

# CHAPTER I

## INTRODUCTION

### 1.1 Background

The government issues a policy for business-based licensing services electronic form of government regulation no. 24 of 2018 concerning electronically integrated business licensing Services or the so-called online single submission (OSS) in July 2018. Online Single Submission hereinafter abbreviated as online single submission is an integrated electronic-based licensing service implemented by the government in terms of business licensing services. Referring to government regulation no. 24 of 2018 in clause 1 verse 5 it is explained that, “electronically integrated business licensing or online single submission hereinafter abbreviated as online single submission is a Business Licensing issued by the online single submission Institution for and on behalf of the minister, head of the institution, governor, or regent or mayor to business doers through an integrated electronic system”.

Several factors cause the use of online single submission services, one of which is a shift in the licensing service process. The shift, which was originally done manually, is now being carried out with the application of website-based information technology. This is what some have made it possible to be more effective and more efficient in terms of resources, time and cost. On the other hand, the cause of using online single submission services in the licensing sector is also strengthened by the negative stigma from some business actors towards manual licensing services, such as the length of the service flow, to the complexity of the service system provided.

On policy online single submission there are two kinds of business permits in accordance with PP No. 24 of 2018 in article 5 which consists of business permits and commercial or operational permits. Business License in PP No. 24 of 2018 in article 1 paragraph 8 is a permit issued by the OSS Institution for and on behalf of

the minister, head of the institution, governor, or regent or mayor after business doers register and to start businesses and or activities until prior to commercial or operational implementation with meet the requirements and/or commitments. It is said to be a business license in this case, which is like for example trading business license; restaurant business license; pharmacy business license; to micro and small business licenses (industry, trade, etc.). Then, in article 9 it is explained, commercial or operational permits are permits issued by the online single submission institution for and on behalf of the ministers, heads of institutions, governors, or regents or mayors after business doers obtain business permits and to carry out commercial or operational activities by fulfilling the requirements and or commitment. Can be categorized as a commercial permit, for example a hospital operating permits: doctor's operating license; nurse; etc.

The online single submission institution that issues the business license is a government agency in this case the region that is given the authority to issue business permits on behalf of the minister, head of the institution, governor or regent or mayor, namely through the investment coordinating board (BKPM) and or Dinas Penanaman Modal dan Pelayanan Terpadu Satu Pintu by fulfilling the requirements and recommendations for commitments that have been set. This also refers to the regulation of the minister of home affairs no. 138 of 2017 concerning the Implementation of one stop integrated services in article 4 paragraph 1 it is explained that regional PTSP that provide licensing and non-licensing services are attached to provincial and regency or City DPMPTSP.

The implementation of online single submission policies by utilizing the use of information technology must continue to be developed and improved. This certainly refers to the digitalization of the current global era which encourages the government to aggressively improve public services, especially in the field of business licensing services. The demands of the community who want speed, accuracy, effectiveness and efficiency of time and resources are needed. Grindle in Mulyadi (2016), states that implementation is a general process of administrative action that can be investigated at a certain program level. According to Nugroho (2011), in a policy taken by the government the most difficult and most difficult is

the policy implementation process. Can not be denied, that the implementation of the online single submission system has short comings and relatively complex problems.

The implementation of the online single submission policy actually gives business doers the flexibility to be able to issue their own business permits. However, so far there are still so many people and business actors who do not know the implementation and how to implement OSS in the field of business licensing services, so that this has resulted in a shift in thinking and social changes in society.

According to Gultom (2020), In the current digital era, the form of MSME is not limited to physical stores (offline), but business doers have entered the realm of online marketing. According to Suhardiyah (2020), Offline and online stores in marketing their products must still have a business license or legal business and this is often ignored by MSME doers. According to Yohanna (2016), For entrepreneurs who have just started a business, it is very important to have a registered business brand and license in order to prevent others from using the trademark and business license. One aspect that is very important for the development of MSME is the legality of the business. Legality is very important for business doers, including Micro, Small and Medium Enterprises or MSME. Legality is a form of state recognition of the existence of a business and can be used as a working condition for various parties

The definition of MSME through law no. 9 of 1999 and due to increasingly dynamic developmental conditions was changed to law no. 20 clause 1 of 2008 concerning Micro, Small and Medium Enterprises, the meaning of MSME is as follows:

1. Micro Enterprises are productive businesses owned by individuals and or individual business entities that meet the criteria for Micro Enterprises as regulated in this Law.
2. Small Business is a productive economic business that stands alone, which is carried out by individuals or business entities that are not subsidiaries or not branches of companies that are owned, controlled, or become part either

directly or indirectly of Medium Enterprises or Large Businesses that meet the Business criteria. Small as referred to in this Law.

