

The Effectivity of The Reformed Licensing Policy: Study on Publishing Trade License in South Tangerang City

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Abstract - The complexity of the licensing requirement has always been a source of the problem for many business owners. Therefore, it is urgent to conduct research on the licensing reform policy, particularly Publishing Trade License (SIUP) in South Tangerang City. This research mainly discusses the effectiveness of the reformed licensing policy particularly SIUP in South Tangerang City. It utilizes the qualitative method to get a comprehensive and in-depth information on both the evident and unseen instances. Data were collected by interview, observation and documentation study. The results show that the reform of the policy of SIUP in South Tangerang City has not been fully effective. It is indicated by the failure to meet the primary goal of the policy which is to provide easy licensing requirements, with simple procedures, in a quick manner and free of cost.

Keywords- Effectiveness, Policy, Reform.

I. INTRODUCTION

It has long been believed that economic growth is closely linked to licensing reforms. The logic behind this is simple, that to encourage the economy, investment is needed. In order to make investors interested in investing their capital, the licensing process should be made easier through the licensing reform policies. On the contrary, if getting the business permit is difficult and the procedure is complicated with no certainty of time and cost, then investors will run to another place for getting a more efficient business.

At least since the beginning of the reform order, the government has been intensively conducted licensing reforms for the Indonesia's economic growth. The reform was expected to create a rapid growth that can help Indonesian to escape the economic crisis quickly. One type of license that has been reformed and submitted to the local government is the Trade Business License (hereafter referred to as SIUP). The regulation issued by the Minister of Trade, No. 36/M-DAG/PER/9/2007 explains that SIUP issuance authority will be handled by the Governor for DKI Jakarta and Regents or Mayors throughout Indonesia. These head of local government will further delegate the task to the appointed officials

who are responsible for implementing an integrated service for business license administration. Also, with that regulation, a SIUP issuance standard was implemented. It has a set of simple requirements, clear procedure, quick processing period which maximum takes three days to finish and last but not least, free of charge [1].

Although the reform of licensing policy has long been done and even to the operational level, in reality, there are still complaints about the difficulty of the requirements in licensing. President Joko Widodo recently mentioned:

I always receive complaints of the slow process of issuance of investment permit in Indonesia. For that, we must continue to improve the quality of licensing services so that the licensing process is simpler and faster [2].

A similar complaint was also received by the local government of South Tangerang City, especially in Business Domicile Certificate (hereafter referred to as SKDU) as one of the requirements for SIUP issuance. As reported by a local newspaper, Suara Tansel, on December 14, 2014:

The entrepreneurs in South Tangerang City complain about the cost of processing SKDU as one of the requirements of making SIUP. [3]

These problems led us to question the effectiveness of licensing policy especially in the issuance of SIUP in South Tangerang City. Answering it, a close study is needed to get the multi-perspective description of the phenomenon which can be a big help in finding the solution to the problem. For that, this research uses a qualitative method to understand the problem comprehensively by getting both the apparent and unseen Data was collected through interview, observation and documentation study.

II. BASIC CONCEPTS OF EFFECTIVENESS OF THE REFORMED LICENSING POLICIES

1. Understanding Effectiveness

Effectiveness is derived from the word “effective” which means the occurrence of a desired effect or effect of activity [4]. The desired effect of an activity or policy will certainly lead to the achievement of the intended purpose. Handoko argues that the effectiveness can be defined as “the ability to choose the right resources or the appropriate equipment to achieve the established goals” [5]. Meanwhile, Siagian interprets the term effectiveness by putting more emphasis on the completion of activities following the predetermined or planned standards. Siagian also argues that:

effectiveness is related to the completion of work at a predetermined time, or it can be said whether the implementation of an activity is achieved in accordance with the previous plan [6].

Thus the implementation of licensing policy, particularly on the issuance of SIUP, can be classified as an effective process if the implementation of the service is in accordance with the purpose or service standard that has been determined.

2. The Concept of Public Policy

Licensing policy is one of the public policies released by the Indonesian government to overcome series of problems related to this issue. In early 1998, Indonesia experienced a multi-dimensional economic and political crisis which resulted in the fall New Order regime. The regime then was replaced by the Reform Order regime with the spirit of reformation and overcoming the crisis. After the reformation, especially since the era of President Abdurrahman Wahid, various policies were made for Indonesia’s improvement in the economic sector, including the reform of the licensing sector.

