Urgency of Electronic Licensing Management Licensing Services in Improving the Community Economy

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Abstract—This study aims to examine the urgency of providing integrated electronic licensing management in improving the community's economy. The location that is the focus of this research is the Lampung Province Investment and One Stop Integrated Services Office. This is because most people in Lampung have small, medium and large businesses. The legal basis for this electronic licensing service is Government Regulation No.24/2018 concerning Electronic Integrated Licensing Services and its Registration Mechanism. The achievement in the economic sector in Lampung Province is one of the supporting factors is the growth of quite good investment. In order to be able to produce a conducive investment climate, of course, a series of public policies are needed that support the achievement of a conducive investment climate, namely by doing business indicators, one of which is the speed of licensing. Efforts to increase investment, both small and large investments, continue to be made, both in the form of improving supporting infrastructure and in terms of licensing bureaucracy. In the case of the licensing bureaucracy to create smooth investment and business, a one-stop integrated service policy is applied. The policy was made in order to reduce obstacles that occur and accelerate the process of business and investment licensing. With the ease of integrated licensing online, it can make it easier for entrepreneurs to register their businesses, and can make it easier to obtain business permits. The ease of doing business permits will improve the economy of the community both internationally and locally, especially people who become entrepreneurs in Lampung Province. In addition to providing convenience for business licensing, the urgency of management services can also be useful for improving the principles of good governance of local governments related to democracy and empowerment, services, transparency and accountability, participation, partnerships, decentralization, and policy consistency and legal certainty.

Keywords—Management, Electronic Business License, Business Law, Economy, Society.

I. INTRODUCTION

Providing services to the community and general welfare is the main obligation for the state. One of the government's obligations is to play a role in the service delivery process [1]. Service is essentially a series of activities so that the service process takes place regularly and continuously and covers all organizational life in society. The intended process is related to activities that meet the needs of the recipient and the service provider. Public services are all forms of services, both in the form of public goods and public services, which in principle are the responsibility and are carried out by government agencies at the center, in the regions, and within the State-Owned Enterprises or Regional-Owned Enterprises, in the context of implementing the provisions of the regulations legislation.

Law Number 23 of 2014 concerning Regional Government, provides the widest possible autonomy to regions aimed at accelerating the realization of community welfare through improving services, empowerment and community participation, as well as increasing regional competitiveness by taking into account the principles of democracy, equity, justice, and the peculiarities of an area within the system of the Unitary State of the Republic of Indonesia. One of the efforts of the Regional Government in increasing regional competitiveness is carried out through optimizing public administration in the regions.

The implementation of PTSP is an integral part of public services which mandates the apparatus to carry out service tasks with the principle of excellent service which ultimately gives satisfaction to the community in accordance with their duties and functions, namely carrying out coordination and administering administrative services in the licensing sector in an integrated manner with the principles of coordination, integration, synchronization, simplification, security, and certainty [2].
The issuance of Permendagri No. 138 of 2017 concerning the Implementation of Regional PTSP as implementing the provisions of Article 25 paragraph (1) of Presidential Regulation No. 97 of 2014 concerning the Implementation of One Stop Integrated Services and regulates the management of PTSP which includes the implementation of services, management of public complaints, information management, internal supervision, counseling to the community and consulting services. Besides that, it also regulates the service time and complaint management time, simplification of types and procedures, electronic service (PSE) by implementing PTSP-el as a reliable, safe, integrated electronic system, utilization of electronic signatures (digital signature) facilities and infrastructure, service ethics, innovation, PTSP communication forum and PTSP implementation reporting. This is one of the steps taken by the Ministry of Home Affairs in accelerating the implementation of business in the regions.

Based on Presidential Decree No. 91 of 2017 concerning the Acceleration of Business Implementation, it has been explained that business licenses issued by ministries or institutions and local governments to start, implement, and develop business activities need to be reorganized so that they become supporters and not vice versa become obstacles to the development of business activities. The restructuring of Business Licensing is manifested in the form of services, end-to-end supervision and an active role in resolving obstacles to business implementation through the establishment of Task Forces (Satgas) at the National, Ministry/Agency, Provincial, and Regency/City levels [3]. As for the acceleration of business implementation in Special Economic Zones (KEK), Industrial Estates, and/or Tourism Zones, it can be carried out in the form of fulfilling the requirements (checklist).

