources. *The first pillar*; availability of adequate infrastructure. Infrastructure development by the Jokowi-Kalla government in the last five years is the right step. That infrastructure still needs supporting infrastructure that underpins the main infrastructure. Ports and industrial estates require adequate road infrastructure to support the transportation process that connects the industrial center and the port. Some of the supporting infrastructure is not yet fully available, so some of the infrastructure that has been built has not functioned optimally. *The second pillar*; regulation and bureaucracy, according to the World Bank's 2019 Ease of Doing Business Index, is one of the main problems in the economic environment that impedes industrial development and investment. This is related to enforcing contracts / agreements and starting a business where the procedure, costs, and time required is through bureaucracy and regulation. This bureaucracy and regulation are reflected in the compilation of *e-Government* and *omnibus law*. If this quality is not improved, the competitive industrialisation process towards a developed economy will be far from expectations. Likewise, an increase in investment which increases the uptake of workers will be achieved. *The third pillar*; the availability of quality human resources. One of the requirements to increase HR productivity

is to improve its quality. The quality of Indonesia's human resources is inferior compared to other large ASEAN countries. Indonesia's Human Development Index ranks 116 at the world level, Singapore (9), Brunei (39), Malaysia (57), Thailand (83), and the Philippines (113). If the three pillars can be improved properly and comprehensively; President Jokowi's attempts to carry out economic transformation by encouraging the manufacturing industry will be achieved well, resulting in industries that are competitive, value-added and have a digital orientation. The Indonesian Competitiveness Index is currently losing compared to Singapore (ranked 1), Malaysia (ranked 27), and Thailand (ranked 40).

Four Great Agenda's of Bureaucratic Reform

According to Eko Prasjo (Kompas 28 November 2019), the four big bureaucratic reform agendas include: *First, Regulatory reform* that focuses on structuring various laws and regulations, both at the national, provincial, and district / city levels. The basic problem in increasing Indonesia's competitiveness is the number of regulations that overlap, disharmonise, and *over-regulate*. Each sector has a ministerial regulation, whether mandated by law, government regulation, or in the form of carrying out the main duties of the minister. This has caused complexity, complicated bureaucracy, delays, and sectoral egos between ministries. *Second, structural reform* relating to changes in organisational structure design and government business processes. The design of Indonesia's bureaucratic organisational structure is currently experiencing two major disturbances, namely design that is not related to the achievement of government performance and design which is very hierarchical, overweight, and centralistic. Reforming the organisational structure must address at least these two basic issues. *Third, cultural reforms* related to changes in basic values; way of thinking and behavior of the state civil apparatus. In this case, the main basic values of bureaucracy need to be developed, such as anti-corruption, responsibility and cooperation. *Fourth; Digital transformation* related to the use of information technology (IT), communication and robotics (*artificial intelligent*) technology. Integration of various bureaucratic reforms will proceed with the progress of IT, communication and the use of artificial intelligence. Technology will integrate structural and functional relationships vertically and horizontally, as well as cut business processes horizontally. Technology will also force changes in behavioural interactions between units and between people in government organisations and between government and society.

Bureaucratic Reform

Massive bureaucratic restructuring cannot be postponed anymore, because this is a priority program of the government to improve public services and facilitate investment. However, the program must still be carried out with careful preparation. Structuring the bureaucracy or bureaucratic reform in Indonesia has actually been undertaken for a long time, but it has only

occurred on the surface, and has not shown a more substantial change. The President wants bureaucratic reform to be carried out quickly and get to the crux, because it involves a scale of priorities. This was conveyed by Tjahjo Kumolo as Minister of Administrative Reform and Bureaucratic Reform (Kompas, 20 November 2019). Bureaucratic reform will be carried out from upstream to downstream. The re-structuring begins with improving the recruitment mechanism for prospective civil servants (CPNS) by no longer recruiting CPNS for administrative staff, both at central and regional levels. This needs to be done at the beginning because it is the most important step, namely improving performance management and streamlining government organisations. For this reason, the government will reduce echelon officials, which are usually up to five echelon levels to two echelon levels (echelon I and II). This is done to cut routines and bureaucratic pathways. Bureaucratic downsizing is done to build a professional governance system. Besides being effective, a lean bureaucracy is also believed to be able to encourage efficiency in public services. Licensing, especially for investment, will be faster. Currently, permits must be initiated by officials at echelon IV and echelon III, but are not undertaken immediately at echelon II, when echelon II officials can order a license to immediately proceed (Tjahjo Kumolo, 2019).

