

# Characteristic and Type of Innovation of Licensing Pick Up Service in Jakarta

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**Abstract**—The development of technology as well as the increasingly complex society, has created a demand for better public services. Solving the problem of public services can no longer use the usual and old method. The government required to use creative solutions by maximizing its resources and this is done through innovation. The phenomenon of the emergence of various innovations in the public sector gives a new color in the implementation of public services. The presence of a licensing pick-up service from the investment service and one-stop integrated services Jakarta Province is a breakthrough innovation as an effort to improve service quality and eliminate the practice of brokering in licensing arrangements that seem complicated and time-consuming and highly cost. This study aims to analyze the characteristics and types of innovation from the service. The study was conducted using qualitative method with an approach literature studies through analysis of secondary data from various literature sources related to innovation in the public sector and Licensing Pick Up Service in Jakarta. This study concludes that Jakarta's Licensing Pick Up Service is a type of ancillary innovation that benefits the service user community. The prominent characteristics of the service are relative advantages, compatibility and observability, while there are still need improvement to the implementation of licensing pick up services is on the complexity characteristics.

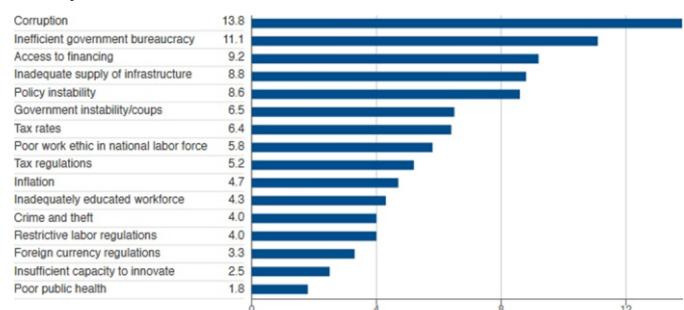
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## I. INTRODUCTION

Quality public sectors performance can improve the level of public trust in the government. In wider terms, the public sector also strongly supports state competitiveness, where competitiveness is a benchmark and an indicator of the country's economic growth and development which increases the attractiveness of state investment. World economic forum ranked Indonesia 45th out of 140 countries with a general score of 64.9 points in the 2017-2018 global competitiveness ranking (GCR). Although this ranking increased compared to GCR in 2016-2017 where Indonesia was ranked 47st, Indonesia's position was still far below the nearest neighboring ASEAN namely Singapore at number 2 with 83.5 points and Malaysia which was ranked and 25th with 74.4 points [1].

Data from the Global Competitiveness Report in 2017 to 2018 shows 16 factors that affect Indonesia's competitiveness which have implications for the obstruction of public services, especially in business activities. Among these 16 factors, 3

main factors that influence the interest of business people to invest in Indonesia are corruption (13.8%), inefficient government bureaucracy (11.1%) and difficult access to finance (9.2%). Inefficient government bureaucracy includes in the form of service uncertainty, both in terms of requirements, procedures with complex bureaucracy, time of completion and clarity of costs.



Source: Global Competitiveness Report 2017-2018

Fig. 1. Problematic factors for doing business in Indonesia.

Solving the problem of public services can no longer use the usual method. The government is required to use creative solutions by maximizing its resources and this is done through innovation. In the private sector, innovation has become a necessity as a way to survive by maintaining customer loyalty and winning market competition over its competitors. At present, the public sector without exception, must also be able to innovate in order to answer the public demands which came as a consequence of the development of technology and the development of increasingly complex social environments.

The experience of several countries shows that the introduction of government innovation has given positive results for the benefit of the public sector. First, it supports maximizing the utility of resources and the capacity to develop public values to carry out a culture of openness and participation in government which can develop good governance. Second, to improve public image and service, innovation can support governance to achieve trust and strengthen the legitimacy of society. Third, governance innovation can increase self-confidence among officials who can be a driving force for self-improvement. Innovation can revive inspirational conditions between apparatus. Fourth, even

though innovation is limited to government intervention or micro initiatives, a domino effect can emerge, which works in one sector can open another innovation in a different place. Fifth, innovation can produce opportunities for sustainable innovation, which supports the environment of benefits for positive change. Innovation can push new blocks of development on institutions and relationships between government and departmental levels [2].