Business licenses are important for every business, not only for large companies but also important for Micro, Small and Medium Enterprises (MSMEs). Many business actors do not understand this Micro Small Business Permit [4]. Business legality or business licenses can support businesses to freely expand. Many business actors are reluctant to take care of licensing because it takes time, energy and money [5]. Basically getting a business license takes more than one day. Therefore, it is difficult for business actors to develop. Many business actors do not have permits due to lack of knowledge, concerns about high costs, the assumption that it is not important and complicated, and ignorance about how to manage it. Funding for micro and small businesses from banks requires a business license. Business business legality is needed especially to get certainty and business protection at the business location [6].

The benefits of managing a business license are four, namely having business legality, ease of obtaining capital because it is legal, access to business assistance from the government, and the opportunity to obtain empowerment assistance from the government. To apply for capital (funds) to a bank or government, business legality is required [7].

The implementation of the ease of business licenses has not been implemented in all regions (out of 539 regencies and cities throughout Indonesia, only less than 150 have applied 1 sheet and 1 anniversary permit for MSMEs). In addition, the level of reporting mal-administration is very high and is increasing every year, and in 2017 it reached 1,451 reports [8]. In response to this problem, currently the government has provided an online business licensing service facility, namely one single submission (OSS). The government's urgency in business licensing management services is to accelerate the process of issuing business permits in accordance with service standards, provide certainty of time and cost in the licensing process, and improve coordination and synchronization of Ministries/agencies and Local Governments [9]. So that OSS is now the only door for business licensing outside the financial, mining, and energy sectors.

Based on the description above, this study will examine whether it is true that online licensing aims to accelerate business licensing. Furthermore, another goal is to save costs in the registration of business licenses in relation to the administration of permits. Therefore, the focus of the study in this research is the urgency of electronic licensing services in improving the community's economy, or even making it difficult for the community due to their ignorance.

II. LITERATURE REVIEW

A. System Online Single Submission (OSS)

Currently, the government is trying to attract more investors to invest in Indonesia. Various ways, ranging from accelerating infrastructure development to licensing facilities, have been addressed so that more business players will invest in Indonesia. One way for the government to build licensing facilities is by issuing an Online Single Submission (OSS) system [10]. Online Single Submission (OSS) is a licensing system that utilizes information technology that integrates licensing at the regional and central levels. The launch of the OSS system is a follow-up to PP Number 24 of 2018 concerning Electronically Integrated Business Licensing Services.

The main purpose of the OSS system is to facilitate business activities in Indonesia in order to increase investment and business. This OSS service system was launched in the context of business licensing services that apply to all Institutions, Ministries, and Local Governments throughout Indonesia. So far, licensing is done through One Stop Integrated Licensing (PTSP). Now people can do licensing by accessing the
B. Business License

Licensing is the granting of legality to a person or business actor/certain activity, either in the form of a license or a business registration certificate. Permits are one of the most widely used instruments in administrative law, to guide the behavior of citizens. Licensing is one form of implementing the regulatory and controlling function that is owned by the government over the activities carried out by the community [11]. Licensing can be in the form of registration, recommendation, certification, determination of quotas, and permission to conduct a business which usually must be owned or obtained by a company organization or person before the person concerned can carry out an activity or action.

The business license referred to in this study is based on Government Regulation Number 24 of 2018 is a business license issued by the OSS Institution for and on behalf of the minister, head of the institution, governor, or regent/mayor after the business actor registers and to start a business and/or activity until prior to commercial or operational implementation by meeting requirements and/or commitments.

III. RESEARCH METHODS

Research has another term or known as research. Research comes from English, namely research which comes from the word re (re) search (search) thus research which has the term research can be interpreted as searching again. This research activity is based on the curiosity of someone who is then referred to as a researcher in carrying out research activities. Research is a form of expression of curiosity carried out in the form of scientific research activities. This research is carried out with a sense of trust in the object being researched by finding out the causes and effects that arise or occur in the object of research.