Structuring a bureaucracy that encourages bureaucratic downsizing does not mean that the State Civil Apparatus (ASN) will be dismissed. The government will still employ 4.2 million ASN from the center to the regions. However, as many as 1.6 million ASNs are administrative staff who have been concurrently serving as health and education personnel to be reduced, selected and educated. Echelon officials who are downsized will also not be affected. They will only be given assignments and functional work. The sub-district head, the village head, the directorate general, the director and the sub-directorate of the subdivision, will remain in their position, but only carry out functional tasks. The salary and performance allowances received by the ASNs remain the same in accordance with the current rank and class. According to records, the number of echelon III officials are as many as 98,947 people, while the number of echelon IV officials are as many as 327,771 people.

Digital Technology and Human Resources

The development of digital technology has influenced the shift in the field of work. This has an impact on the needs of new workers and the addition of types of employment. The addition of new jobs in the digital era is in the form of jobs with low skills to high skills. The problem that arises is that the readiness of human resources in Indonesia is not optimal.

Transformation in the digital era will give birth to conditions with a greater number of new jobs compared to the number of jobs lost (CEO of GE Indonesia, Kompas 28 November 2019). According to OLX's Director of Growth and Partnership, digital transformation is trending and is headed towards a better direction. The impact is that irrelevant work will gradually disappear,

but a number of new jobs will emerge. The digital industry facilitates access so that employment is more open. The ease of digital-based access has given rise to many small and medium businesses and new entrepreneurs; in this case workers who have information technology capabilities have a higher value in the midst development of the digital industry. In the government bureaucracy sector, in terms of the need for digital transformation, it is necessary to establish several priority programs (flagships) of government based on digital technology. This is also to anticipate changes in generation Y and Z who prefer to work at home and are output based. Therefore, the government needs to prepare remote work facilities and infrastructure, flexible working time, and clearer performance measures for each employee. In the next 5-10 years, ASN employees may work more at home, meetings are held with video conferencing, and public service executives will rely more on using artificial intelligence.

The use of digital technology is believed to have a positive impact on public services and the economy. This was exemplified in the efforts of the Surabaya City Government to implement electronic procurement (*e-procurement*) for the first time in 2003. At that time, there were no specific regulations regarding *e-procurement*, but based on principles as long as there were no restrictions, innovation could be implemented. The City Government of Surabaya is also developing software that facilitates the process of public services in the form of an electronically integrated business licensing system. Related to the implementation of business licensing, the submission process until the business permit is issued in the city of Surabaya only takes about one hour. Therefore, when central government introduced an *Online Single Submission* (OSS) system and the issuance of permits was completed in three days, the mayor of Surabaya was surprised. Society is always results oriented. They do not want to know the administrative process behind the distribution of public services, which means always trying to make public service governance run as efficiently and effectively as possible. Measurements, for example, have used digital technology, the results of which are automatically drawn. By using digital technology and one-data policies, the process of obtaining permits no longer causes many problems or debates.

Improvement of Investment Climate Rules

Omnibus law is understood as a method of "sweeping the universe" - the omnibus comes from the Latin language, meaning for everything - which simultaneously changes various laws related to the formation of a new law. The rise of *omnibus law* is to overcome the overlapping of existing laws and regulations in Indonesia. Related to investment, in this case the *omnibus law* will attract capital owners to invest in Indonesia.

The Indonesian government is currently preparing for an improvement in the investment climate in which employers will certainly welcome it because it is believed to be driving the

Indonesian economy. The investment climate, particularly in relation to licensing, is improved through the *omnibus law* mechanism. Other issues that are also being remedied through omnibus law are related to peoplepower, central and regional government administration, and legal regimes (rules?) for doing business. The *omnibus law* method or mechanism is used to synchronise a number of overlapping and conflicting regulations. This method is part of the efforts to overcome blockages and restructuring by the government. Through the *omnibus law*, the system will be divided into 11 clusters, namely simplification of licensing, investment requirements, employment, ease of doing business, empowerment, and protection of MSMEs, research and innovation support, government administration, sanctions, land acquisition, investment and government projects, and area of economy investment.

