

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

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Technological development has become a notable government tactic for the improvement of service quality. Electronic-based government, sometimes called e-government, provides automated electronic services (electronic services). Problems with licensing are complicated, and the expiry of an old license necessitates an interaction with the 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 find out the method, challenges, and opportunities for the application of the OSS systems in licensing services. This study uses a qualitative descriptive approach. The results of this study indicate that the implementation of the OSS system was successful. Investment in regional OSS systems increases their effectiveness, efficiency, and service quality; however, there are also challenges in its application, such as the community not understanding the system, the quality of the system itself, and the absence of regional regulations.

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

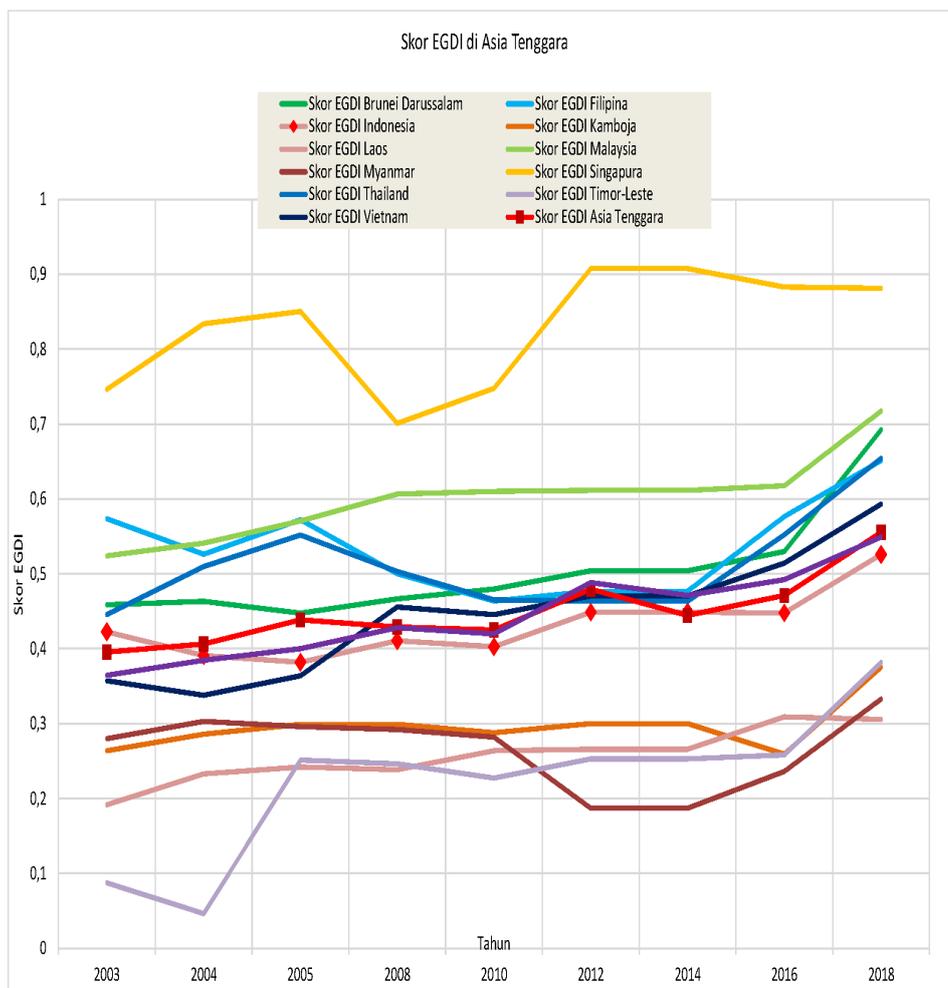
Introduction

The development of information and communication technology (ICT) increasingly plays a role in improving the quality of public services in local governments. Gasol and Stofkova (2017: 230) said, "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." Information technology, besides being sophisticated, also creates

pressure for the government to provide public services that are more efficient, transparent, and provided through the internet. Abri and Mahmoudzadeh (2015), in their research, explained that information technology has an impact on productivity and efficiency in an organization; thus a public organization that utilizes technology will be able to improve its service quality. Also, the use of technology can increase efficiency, productivity, democracy, responsiveness, and transparency in government (Lee, Choi, Kim & Jung, 2018).

In Indonesia, the use of information technology for public services in local governments was initiated almost two decades ago under Presidential Instruction No. 3 of 2003 on the national policy and strategy development of e-Government. Although they are not optimal, the electronic-based government services have already improved the quality of government service (Indrajit, 2006: 4).