This study uses a normative research method. Normative legal research is a process to find a rule of law, legal principles, and legal doctrines in order to answer the legal issues faced. In this type of legal research, law is often conceptualized as what is written in legislation or the law is conceptualized as a rule or norm which is a benchmark for human behavior that is considered appropriate.

Based on the problem approach and the required data sources, the data collection in this study was carried out by means of a literature study by reading, quoting, taking notes, and identifying data that was in accordance with the problem and collaborating with the data of applicable laws and regulations. After collecting data, then processing the data obtained is used to analyze the problems studied. Data processing in this study was carried out by: Data examination, classification and data compilation.

IV. RESULTS

According to the concept of the rule of law, the government's authority is not only to maintain order and security but also to seek public welfare. Every government legal action, both in carrying out the regulatory function and the service function, must be based on the authority granted by the applicable laws and regulations [12]. One form of this provision is a permit. Based on the types of provisions, permits are included as constitutive provisions, namely constitutive provisions, namely provisions that give rise to new rights that were not previously owned by a person whose name is listed in the decree.

Thus, a permit is a juridical instrument in the form of a constitutive stipulation and is used by the government to deal with or determine the concrete events of each stipulation. One of the principles in a modern legal state is wetmatigheidvan bestuur or government based on statutory regulations. Every government legal action, both in carrying out the regulatory function and the service function, must be based on the authority granted by the applicable laws and regulations. Making and issuing permit provisions is a government legal action. As a legal action, there must be an authority given by legislation or based on the principle of legality.

Economic development has only one goal, namely; achieve a prosperous nation's life [14]. The welfare of the nation can not only be measured by the high income of the community and the state's income, because the high income of the community must still be measured by the volume of equitable distribution of the results of economic development for the entire community in a just manner. To overcome the low income of the people, the government must prioritize the people's economic business or the people's economy by providing loan funds to the Small and Medium Enterprises (SME) sector as well as fostering and providing employment opportunities for people who have reached productive age. One of the government's efforts in economic development is to prepare good legal instruments in the form of licensing sector regulations.

Licensing is one form of implementing the regulatory and controlling function that is owned by the government over the activities carried out by the community [15]. Licensing can be in the form of registration, recommendation, certification, determination of quotas, and permission to conduct a business which usually must be owned or obtained by a company organization or person before the person concerned can carry out an activity or action. Licensing is one of the important aspects in public services, as well as licensing related to business licenses. Licensing is an instrument of
government/local government policy to exercise control that can be caused by social and economic activities.

As for the purpose of licensing, which can generally be mentioned as follows, those quoted are [16]:

- Desire to direct (control “sturen”) certain activities (eg building permits);
- Permits to prevent harm to the environment (environmental permits);
- Desire to protect certain objects (permit to fly, permit to dismantle monuments);
- Permit to share small items (permission for residents in densely populated areas);
- Permission to provide direction, by selecting people and activities (permission based on "drank en horecawet", where the management must meet certain conditions).

The legal perspective of licensing implementation is based on the theory of a modern legal state (democratic legal state) which is a combination of the concept of a state of law (rechtstaat) and the concept of a welfare state (welfare state). In other words, the law is placed as a rule of the game in the administration of the state and government to organize a peaceful, just and meaningful society. Therefore, every state or government activity must be seen as a form of public service that emanates from their rights which should be served and protected. That is why the concept of the rule of law developed today is always related to the concept of the welfare state [17].

In the new order era, licensing is often considered an effective tool to curb the rights of citizens. Several books have discussed how democracy has been imprisoned by the politics of licensing. The book entitled “Democracy in shackles: Licensing Politics in Indonesia” explains that democracy in the pre-reform era was in the shackles of licensing. The tug-of-war between repressions and demands for freedom is thus a long weapon. The state of Indonesia and if we reject the tendency to criminalize socio-political activities, then this is none other than because the existing political totality does not yet reflect respect for freedom, that.