Law no. 23 of 2014 concerning Regional Government articles 356 to 390 accommodates regional governments to innovate for the sake of increasing the quality of public services. Followed by the issuance of Government Regulation No. 38 of 2017 concerning regional innovation as a guideline for technical implementation, showing the support of the central government in the creation of innovations aimed at improving the performance of regional government implementation. In the creation of service innovations, the intended target is to accelerate the realization of community welfare through increasing public services, involvement of the community in the form of empowerment and community participation in the implementation of governance and also increasing regional competitiveness. Therefore, local governments are competing with each other to create innovations to improve the quality of their public services, including the Jakarta Special Capital Region.

Evaluation of the implementation of Jakarta One Stop Investment Services and Services Office carried out by the Ombudsman in 2015 still found a variety of shortcomings that occurred, among others, the length of the process of queuing for licensing, complaints about complicated procedures and the length of the permit settlement process which resulting in lots of licensing arrangements through brokers. In addition, in the Ease of Doing Business (EoDB) survey - a survey conducted by the world bank to measure the attractiveness of investment in a country - Jakarta has a very large contribution. As the largest business city in Indonesia has an assessment weight of 78 % of the two Ease of Doing Business (EoDB) indicators, namely the measurement of indicators establishing business and building construction management indicators. Therefore, the efforts made by the Jakarta Government to improve the quality of its public services have a very important role in increasing the EODB ranking while at the same time enhancing Indonesia's investment climate in the eyes of the world.

Realizing this, the One Stop Investment Services and Services Office (DPMPTSP) as a service that plays a role in providing public services both licensing and non-licensing documents of Jakarta Special Capital Region, continues to make improvements to public services through various means including simplification of licensing requirements, online licensing and the creation of licensing service innovations such as PTSP Goes To Mall and licensing pick-up services known as AJIB. The efforts made by DPMPTSP provided an increase in the rank of EODB Indonesia, from the time it was formed in 2015 where Indonesia ranked 120, 2016 ranked 109th and in 2017 Indonesia's ranking was at 91. The results of this achievement were quite impressive; however, the quality of public services must continue to be improved, reckoning at the government's target to declare Indonesia to be ranked 40th in 2019.

AJIB was inaugurated in January 2016 is one of DPMPTSP's efforts to improve the quality of service while addressing complaints from people who have limited time to be able to come to the PTSP service office to arrange permits. AJIB is a pioneer and is one of the best practice examples in pick-up services in Indonesia, where officers make pickups, verify requirements directly at the location of the applicant, then scale up the file according to the location of the PTSP service unit, and deliver the completed licenses to the applicant's location without charging any fee. AJIB can serve all types of licensing and non-licensing provided by DPMPTSP which consist of 476 types of licenses and non-licensing. Since January 2016 up till December 2017, AJIB DKI Jakarta has served a total of 270.282 licensing and non-licensing pick up service [3].

Several studies have been carried out on services related to licensing pick-up services, especially those made by the investment service and integrated one-stop service of the special regional government of the capital city of Jakarta, such as research conducted by Hastriansyah entitled Revolution of public service - case studies BPTSP Jakarta, Research conducted by Iqbal Firmansyah & Retnowati WD Tuti entitled Innovation of Shuttle Service of Motor License in DKI Jakarta and research conducted by Mawar Kurniasih Mufidayati & Retnowati WD Tuti entitled Service Innovation in DPMPTSP Jakarta Special Capital Region.

AJIB DPMPTSP service is a form of revolutionary innovation as a solution to the limitations of the community in managing their own licensing and is a pioneer in Indonesia in the licensing file transfer system. Through the AJIB service, the costs incurred by the public or business actors in licensing arrangements can be minimized, including eradicating the practice of brokering which provides a negative stigma in public services in DKI Jakarta. Therefore, researchers are interested in conducting research on the characteristics and types of innovations applied by the DKI Jakarta DPMPTSP on AJIB services.

## II. RESEARCH METHODS

This study uses the desk research method using literature studies with descriptive analysis. Data collection is done by utilizing secondary data available from various literature sources. First, collecting literature from the results of previous studies related to the theme of this research and supported by various journal articles, reports, books and other relevant information. Second, conducting data selection according to the theme and focus of the study. Third, describe the practice of innovation of research object. Furthermore, conclusions are made by inductive methods, by generalizing various phenomena obtained from the practice of research object which being investigated.