Dye states that “public policy is whatever government choose to do or not to do,” his ide reflects that we can see the intention of the government from the public policy that it produces. It can be in the form of law, government regulation, presidential decree, ministerial regulation, regional regulation and other forms of the document that reflects government’s action. The similar opinion expressed by Edwards and Sharkansky, “... is what government say and do, or not do. It is the objective or aim of government programs,” so the public policy can be realized in many forms, be it the goal, targets or the programs designed by the government. Following this idea, Anderson argues that “public policies are developed by government bodies and officials” [7]. He emphasizes that public policy can be anything as long as it is issued by the government agencies and officials.

The discussion above reflects that public policy is a series of actions undertaken by the government in any form, whether committed by a person or a group of people to solve problems and

achieve a certain goal that is oriented to the interests of society. Of course, if the government decides to do something then there must be a goal that should be achieved. This is due to the strength of government’s influence on the life of the people. As well as the release series of government actions to reform and improve the quality of licensing. This can also be classified as the manifestation of public policy.

3. Understanding the Meaning of Reform

Etymologically, the term reform can be defined as the rearrangement for the better. English-Indonesian Dictionary defines the word reform as “improvement, renewal movement (a system), for the better” [8]. While, the Indonesian General Dictionary interpret reform as “change aimed at improving, or making better in various fields such as in politics, religion or social in the society or the State” [9]. Reform is essentially an endeavor, effort, movement or action taken to improve the situation towards the better in various aspects of life. Be it the political, legal, social, cultural and economic fields which also includes the field of licensing.

4. Definition of License

According to Indonesian General Dictionary license is “a statement to grant (no prohibit), give consent or allow” [9]. According Sutedi licensing is “one form of implementation of regulatory functions and controlling nature owned by the Government against activities undertaken by the community. Licensing may be in the form of registration, the recommendation of certification, the determination of quotas and permission to carry out a business which normally must be owned or obtained by a company, organization or a person before they can perform or undertake certain actions. [10]. In the Regulation of the Minister of Home Affairs No. 24/2006, concerning Guidelines on the Implementation of the Integrated Services, the Article 1 states that

the permit is a document issued by the regional government based on regional regulations or other regulations that constitute evidence of legality and declare a lawful or permissible person or entity to perform business or activity [11].

For example, SIUP is a document stating that a person or business entity is allowed to conduct business activities in the field of trade.

The description above leads to a conclusion that the effectiveness of the reformed policy can be linked to the steps taken by the government to change the process of granting licenses, especially in making SIUP application process becomes easier, cheaper and faster. In other words, the policy of licensing is effective, if it is easy, cheap and quick to

release permits, especially in the issuance of SIUP in South Tangerang City.

III. THE REFORMED LICENSING POLICY ON SIUP

The government has issued various policies to reform the licensing service. Even in the issuance of SIUP itself, since 2006 the policy has been changing for six times. The regulation of the Minister of Trade No. 09/M-DAG/PER/3/2006 on the Procedures for SIUP Issuance was replaced by Regulation of the Minister of Trade No. 36/M-Dag/Per/9/2007 on SIUP Issuance. The regulation was then updated by the Regulation of the Minister of Trade No. 46/M-DAG/PER/9/2009. The minister made the last updates by releasing the regulation No. 39/M-DAG/PER/12/2011 which was replaced again by regulation No. 77/M-DAG/PER/12/2013 and lastly to the regulation No.7/M-DAG/PER/2/2017 [12]. The point reforming the policy was to ensure that publishing SIUP must be easy and simple. It should be finished in less than three working days with the easy requirement (such as proving recent photograph, national identity card, business location statement, legal letter for the business establishment), simple procedure and free cost.

The government South Tangerang City regulated this matter by releasing Mayor Regulation No. 01/ 2009. The government established an Integrated Licensing Service Agency (or known as the BP2T). The main mission of the establishment of BP2T was to improve the quality of permit services which to make it fast, accurate and accountable. In 2010, the existence of BP2T was reinforced by the Regional Regulation of South Tangerang City No. 6/2010 on Organization of South Tangerang City Region. Another reaffirmation came from its legal basis namely the Regional Regulation No. 4/2014 on the implementation of licensing and registration of industry and trade. Starting in 2015, the government also released an online service through the Online Licensing Management Information System (hereafter referred as SIMPONIE) that can be accessed at <http://dpmpstsp.tangerangselatankota.go.id/>.

In 2016, the local authority released a special unit which is responsible for providing SIUP service namely, Agency of Investment and One-Door Integrated Service (DPMPTSP). The establishment of this unit was in accordance with Regional Regulation of South Tangerang City No. 8/2016 and the Mayor Regulation of South Tangerang City No. 61/2016 about organizational structure and working arrangement of investment agency and one-door integrated service. It is also supported by the Decree of Mayor of South Tangerang No. 503/Kep.47-Huk/2017 on the

delegation of authority of the licensing granting to head of the unit of investment agency and one-door integrated service [13].