In Indonesia, licensing services get the predicate for licensing services that are still poor from a number of developing countries and other developed countries. In the eyes of investors, Indonesia is considered the worst in terms of service compared to other Asian countries, when compared to developed countries. The convoluted service procedures in licensing business licenses make investors lazy to invest in Indonesia. Research conducted by the World Bank shows that to start investing in Indonesia, you have to go through the most number of procedures, the longest period of time, and the most expensive costs when compared to other countries in Asia. Business actors need 15 days with an average cost of Rp. 500,000,- to process a Trading Business Permit (SIUP) and Company Registration Certificate (TDP).

In the context of accelerating and increasing investment and business, the Business Licensing issued by the ministry/institution and the Regional Government to start, implement, and develop businesses and/or activities, needs to be reorganized so that they become supporters and not vice versa become obstacles to business development and/or activities. Restructuring is carried out on the service system and regulations in accordance with the demands of the business world, technological developments, and global competition. The restructuring of the service system was carried out especially in the One Stop Integrated Service (PTSP). This is considering that based on Article 25 paragraph (4) of Law Number 25 of 2007 concerning Investment, investment companies that will carry out business and/or activities are required to obtain a permit in accordance with the provisions of the legislation from the agency that has the authority, unless specified otherwise in the law. Then in paragraph (5) it is regulated that the service for the permit to conduct the business and/or activity is carried out through PTSP.

The Indonesian government seeks to improve service efficiency to the community in terms of business permits, one of which is the issuance of Government Regulation Number 24 of 2018 concerning Electronically Integrated Business Licensing Services or better known as Online Single Submission (OSS). Online Single Submission (OSS) is a business license issued by the OSS Institution for and on behalf of the minister, head of the institution, governor, or regent/mayor to business actors through an integrated electronic system. In today's digital era, business licenses can be processed electronically from the previous ones offline, so there are too many permits and it takes a long time.

This policy issued by the government regarding electronic business license services, of course, the government has considered that later this policy can facilitate the business license registration process without having to come to the office with the necessary registration files [18]. This policy regarding the OSS system was built in the context of accelerating and increasing investment and business which is expected to be able to provide the best service in the context of acceleration, improvement, fast, precise, safe, comfortable, effective and efficient.
With this, it is clear that the government's task through the policies it makes must be able to protect and provide a sense of security to the entire community.

To be able to use OSS, a Business Entity must first take care of ratification of the deed of establishment or amendment of the deed through AHU online. Especially for public companies, regional public companies, other legal entities owned by the state, public broadcasting institutions, or public service bodies using the legal basis of formation, regulations government or local regulations. The Business Entity then registers in the OSS system by entering the Population Identification Number (NIK) of the Person in Charge of the Business Entity or the President Director and some other information on the available Registration Form.

Registration of business entities appears as part of the obligations of entrepreneurs when they want to start a business in Indonesia. Registration of business entities scattered in various regulations according to the type of business entity provides data that is unequal between registration of business entities at the Ministry of Law and Human Rights and registration at other institutions. In line with the Indonesian government's desire to obtain comprehensive data on business entities in Indonesia as a strategy to increase the ease of doing business (EoDB) in Indonesia, the Government issued Government Regulation Number 24 of 2018 concerning Online Single Submission. This regulation marks a new chapter in the issuance of business licenses in Indonesia to have a significant effect on the registration of business entities in Indonesia.

Business entities such as individual companies, civil partnerships, firms, limited partnerships, and cooperatives whose registration is not with the Ministry of Law and Human Rights, or do not even need to be registered, through Government Regulation Number 24 of 2018 concerning Online Single Submission are then forced to register with the Ministry of Law and Human Rights. This refers to the provisions of Article 17 (2), Article 16 (2), Article 15 (2), and Article 14 (2) Number 24 of 2018 concerning Online Single Submission. Meanwhile, in this Government Regulation, it is not clearly regulated for the registration of a sole proprietorship company. In this provision, it is only stated that those who can become applicants for business licenses consist of individual business actors and non-individual business actors.

However, at first glance it can be concluded that what is meant by individual business actors are individual companies, for example in the form of building contractors or others. This change in the registrar's institution then received a more detailed regulation through the Regulation of the Minister of Law and Human Rights of the Republic of Indonesia No. 17 of 2018 concerning Registration of Limited Partnerships, Firm Partnerships, and Civil Partnerships.