Figure 1. *E-Government Development Index*



Source: bptik.kominfo

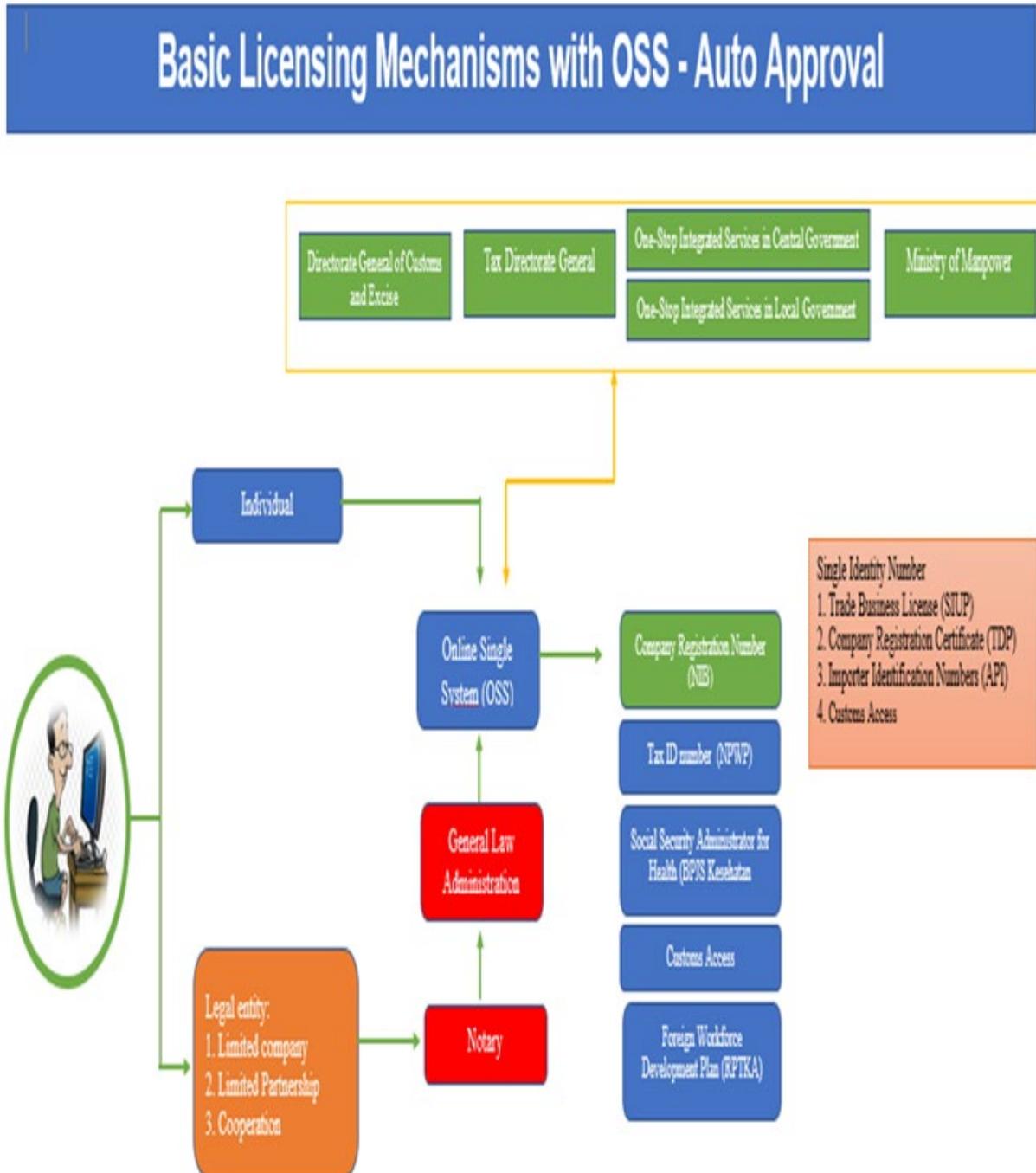
In its development, the position of Indonesia's E-Government Development Index (EGDI) has increased every year. EDGI is a brief assessment that classifies UN member countries into the categories of very high, high, medium, and low. The E-Government Development Index is a weighted average of normalized 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). By increasing its EDGI, the Indonesian government demonstrates that it is always striving to improve public services through electronics. Public services are defined as the provision of services that meet the needs of people, or as people who have an interest in the organization of established principles and procedures (Kurniawan, 2005: 6).