## III. RESULT AND DISCUSSION

### A. Type of Innovation

Private sector organizations need to develop innovations to win market competition, while public sector organizations develop innovations to improve efficiency and quality of public

services while enhancing people's welfare. Sector innovation as original, disruptive, and fundamental transformation of an organization's core task. Innovation changes deep structures and changes them permanently. Whereas Mulgan and Albury state the innovation of the public sector as "New ideas that works. Successful innovation, outcomes, services and methods which result in significant improvements in outcomes efficiency, effectiveness or quality [4].

According to Alberti and Bertucci innovations in the public sector include [2]:

- Institutional innovation that focuses on reforming established institutions and / or establishing new institutions.
- Organizational innovation, including the introduction of new work procedures or management techniques in public administration.
- Process innovation that focuses on improving the quality of public service delivery
- Conceptual innovation that focuses on introducing new forms of governance such as interactive policy making, governance involving the public, reforming people's budgets.

Various forms of innovation are classified by experts. Hartley classifying innovation into several types, that are product innovation, service innovation, process innovation, position innovation, strategic innovation, governance innovation and rhetorical innovation [5]. Whereas Walker classifies innovation into three, namely product innovation, process innovation and ancillary innovation [6].

Product innovation is defined as a new product or service that is introduced to meet the needs of new users or external markets that occur in the operating components and affect the technical system of an organization and include the adoption of a product or service. The nature of product innovation in public organizations is best understood through their relationships with users. Three types of product innovation are (1) Total innovations involving the provision of new services to new users (2) Expansive innovation involves public organizations that take existing services and provide them to new user groups and (3) evolutionary innovation that involves providing new services to users which exists.

Process innovation influences management and changes in organizational relations between organizational members and influences rules, roles, procedures and structures, communication and exchanges between organizational members and between the environment and members of the organization. The innovation process does not directly produce products or provide services to users but indirectly affects their recognition. (1) Technological innovations related to changes in physical equipment, techniques and organizational systems and (2) Organizational innovations which are innovations in structure, strategy and administrative processes such as total quality management practices. Or introduction of new organizational structures

The ancillary innovation is an 'innovation of organizational boundaries' including community service programs and additional education programs after school. What distinguishes ancillary or supporting innovations from product and process innovation is that the successful adoption of additional innovations depends on factors beyond the control of the organization. Additional innovations are related to working across boundaries with other service providers, users or other public institutions and thus their successful implementation depends on others. Additional innovation illustrates the nature of these overlapping concepts: new services (product innovation) can be developed in partnership with other actors, including users or public, voluntary or private organizations; alternatively, new governance arrangements (process innovations) can be applied to public organizations involving partners or user agents who make joint decision making.

Based on the typology of innovation put forward by Walker, the AJIB Service is included in the ancillary innovation typology in which service is created to support the main services of DPMPTSP which is producing licensing and non-licensing in Jakarta [6]. AJIB is an innovation created by DPMPTSP as one of the efforts to improve service quality as well as a solution to responding to public complaints about licensing time constraints which ultimately lead to people's choices to use licensing brokers which ultimately make the image of public services expensive and complex.

Through AJIB service, the applicant does not need to come to visit the service point where the licensing service is held. The applicant only needs to access the service and the officer will take the permit requirements to the applicant's location and submit the file to the service point and if the permit is completed, the AJIB officer will deliver the file back to the applicant. To access AJIB services, various channels are provided, either through call centers, applications on mobile phones or through the assistance of service point officers. 200 AJIB officers are provided by DPMPTSP to support this service. The types of licensing and non-licensing services that can be managed through this service are 476 types of services. But, the successful of this innovation lies not only on the DPMPTSP as the service provider, but also on the active participation from public to use AJIB than choosing licensing broker.

#### B. Characteristic of Innovation

The characteristics of an innovation determine the adoption of innovation and therefore determine the successful implementation of an innovation. Adoption occurs when an innovation is used fully in practice, as the best choice for members of the social system [7]. Fixed defines adoption as a decision to continue the implementation of innovation both in whole and in part through a complex process, and by understanding this process will provide understanding for the development of strategies to improve improvements in the implementation of innovation [8]. Characteristics of innovation introduced by Rogers are: relative advantages, compatibility, complexity, trialability and observability [7].