The government is focusing on the preparation of two *bills* related to job creation and a *bill* related to Empowerment of Micro, Small and Medium Enterprises will be a pilot project for the *omnibus law* program. The need for harmonisation of legislation and regulation is not solely focused in specific areas related to the ease of doing business. Other sectors cannot be separated in this case, such as natural resources, and general administration taxation law. The draft legislation included in the *Omnibus law* is one way to eliminate sectoral egos among ministries. The *Omnibus law* will be a breakthrough to encourage economic growth through harmonising regulations. This application can carry out economic restructuring and we have tried a number of these concepts. This will eliminate process inefficiencies and sectoral egos. The existence of the *Omnibus law* will simplify licensing, starting from location permits, building permits, and the environment for investment conditions.

The *omnibus law* mechanism for the Employment Creation Act is expected to make conditions more positive for a positive economy and wider income distribution through greater employment creation. Job creation will contribute to higher economic growth. Increased labour absorption can sustain household consumption which has been the main driver of the national economy. Coordinating Minister for the Economy Airlangga Hartarto in a limited meeting held at the President's Office, 11 November 2019, agreed on an *omnibus law* whose title was Cipta Karya. This omnibus will discuss the simplification of licensing and investment systems. It will also be include measures to address the ease of doing business and encouragement for research and innovation. This includes how to make this innovation a part of increasing competitiveness.

In this Omnibus, preparations are also made relating to government administration where the President has the authority to off-rule government administrative regulations, both in the form of presidential regulations related to decisions taken by ministries and provincial governments to the governments below. The *Omnibus law* will also create a work copyright law regime based on law or civil administration. This shifts the paradigm that the business or investment and trade ecosystem is criminal. Therefore, the imposition of sanctions will continue to be

encouraged related to civil law. In *omnibus law*, facilities will also be provided for land acquisition. Land acquisition is mainly related to national strategic projects or government programs, so that the government will later participate in implementing these strategic projects in land acquisition while providing permits. Thus, investors only need to develop their projects.

In terms of the philosophy of licensing, the government will push that the philosophy shifts from permit-based to risk-based. For small and medium businesses where there are no risks, it is usually enough to just register, there is no need for any kind of permission. But the higher the risk, then it is based on standards. With regard to special economic zones, the government will encourage that special economic zones be given authority so that the administrators can regulate or manage *one stop services* for licenses. The Coordinating Minister for the Economy Airlangga Hartarto also conveyed from a legal standpoint, that simplifying the establishment of a PT without limitation of initial capital for small and medium businesses, and business entities of one party, would be possible with the approval of small and medium businesses. This is related to the *omnibus law* ecosystem and is targeted to be included in Prolegnas (National Legislation Program) 2020. This simplification will encourage the growth of the business sector which also increases employment. In the Manpower Act, Investment Law is no longer separated between PMA and PMDN. The *omnibus law* also limits six sectors that are prohibited, which are related to gambling and casinos, marijuana cultivation, coral and the chemical weapons industry.

Omnibus Law Target

The government's target to increase competitiveness and encourage investment in the pursuit of economic growth through the *omnibus law* must not anesthetise *stakeholders*, then forget law enforcement for officials who are under the guise of innovating and creating economic progress, but are actually protecting corruptors. Efforts to advance the economy and improve the welfare of the people must not also open space for environmental destruction by removing environmental protection instruments for the entry of capital owners. Investment and environmental protection can go hand in hand for sustainable development (Sarwani, Journalist Watyulink.com).

Conclusion

Based on the results and discussion, it can be concluded that (1) Investment is held hostage by various regulations, free of export, prohibited from export, re-prohibited from export where this is due to complex bureaucracy, convoluted, easy to change rules, and long-winded licensing that colours the dynamics of investment in various sectors in Indonesia; (2) Changing investment rules and complicated bureaucracies cause investors to be less interested and slow economic growth. The birth of the *omnibus law* is to overcome the overlapping of existing laws