IV. EFFECTIVENESS OF LICENSING REFORM POLICY ON SIUP ISSUANCE IN SOUTH TANGERANG CITY

The analysis on the effectiveness of this policy can be done by looking at the achievement of the main objectives of the reformed licensing policy, which includes the ease of requirements, clear procedure, quick service and cost efficiency during the process of issuing a SIUP.

1. Ease of Requirements

The direction of the central government's reformed licensing policy was clear that local governments should take steps to simplify and speed up the process of obtaining business licenses. Therefore, the SIUP issuance requirement document should be made easy to be fulfilled by the businesspeople. So they can easily complete the files, and the setup process becomes faster.

Base on document study, nowadays the requirements of SIUP issuance at South Tangerang City, is still based on the Standard Operating Procedure (SOP) for the SIUP issuance issued by the Integrated Licensing Service Agency (BP2T) in 2012 [14].

The observation on the online service also showed that the requirements are still complicated, especially in acquiring the Certificate of Business Domicile (or known as SKDU). In practice, for making a SKDU applicant must get the written approval from the closest neighbor and should also get the approval from the local authorities in the neighborhood. Whereas in Regulation of Trade Minister No. 36/M-Dag/Per/9/2007, the business domicile can be granted by only providing the statement sealed with a legal stamp. This practice is very different from the central government's policy. The complicated SKDU handling apparently became one of the reasons for the Notary or Service Bureau not to accept the service of SIUP at one package with SKDU. In other words, all the handling of SIUP through the Bureau of Services and Notaries requires the applicant to register the SKDU at the office of the village authority.

The description above shows that SIUP issuance requirement is still considered to be complicated due to the difficulties to fulfill the necessary documents. However, the complexity of managing the SKDU can be simplified when the business owner gave money and ask for help from the local apparatus. Hence, the South Tangerang City is not yet capable of meeting the goal the reformed licensing policy.

2. Simplification of Procedures

The procedure of making SIUP at Tangerang Selatan City is not too complicated. Applicants should come to DPMPSTP office to fill the forms and complete all the requirements. For the applicants who are internet literate, they can do this process through the Online Licensing Service System (SIMPONIE). The online users can simply download the application forms, fill it and complete the required documents by attaching the scans of the original documents. The officer will then verified the documents and the applicant should for no more than three days.

However, there is a very long procedure in the process of making SKDU as one of the SIUP requirements. The applicants should get signatures in a hierarchical order from neighbors, the Head of Neighborhood Association (RT), the Head of Citizens Association (RW), the Head of the Village Office (*Kelurahan*) and the Head of District (*Kecamatan*).

3. Time Speed of Completion

Regulation of the Minister of Trade No. 36/M-Dag/Per/9/2007 confirmed that completion time of publishing SIUP should be less than three days which counted from the day the applicant get the receipt and complete the document filing process. But in practice of South Tangerang City, that regulation was not implemented well. The online system, for instance, does not provide the information on the time required to acquire a SIUP. The local authority which in this case represented by the BP2T of South Tangerang City, mention on their 2012 regulation that the process will take up to five days.

The field observation reveals the requirement stated in the policy was not well implemented. The officers were also unable to answer the question on the process of SIUP issuance. One of the examples of an answer that officer stated was:

"we cannot confirm how long the completion process is going to take; the soonest will be 14 working days from today. When the document is ready, we will contact you".

4. Fee Cost of SIUP Service

Article 16 of the central government's rule mentions that the process of issuing SIUP is free of charge. However, people in South Tangerang City especially the applicants of the SIUP have no idea about this. There is no publication and socialization about it. The online system also does not contain this information. So, usually, when they were asked about the cost, the service officers mentioned that there is no fixed cost, but the applicants were

advised to give donations for the processing of the document.

V. CONCLUSIONS AND SUGGESTIONS

Based on the discussion of the research data, it can be concluded that the reformed version of the licensing policy on the SIUP issuance in South Tangerang City, has not been fully effective. There are still difficulties in getting an SKDU as one of the requirements for SIUP issuance. Procedures for the handling of SIUP in DPMPSTP should be a simple process especially by the release of the online permit service system (SIMPONIE).

However, at the practical level, the procedure is still very complicated. Moreover, the process could take more than three days, and the applicants should also donate some money for processing the documents.

An effective implementation can be made if the Mayor try to implement the order of the central government strictly. This study also advises the local government to act decisively to abolish the collection of fees with no legal basis.

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