However, it is interesting to note that there are two types of business entities which are business entities that are commonly used in Indonesia, but which have not been regulated in detail following the issuance of PP OSS, namely individual companies and cooperatives. The issuance of PP OSS is based on Law no. 25 of 2007 concerning Investment and pay attention to the ease of doing business. Thus, the priority in this arrangement is the acquisition of permits. However, the registration regime and the acquisition of permits are an inseparable part of this provision. Prior to the issuance of this PP, in the KUHD and more clearly in the UUWDP, there were quite specific arrangements regarding the registration of business entities of individual companies, firms, and limited partnerships.

As for business entities, foundations and cooperatives, even in the law governing business entities, regulations on registration have been determined. The Ministry of Law and Human Rights as the only institution authorized to register business entities is something that needs to be observed, whether it is the right step or it adds to the complexity of doing business in Indonesia. There are at least two main issues that form the basis for the issuance of this PP OSS, the first is that Indonesia is preparing to improve the country's reputation or ranking in terms of ease of doing business (EoDB) and the second is the absence of sufficient accurate data on the number of business entities in Indonesia. Indonesia, especially business entities whose registration is not with the Ministry of Law and Human Rights.

Furthermore, in Article 20 of PP OSS it is stated that registration is part of the implementation of business licensing along with the issuance of Business Permits and issuance of Commercial or Operational Permits based on Commitments; fulfillment of Business License Commitment and fulfillment of Commercial or Operational License Commitment; payment of fees; facilitation; validity period; and supervision. Thus, if a person or business entity wants to do business in Indonesia, registration is an absolute must to obtain a permit. Finally, based on Article 21 of PP OSS it is stated that business actors, both individual business actors and non-individual business actors, register for business activities by accessing the OSS page.

Licensing procedures through OSS provide convenience and can be accessed wherever they are,
making it easier for investors to apply for permits. There are three models offered for business actors in accessing OSS, namely independent, mentoring and priority systems [19]. However, the business license that has been granted at the beginning of the business activity can be canceled if the business actor does not fulfill the business commitment within the specified time limit. The statement of commitment from investors becomes the concept of ease of licensing provided by the OSS system. Fulfillment of the commitment to the business license is absolute and will result in the revocation of the initial business license so as to have the impact that investors cannot continue their business.

Regarding the ease of doing business in countries in the world, the World Bank has 5 (five) stages in doing business, including starting a business, getting a location, accessing finance, dealing with day-to-day operations, and operating in a secure business environment. The five stages are broken down into 11 (eleven) indicators used to map the effectiveness and quality of business regulations, which consist of starting business, labor market regulation, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, trading across borders, paying taxes, enforcing contracts, and resolving insolvency. Thus, in the description above, the assessment of ease of doing business can be drawn below:

Fig. 1. Flowchart: Business Ease of Assessment Indicators

In PP No. 24 of 2018, it is explained that this OSS service is an integration between the regional government and the central government in terms of business licensing. So that OSS is provided in the regions, not only to provide permits but also to supervise this system. With the policy regarding licensing through the OSS system, it is hoped that it will make it easier for business license seekers because it is based on easy and can be accessed anytime and anywhere in accordance with the provisions of Government Regulation Number 24 of 2018 Article 96 paragraphs a to c concerning Provision of Equipment for the implementation of the OSS system, then OSS system network, and human resources for the implementation of the OSS system.

But in fact, Government Regulation no. 24 of 2018 concerning Electronically Integrated Business Licensing Services or OSS, it cannot be said that it has gone well. Because of various obstacles that actually make it difficult for people who will apply for business permits but are constrained by the lack of knowledge about technology, namely online registration. Currently the problem that occurs in the implementation of the OSS electronic business licensing service is that people are not used to using the online method or are afraid of wrong data.

Basically, the registration of business licenses electronically can be done where I am, but the most basic thing that must be known is how the application process is. For this reason, this study can present a chart of the submission process, it can be seen in the following chart:
Thus, the existence of online licensing services is a breakthrough made by the government in order to accelerate investment. This is done considering that the implementation of business licensing so far has been too complicated and has a lot to take care of. Therefore, responding to this matter formed a new application in the registration of business licenses that was integrated online. Legally, the validity of the permit is correct and can be accounted for. However, there are several things that may arise, namely the issuance of a fake license, even though there is a barkot in the permit.