One service about which the public most often complain is the licensing service. People in business want quick and easy licensing services; however, throughout the implementation of licensing services, many business actors have complained about convoluted procedures, time-consuming processes, and problematic cost. The 2019 Business Confidence Index shows that foreign investors have positive perceptions about Indonesia, but one of the challenges its reputation faces is the tendency for its superfluous bureaucracy to hamper efficiency (Inovasjon Norge, 2019). As Sutedi (2015: 49) said, "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, high costs to be incurred, to discrimination against groups certain." To deal with this, the government is trying to implement an electronic-based system with e-Government support. The government has therefore developed the Online Single Submission (OSS) system.

Government Regulation Number 24 of the year 2018 regarding licensing services seeks to be integrated electronically. The coordinating ministry for the economy of the Republic of Indonesia states that licenses are issued by OSS institutions on behalf of ministers, agency leaders, governors, regents, and mayors to business actors through the Investment and One-Stop Integrated Services Office (Dinas Penanaman Modal dan Pelayanan Terpadu Satu Pintu/DPMPTSP). This office handles business and non-business licenses, commercial/operational permits, location permits, and environmental permits. OSS is an electronic service (e-service).

Through the internet network, the public can access business licensing registration at www.oss.go.id. After registering their business, actors will get a Business Identification Number (Nomor Induk Bisnis/NIB) to identify the business actor to the OSS institution. Business actors must have a valid Business Registration Number, a Business Registration Certificate (Tanda Daftar Usaha/TDP), an Import Identification Number (Angka Pengenal Impor /API), and customs access.

Figure 2. Basic licensing mechanism with OSS



Source: www.oss.go.id

Registering a business license, as seen in figure 2, is done in the following order:

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

The purpose of the OSS is to make it easy for businesses to build themselves in Indonesia. The areas that have implemented OSS systems are listed 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	Januaryh2019

Source: processed by researchers, 2019

DPMPSTP Malang Regency was used as the location for this study because Malang Regency is the second-largest regency in East Java, and it has a lot of regional potentials (Badan Potensi Daerah Kabupaten Malang, 2018). The enormous potential of the Malang Regency can grow both large and small industries.

Figure 3. Malang Regency Industry



Source: Malang Regency in Figures

It can be seen in figure 3 that there is an increase in the number of industries from 2013 to 2017. Every industry must have legality. Licensing issues for DPMPTSP are managed by the Central Government Presidential Regulation 91 of the year 2017 concerning the acceleration of business implementation by applying the OSS system in licensing services.

Malang Regency DPMPTSP posted on their web page (pm-ptsp.malangkab.go.id) in 2017 that the regency had received an award for being a role model for public service delivery, and in the 2018, Malang Regency DPMPTSP received an award for outstanding provision of public service. It can be seen that DPMPTSP continues to improve its services to the community. The implementation of the OSS system is expected to provide benefits, especially in improving licensing services. The application of the OSS system aims to simplify the licensing process. The licensing process no longer uses offline mechanisms and instead uses electronics. The successful implementation of the OSS system, its potential, and its benefits can be seen from the support of the government and the Organization of the Regional Apparatus that implemented it.

Literature Review

Ahmad (2015: 44) defines public administration as the process of cooperation between two or more people to rationally achieve a predetermined goal. E-Government is a new mechanism of interaction between the Government, the community, and other interested parties, and it 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 government service to its stakeholders; (2) Increased transparency, control, and accountability; (3) Reduced administrative costs, relations, and interactions; (4) Opportunities for new sources of income; (5) New community environments that quickly and accurately respond to problems faced by various global changes; (6) Empowerment of the community and other parties to act as government partners in the process of making equal and democratic public policy.

Development Elements of digitalization

The results of studies and research on concepts of digitization in the public sector by Harvard JFK School of Government show digitization efforts must be possessed of three crucial elements: Support, Capacity, and Value (Indrajit, 2006: 15). Explanation of these elements is as follows:

1. Support

The first element that must be possessed by the government is the desire of various public and political officials to implement the e-Government concept. According to Indrajit (2006: 16-18), e-Government implementation support cannot merely be verbal and is also expected to take the following forms:

- a. Without the element of "political will," it is impossible for e-Government development initiatives to work because bureaucratic culture tends to work on a "top-down" management model. With political will, support from leadership may influence implementation. Related to the element of political will is the element of support; leadership support also influences the implementation of the Online Single Submission (OSS) system.
- b. The allocation of several resources (human, financial, energy, time, information, etc.) at each level of government to develop this concept with a cross-sectoral spirit.
- c. Building various supporting infrastructures and superstructures to create a conducive environment (such as the existence of clear Government Laws and Regulations and the assignment of particular institutions).
- d. The concept of e-Government is disseminated evenly, continuously, consistently, and thoroughly to all bureaucrats in particular and society in general through various means.