Relative advantage is the degree to which an innovation is perceived better than the idea it replaces [7]. The AJIB service

from DPMPTSP is a service that presents a way of public service that has never existed before in the investment service and one-stop integrated service of the special regional province of the capital Jakarta. AJIB provide benefits in terms of economic profitability, convenience and savings in time and effort this is in accordance with a number of relative profits subdimensions proposed by Rogers, including economic profitability, low initiation costs, decreases in terms of inconvenience, as well as savings in time and effort [7,8].

Before the AJIB service, applicant had to pay transportation fee nor sparing times to get to the location of the licensing service. But now the applicant does not need to pay the fee nor spending the time in queuing at the service point because the AJIB officer will pick up the file and return the results to licensing to the applicants at no charge. The initiation fee for using the AJIB service is also low, because to use this service, the applicant can simply contact the call center or be able to use the AJIB application that can be accessed via a smart phone.

Compatibility is a view where innovation is considered consistent with pre-existing values, past experience and in accordance with the needs of potential social system members as adopters of innovation [7]. AJIB is an answer for people who have limited time to manage permits and as a solution to complaints from the rampant practice of brokering licensing [9]. In other words, AJIB play a role as an official broker provided by the Jakarta provincial government to improve the quality of services, eliminate licensing brokers and increase public trust in the Jakarta provincial government by eliminating corrupt practices, collusion by minimizing interactions between the people applying for permits and officials issuing permits.

Complexity is the level at which innovation is perceived as relatively difficult to understand and use, including the level of effort needed to use innovation [10]. To be able to access service, DPMPTSP provides several communication channels such as, through service points, call centers, and AJIB applications which available on the play store.

Research conducted found that there were still complaints from applicants regarding the difficulty of access to use of the AJIB service [8,11]. The number of call centers as many as 30 people is considered inadequate to receive applications for handling AJIB orders, because in addition for being AJIB order channel, Call centers also play a role as handling complaints and providing information about licensing and non-licensing in DPMPTSP. Public testimonials on the performance of the application in the play store also indicate that this application is not running well. The application is often error-prone and cannot be used.

Triability refers to the extent to which an innovation can be tried or tested in a limited way before the emergence of commitment, required by individuals to determine how well innovation can work under certain conditions [10]. From the literature study conducted, it was found that before the launch of AJIB services, there are no triability process, this mean that the evaluation process is carried out along while the implementation of the innovation running in public. This can lead to the lack of successful implementation of the innovation in society. Innovations that already trough the triability, will

be able to run well and be adopted more quickly by the community because it can give management time to make improvements to the constraints faced before it is fully launched [7,12]. The results of study found that there are still people who are not aware of the existence of innovation in this service [8]. Therefore, socialization still needs to be carried out more widely by DPMPTSP related to this service.

Observability is a level where the results of innovation can be seen by others. Observability refers to positive results seen from the application of innovation [13]. The presence of AJIB brings the ease of perceived impact by the public, this can be seen from a significant increase since the launch of this services in 2016. Since it was inaugurated in January 2016 to December 2017, AJIB has served a total of 270,282 requests, with details of 96,801 requests in 2016 and 173,481 applications in 2017 [3]. From the results of research conducted through interviews with users of service, they got benefit from the presence of service mainly in terms of time and costs for licensing [8,11]. However, there is no research or literature that directly examines the level of the number of licensing service users before and after the presence of AJIB services, therefore further research is needed on this service.

#### IV. CONCLUSION

Innovation of licensing pick-up service is a form of ancillary innovation which is a supporting innovation for the main services of making licensing and non-licensing in the investment service and one-stop integrated service of the special regional provinces of the capital Jakarta. The presence of the innovation makes it easy for the applicants in the process of obtaining permits in terms of time, efficiency and costs which can minimize the occurrence of brokering practices that cause opportunity lost in activities. Besides that, the AJIB also improved the quality of service and increased the community's trust in good service practices provided by DPMPTSP.

The prominent characteristics of this service are relative advantages, compatibility and observability, while the aspects that still need to be improved are the characteristics of complexity and triability. The emergence of this innovation proves that there is a positive development in the process of organizing public services that are more oriented to the needs of the community, especially for licensing applicants in the Jakarta city. however, so that the benefits of the permit can be felt more leverage, the Jakarta provincial government must make more efforts to provide improvements, especially in terms of access to this service.

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