Previously, based on Law Number 3 of 1982 concerning Compulsory Registration of Companies ("Law No. 3/1982") that for individual small companies that are run by the entrepreneur himself or by employing only his own closest family members and do not require a business license and do not is a legal entity or a partnership is excluded from being registered in the company register. This is in line with the views of several respondents who stated that because they are still home-based businesses, they feel that they do not have the obligation to apply for a business license. However, after Law no. 3/1982 repealed by Law no. 11/2020, and there are no more exceptions regarding businesses that do not require a business license as stated in Law no. 3/1982. Then, the current Company Registration Certificate has actually been included in the Business Identification Number ("NIB") so that only the NIB from the OSS Institution is sufficient so that there is not too much documentation.

When it comes to the work copyright law, which is the latest law, there are several implementing regulations in business permits, namely:

- Implementing Regulation Number 5 of 2021 concerning Implementation of Risk-Based Business Licensing;
- Implementing Regulation Number 6 of 2021 concerning the Implementation of Business Licensing in the Regions;
- Implementing Regulation Number 7 of 2021 concerning Ease, Protection, and Empowerment of K-UMKM;
- Presidential Regulation Number 10 of 2021 concerning the Investment Business Sector.

The implementation of Law Number 11 of 2020 concerning Job Creation should be awaited as a solution to overcome overlapping regulations for business activities.
The method of drafting regulations in an omnibus manner is expected by the government to be able to reform regulations so as to increase investment in Indonesia. The concept of risk-based licensing does not weaken government oversight of business activities. He explained that when the permit to construct a building the supervision was carried out simultaneously with the building construction process. Different from the previous licensing concept, the standard was only at the beginning but when the work was done it did not meet the criteria.

In Article 22 paragraph (2) of Implementing Regulation Number 5 of 2021, it has been regulated regarding the practice of issuing standardized business licenses with the OSS system already available for each business licensing issuer in accordance with the authority, namely:

- OSS Institute;
- OSS Institution on behalf of the Minister/Head of Institution;
- Head of Provincial DPMPTSP on behalf of the Governor;
- Head of Provincial DPMPTSP on behalf of the Regent/Mayor;
- KEK Administrator;
- KPBPB Concession Board

The Job Creation Act makes it easier for business licenses to go from being permit-based to risk-based and business-scale. This provision is regulated in article 7 CHAPTER III. The Ministry of Finance stated that the Job Creation Law will be one of the capitals for economic recovery in 2021. The essence of the establishment of this Law is to simplify licensing in doing business, making it easier for people who will start a business without thinking about the complexity of the bureaucracy in its arrangement.

Thus, the implementation of the Copyright Act basically does not complicate the issuer of business licenses, in fact many have made it easier. Therefore, in the concept of issuing permits, the applied permits do not conflict with the laws and regulations that have been made.

V. CONCLUSION

The urgency of integrated business licensing services is basically to accelerate and increase investment and business. Business Licensing issued by ministries/agencies and Regional Governments to start, implement, and develop businesses and/or activities, needs to be reorganized so that they become supporters and not vice versa. Obstacles to the development of businesses and/or activities. Restructuring is carried out on the service system and regulations in accordance with the demands of the business world, technological developments, and global competition. The restructuring of the service system was carried out especially in the One Stop Integrated Service (PTSP). PTSP services at the Central Government and Regional Governments are refined to be more efficient, serving, and modern. One of the most significant is the provision of an Electronically Integrated Business Licensing Service (OSS) system. Through the OSS, Business Actor registers and manages the issuance of Business Permits and the issuance of Commercial and/or Operational Permits in an integrated manner. Through the OSS, the Central Government and Regional Governments issue Business Permits submitted by Business Actors. Based on the considerations above, the government feels it is necessary to stipulate a Government Regulation concerning Electronically Integrated Business Licensing Services. In relation to business permits, the government has also made a new regulation, namely the Job Creation Law, which in essence will facilitate all forms of business licensing in the regions.

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