2. Capacity

Capacity is the second element, and it is defined as the ability of the government to empower. The government must possess three things with this element, namely:

- a. Availability of sufficient resources, especially financial resources, to carry out various e-Government initiatives.
- b. Availability of adequate information technology infrastructure, which is a 50% contributor to the successful implementation of the e-Government concept.
- c. The availability of human resources who have the competence and expertise needed to implement e-Government under the principle of expected benefits.

3. Value

The first and second elements are seen from the side of the government as the service provider. Various e-Government initiatives will be useless if no one feels benefited. The benefits of e-Government are determined not only by the government, but by the community.

The three elements above are a combination that will form the nerve centre of the e-Government network and determine its success. The application of these elements can 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 the community by state administrators. According to the Minister of Domestic Affairs Regulation Number 20 of the Year 2008 concerning Guidelines for Organizations and Work Procedures of Integrated Licensing Services in Regions, permits are documents issued by local governments based on regional regulations or other regulations and are proof of the legality or permissibility of a person or legal entity to carry out a particular business or activity.

Online Single Submission (OSS)

According to Millard (2004: 636), *"Technology introducing electronic services (e-services) for a relatively modest investment, this can lead to significant savings, improved jobs, better, faster and more transparent user services, and better user interaction."*

The quality of an e-service provided over the internet is determined by its ability to facilitate activities effectively and efficiently, Chase (2006) in Komara (2013). Government Regulation Number 24 of the year 2018 concerning electronically integrated licensing services. Online Single Submissions, after this abbreviated as OSS, is a business license issued by OSS institutions for and on behalf of ministers, leaders, institutions, governors, or regents/mayors to businesses through integrated electronic systems.

The benefits of OSS, according to the Coordinating Ministry for the Economy of the Republic of Indonesia, are that they:

1. Facilitate the management of various business licenses, including those that are prerequisites for doing business (permits related to location, environment, and buildings) and operational licenses for operational activities; firms at the central or regional level with a mechanism to fulfill the commitment of permit requirements.
2. Facilitate business actors to connect with all stakeholders and obtain permits safely, quickly, and in real-time.
3. Assist businesses in reporting and solving licensing problems in one place.
4. Facilitate business actors to store permit data in a single business identity (NIB). OSS is a form of electronic service (e-service).

E-Services are closely related to OSS. OSS is an online system for licensing services. OSS aims to facilitate community licensing.

Research Methodology

This study uses qualitative research with a descriptive approach. The focus of this research is the Implementation of the Online Single Submission (OSS) system in licensing services at the One-Stop Investment and Integrated Services Office in Malang Regency . Additionally, this research investigates the challenges and opportunities in implementing the Online Single Submission (OSS) system in licensing services at the One-Stop Investment and Integrated Services Office in Malang Regency. Data sources include 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 service is a form of public service that uses the concept of e-Government. Referring to Government Regulation Number 24 the year 2018, the Office of Investment and Integrated Services of One Door Malang Regency applies the Online Single Submission System (OSS) to facilitate licensing services. The licensing process was originally manual but has transitioned to an online process. The central OSS system was implemented starting July 2018.

There are three prerequisite elements for successful digitalization in the public sector. These elements are support, capacity, and value. In this study, the authors used these three elements to determine the success 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, so if one of the three elements experiences problems, it will have an impact on the other elements. The presentation of data from this research follows below.

1. Support

a. Leadership

Leadership is the primary indicator of the success of the implementation of an e-Government concept. Leadership will affect the application of bureaucracy because bureaucracy tends to work on a top-down management model. The leader is the primary key holder to the success of an e-Government system. Mr. Irianto, as the Head of the Malang Regency Investment and Integrated One-Stop Service Office, fully supported the implementation of the Online Single Submission (OSS) system into the licensing services.