and regulations in Indonesia. Related to investment, the *omnibus law* will attract capital owners to invest their capital in Indonesia; (3) Structuring the bureaucracy or bureaucratic reform in Indonesia has actually been occurring for a long time, but it has only been done on the surface, and has not yet entered into a more substantial domain. The need for a more substantial bureaucratic restructuring cannot be postponed anymore because this includes the government's priority program to improve public services and facilitate investment which ultimately increases employment; (4) The benefits of *e-Government* are a new (modern) interaction mechanism between the government and the community and other stakeholders using information technology (especially the internet) aimed at improving service quality; (5) The use of digital technology is believed to have a positive impact on public services and the economy; (6) The goal of *e-Government* will be difficult to achieve if not accompanied by actions to eliminate various obstacles overlapping regulations and sectoral egos. For this reason, the government made a breakthrough with the *omnibus law* that encourages economic growth through harmonising regulations. Implementation through economic restructuring will eliminate inefficiencies and eliminate sectoral egos; (7) The *Omnibus law* will directly encourage digital *e-Government* transformation that is more effective and efficient; (8) Increased labour absorption can sustain household consumption which has been the main driver of the national economy through the *omnibus law* mechanism for the Employment Copyright Act. This is expected to make conditions more positive, create greater employment and contribute to economic higher growth.

REFERENCES

- Akman, I., Yazici, A., Mishra, A., & Arifoglu, A. (2005). E-Government: A global view and an empirical evaluation of some attributes of citizens. *Government Information Quarterly*, 22(2), 239-257.
- Bashar, M. R., Karim, M. R., and Vic, G. (2011). *E-Government vs ordinary bureaucratic government: A comparative study*, Wrexham: Glyndwr University, Conference Proceedings 488-499.
- Boediono. (2012). *Teori pertumbuhan ekonomi, Seri sinopsis pengantar ilmu ekonomi No. 4*. Yogyakarta: BPFE
- Coursey, D., & Norris, D. F. (2008). Models of e-government: Are they correct? An empirical assessment. *Public administration review*, 68(3), 523-536.
- Cullen, R., & Hassall, G. (2017). E-government in pacific island countries *achieving Sustainable E-Government in Pacific Island States* (pp. 3-32): Springer.
- Dwivedi, Y. K., Rana, N. P., Tajvidi, M., Lal, B., Sahu, G. P., & Gupta, A. (2017). *Exploring the role of social media in e-government: An analysis of emerging literature*. Paper presented at the Proceedings of the 10th International Conference on Theory and Practice of Electronic Governance.
- Hassall, G. (2017). E-Government and civil society: Exploring new relationships in Pacific SIDs *Achieving Sustainable E-Government in Pacific Island States* (pp. 365-390): Springer.
- Joshi, P. R., & Islam, S. (2018). E-government maturity model for sustainable e-government services from the perspective of developing countries. *Sustainability*, 10(6), 1882.
- Milakovich, M. E. (2012). *Digital Governanccce: New Technologies for Improving Public Service and Participation*. UK: Routledge.
- Sabani, A., Deng, H., & Thai, V. (2019). *Evaluating the development of e-government in Indonesia*. Paper presented at the Proceedings of the 2nd International Conference on Software Engineering and Information Management.
- Salsabila, L., & Purnomo, E. P. (2018). Establishing and Implementing Good Practices E-Government (A Case Study: Indonesia and South Korea E-Government Implementation 2012-2016). *Journal of Asian Review of Public Affairs and Policy*, 3(3), 145-168.
- Sinar Harapan. 2008. *Masalah Penyerapan Tenaga Kerja, Prospek dan Permasalahan Ekonomi Indonesia*, Aris Ananta.



- Smith, R. F. I. (2016). Improving governance and services: Can e-government help? *Chinese Public Administration Review*, 3(3/4), 62-70.
- Sonny, S. (2009). *Teori dan Kebijakan Publik Ekonomi Sumber Daya Manusia*. Yogyakarta: Graha Ilmu
- Sonny, S. (2011). *Ekonomi Manajemen Sumberdaya Manusia dan Ketenagakerjaan*. Yogyakarta: Graha Ilmu.
- Spirakis, G., Christina, S., dan Konstantinos, N. (2010). *The impact of electronic government on democracy: E-democracy through e-participation*, *Electronic Government, an International Journal*, 7 (1), 75-88.
- Sudarsono. (2008). *Ekonomi Sumber Daya Manusia*. Jakarta: Karunia.
- United Nations. (2014). *United nations e-government survey 2014: E-Government for the Future we Want*, New York.
- Wirtz, B. W. P. D. (2015). *E-Government: Strategy process instruments*, Germany: German University of Administrative Science Speyer.