b. Resource allocation

Resource allocation is an indicator that builds the successful application of e-Government concepts. These resources are in the form of human, financial, and infrastructure, and they can influence the success of an idea, Indrajit (2006). The allocation of resources will affect the success of an e-Government concept. In its implementation, the Malang Regency Investment and Integrated One-Stop Service Office has allocated several human resources to the implementation of the OSS system. Malang Regency DPMPTSP has prepared employees to serve as specialized OSS service operators. Malang Regency DPMPTSP has also allocated infrastructure that is specific to the OSS system. Although financial resources were not initially budgeted for equipment, after the OSS DPMPTSP Malang system was applied, Malang immediately planned to establish several facilities in the OSS service room.

c. Legal Basis

The legal basis is a regulation established to carry out a policy. Based on Presidential Instruction Number 3 of 2003, it is the legal umbrella under which the government implements the concept of e-Government. The e-Government concept being applied in the Investment and One-Stop Integrated Services Office of Malang Regency is that of an Online Single Submission (OSS) systems. According to the central government, the OSS system is regulated in Presidential Regulation Number 24 of 2018 concerning electronic integrated business licensing services and Government Regulation Number 91 of 2017 concerning the acceleration of business implementation. In accordance with PP Number 24 of year 2018, the DPMPTSP Malang Regency uses PP as a legal umbrella to cover the implementation of this system. Based on the above information, the Government Regulation is strong enough to run the OSS system in DPMPTSP Malang Regency because its regulation was immediately issued and determined by the central government.

d. Socialization

Another indicator that determines the success of an e-Government concept is socialization between the government and the community. Socialization can be done face to face or indirectly. Socialization is needed by the community to remain informed on the use of OSS system. Malang Regency DPMPTSP has done several things to socialize the topic of the OSS system, namely through the DPMPTSP website, radio, and information services, and by providing brochures and x-banners. The booklets and banners explain how the registration process flows through the OSS system.

2. Capacity

Capacity is the second element in applied digitalization. According to the theory of Indrajit (2006), capacity includes the availability of technological infrastructure and the availability of human resources.

a. Availability of technology infrastructure (facilities)

In the theory of Indrajit (2006), infrastructure availability is a 50% indicator of the success of a digitalization concept. The availability of infrastructure in implementing the Online Single Submission (OSS) system is an indicator that determines the success of the method used in the Malang Regency Investment and Integrated One-Stop Service Office. The technology infrastructure is in the form of tools to be used by DPMPTSP to run the OSS system. The equipment provided by DPMPTSP Malang Regency included three computers, one printer, a fast internet network, and the machine placed in the OSS service room. This equipment will assist the implementation of the OSS system in DPMPTSP Malang Regency.

b. Availability of human resources

Human Resources (HR) is another essential indicator of the success of an e-Government concept. HR serves the role of executor of an e-Government concept, so they need people who are qualified and competent in the use of technology. The existence and availability of HR who understand and have mastered IT will influence the implementation of e-Government. When the OSS system was implemented, the Malang Regency Investment and One Door Integrated Service Office (DPMPTSP) immediately installed employees as OSS service operators. These employees certainly have competence in the use of information technology. There are two OSS operators who understand the registration flow of the OSS system. The two employees help to initiate applicants who are new to technology register their business license.

3. Value

Value is the third element of digitalization. According to the theory of Indrajit (2006), value equates to benefit, benefits that are felt not only by the government but also by the community. The success of the OSS system can also be seen from the benefits that it has provided to the community. Since the implementation of the OSS system at the Malang Regency Investment and One Door Integrated Service Office (DPMPTSP), Malang Regency has experienced a decrease in community complaints, according to the Community Satisfaction Survey (SKM), which shows a decrease from 90.86% in January-July 2018 to 90.27% in July-December 2018. Furthermore, within the first two months of the OSS system being implemented, the permits that entered Malang District DPMPTSP had already reached 700. Reduction of public complaints affects the quality of licensing services. Kashmir in

Pasolong (2007: 133) suggests that excellent service is characterized by one's ability to provide services that can satisfy customers with specified standards.

Challenges and Opportunities faced in the Implementation of the Online Single Submission System (OSS) in Licensing Services at the Investment and One-Stop Integrated Services Office in Malang Regency

The following are challenges and opportunities faced by DPMPTSP Malang Regency:

1. Challenge

Based on the research, the Investment and One-Stop Integrated Services Office faces several challenges in implementing the Online Single Submission (OSS) system. These challenges are as follows:

a. Lack of Community Knowledge About the OSS System

Not all people of Malang Regency understand how to use information technology, and people still often come to DPMPTSP to register their business licenses. This is one of the challenges faced by the Malang Regency Investment and One-Stop Integrated Service Office (DPMPTSP) in implementing the OSS system in licensing services.

b. System

The OSS system is still in a period of transition from the offline to the online system, and this system will continue to experience improvements until the refinement stage. The OSS system is published and created by an indirect centre of the region. The regions only have authority from the centre to implement the OSS system. If there are obstacles in the system, DPMPTSP Malang Regency cannot directly improve the system. They must first report to the centre to request a repair.

c. Lack of Regional Regulation

To implement a policy, underlying rules are needed. There needs to be a synchronization between central regulations and local regulations. The existence of local regulations will strengthen the government and local communities. Malang Regency still does not have rules for the OSS system itself.

2. Opportunities

Researchers found several opportunities in the implementation of the Online Single Submission (OSS) system in the licensing service at the Investment Office and One-Stop Integrated Service (DPMPTSP) of Malang Regency. These opportunities are as follows:

a. Increase investment in Malang Regency

The implementation of the Online Single Submission (OSS) system in the Malang Regency Investment and One-Stop Integrated Service (DPMPTSP) Office creates opportunities for Malang Regency to increase investment. Malang Regency has excellent potential for investors. Now that managing licenses has been made easier, investors will undoubtedly be attracted to Malang Regency. So, implementing this OSS system provides an excellent opportunity for Malang Regency to increase investment.

b. Increase the effectiveness and efficiency of Licensing Services

By implementing the Online Single Submission (OSS) system, the Malang Regency Investment and One-Stop Services Office (DPMPTSP) has created opportunities to improve the effectiveness and efficiency of licensing services. Now, with an online-based system, people no longer need to queue for long, and the licensing process meets and even exceeds the expectations of people who crave quick, easy, effective, and efficient service. Opportunities arising from the implementation of the OSS system indicate that the system has been running well and that it provides benefits to the community, especially the entrepreneurs of the Malang Regency.

c. Improve the quality of licensing services

By implementing the OSS system, DPMPTSP Malang Regency can improve the quality of their service to the community, namely through time trimming, availability of information, security, and ability to provide services. Under the theory of Parasuraman (2002) in Buckley (2003: 457), measures of quality for electronic services include efficiency, fulfillment, privacy, and reliability.

Conclusion

Based on the results of the research in the field, it can be concluded that:

1. 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 well. With support from the head of the DPMPTSP office, Malang Regency is now able to provide licensing services to the public. Also, DPMPTSP has allocated financial, human, and infrastructure resources to the implementation of this system. The legal umbrella under which the DPMPTSP Malang Regency is implementing the OSS system is Government Regulation Number 24 of 2018 concerning integrated electronic business licensing services and Government Regulation Number 91 of 2017 concerning the acceleration of business implementation.

However, DPMPTSP Malang Regency still does not have local regulations that specialize in OSS systems, such as those in Sidoarjo regency. Socialization has not only been carried out

among the government but also among the community. DPMPTSP Malang Regency is currently conducting OSS system socialization through websites, information services, radio, and up to date village development. The office has ensured the availability of infrastructure resources, such as computers, printers, and networks, that complement the implementation of the OSS system. Malang Regency DPMPTSP has also provided competent human resources (HR) who have expertise in operating the OSS system. When the OSS system was implemented in DPMPTSP Malang Regency, there was a significant reduction in public complaints about licensing services.

2. This study found several challenges and opportunities faced by the Malang Regency Investment and One Door Integrated Service Office (DPMPTSP) in their implementing of the Online Single Submission (OSS) system.

The major challenge faced by DPMPTSP Malang Regency in implementing the OSS system is the lack of understanding by the community about the OSS system. The OSS system is still relatively new and is in the transition from offline to online. There are also challenges faced by DPMPTSP Malang Regency related to local regulations.

Opportunities for the DPMPTSP Malang Regency in implementing this OSS system are increased Malang Regency investment, increased effectiveness and efficiency of licensing services, and improved quality of services

Recommendations

The suggestions that researchers can give based on this research are:

1. To optimize the application of the OSS system, DPMPTSP Malang Regency should improve and provide regular and scheduled socialization to the public, especially regarding the OSS system itself, so that people in every circle understand the flow and registration of permits through OSS.
2. It is recommended that DPMPTSP Malang Regency immediately make regional regulations regarding the OSS system. Even though the Government Regulation is strong enough to govern it, it would be even better if the OSS system in Malang Regency were protected by a legal umbrella of regional rules.
3. DPMPTSP Malang Regency need to continually monitor and control the OSS system that because this system is relatively new and still in the stage of refinement. DPMPTSP supervision can help ensure that this OSS system is constantly being improved.



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