3. Medium Enterprises are productive economic businesses that stand alone, which are carried out by individuals or business entities that are not subsidiaries or branches of companies that are owned, controlled, or become a part either directly or indirectly with Small Businesses or Large Businesses with total net assets or annual sales proceeds as regulated in this Law.
4. Large Business is a productive economic business carried out by a business entity with a net worth or annual sales income greater than that of a Medium Enterprise, which includes state-owned or private national businesses, joint ventures, and foreign businesses conducting economic activities in Indonesia.
5. The Business World is Micro, Small, Medium and Large Enterprises that carry out economic activities in Indonesia and are domiciled in Indonesia. To MSME criteria According to Article 6 of Law No. 20 of 2008 concerning MSME criteria in the form of capital are as follows:
  1. The criteria for Micro Enterprises are as follows: having a net worth of at most IDR. 50,000,000.00 excluding land and buildings for business or have annual sales of a maximum of IDR.300,000,000.00 .
  2. The criteria for a Small Business are as follows: having a net worth of more than IDR.50,000,000.00 up to a maximum of IDR.500,000,000.00 excluding land and building for business or have annual sales of more than IDR.300,000,000.00 up to a maximum of IDR.2,500,000,000.00.
  3. The criteria for Medium Enterprises are as follows: having a net worth of more than Rp. 500,000,000.00 up to a maximum of Rp. 10,000,000.00 excluding land and building for business or have annual sales of more than IDR.2,500,000,000.00 up to a maximum of IDR 50,000,000,000.00.

The Online Single Submission (OSS) is applied evenly in all districts in Indonesia, which is coordinated directly by the Ministry of Economy of the Republic of Indonesia through the Investment Coordinating Board (BKPM). However, this

cannot be separated from the role of the local government which is given the authority to issue permits in accordance with its authority in the district or city area, in this case the Bengkalis Regency Investment and One Stop Integrated Service Office in carrying out business licensing and investment services. The implementation of electronic-based integrated licensing services or online single submission is regulated in government regulation no. 24 of 2018 concerning Electronically Integrated Business Licensing Services. The government regulation in it explains that the licensing process is in the form of an electronic document, the documents required to apply for a business license have also been integrated with other sector agencies or related institutions or services. Business actors only input general data. Business doers who want to get an online single submission account are only required to enter the applicant's national identity number, email, and mobile number. Applicants do not need conditions and a long time to access an online single submission account and to start the business license application process, but on condition that the data requested by the system is fulfilled to validate the validity of the data as an applicant. In the electronic-based integrated business licensing (OSS) service, business actors can immediately have a business license issued by the online single submission system as soon as the general requirements requested by the online single submission are met. Business doers are asked to enter valid business data in accordance with the files and documents requested in accordance with the business to be submitted, for example the (NPWP) taxpayer identification number, as well as check and check other commitments when needed in order to complete the existing documents.



**Figure 1.1 OSS Account Registration Form**

Source: <https://oss.go.id/>, accessed in 2021

In administering business licensing in the regions, especially for MSME activities in Bengkalis Regency, it can be seen the level of realization of MSME licensing issued before and after the implementation of the electronic-based OSS system as follows:

**Table 1.1 Number of MSME License Issuances Through OSS**

Year	Before using the OSS Application	After using th OSS Application
2016	-	
2017	-	
2018		-
2019		78
2020		-
2021		101

Source: DPMPTSP in Bengkalis

The number of MSME license issuances above shows that before the Online Single Submission system was implemented from 2016-2018 there were no permits issued and in 2019-2021 there were 179 permits issued through the Online Single Submission application.

Based on the background described above, the researchers are interested in analyzing more deeply the extent to which The Impact of Implementation Online Single Submission (OSS) on MSME in Bengkalis.

## **1.2 Formulation of the Problem**

Based on the problem and explanation, the author will focus on The main problem is how is the impact of OSS implementation on MSME in Bengkalis?

## **1.3 Purpose of the Study**

The research objectives in The The Impact of Implementation Online Single Submission (OSS) on MSME in Bengkalis are as follows:

1. To find out of the Impact of the policy Online Single Submission(OSS) on MSME in Bengkalis
2. To find out of the Impact of the Instant or Time Dimension Online Single Submission(OSS) on MSME in Bengkalis

3. To find out the Impact of the Direct cost Online Single Submission (OSS) on MSME in Bengkalis
4. To find out the Number of MSME license issuances through Online Single Submission (OSS) in Bengkalis

#### **1.4 Significance of the Study**

Research conducted by researchers will provide several benefit and uses for various parties, including:

1. **Theoretical Benefits**

Theoretically, this research is a discourse to gain knowledge and insight related to the the Impact of Implementation Online Single Submission (OSS) on MSME in Bengkalis.

Academically, the benefit of this research is to increase scientific knowledge that can be used and utilized in writing The Impact of Implementation Online Single Submission (OSS) on MSME in Bengkalis.

2. **Practical Benefits**

This research is expected to be useful for people who need information regarding The Impact of Implementation Online Single Submission (OSS) on MSME in Bengkalis

#### **1.5 Scope and Limitation of the Problem**

This study focuses on The Impact of Implementation Online Single Submission (OSS) on MSME in Bengkalis.

#### **1.6 Writing Systematics**

The systematics of writing a report basically contains important parts in making a report. The systematics of writing reports in the proposal, namely:

##### **CHAPTER 1: INTRODUCTION**

In Chapter 1, it explains the background of the research, the formulation of the problem, the research objectives, the

benefit of the research, the scope of limitations of the research, and the systematics of report writing.

**CHAPTER 2 : LITERATURE REVIEW**

In Chapter II, it describes previous research, theoretical foundations.

**CHAPTER 3 : METHODOLOGY OF THE RESEARCH**

In Chapter III it explains the location, time and object of research, types and sources of data, data collection techniques, data processing techniques, data analysis methods, research types, and research budget schedules.

**CHAPTER 4 : RESULTS AND DISCUSSION**

In Chapter IV, it describes the results and discussion of the research.

**CHAPTER 5 : CONCLUSIONS AND SUGGESTIONS**

In Chapter V, it explains the conclusions and suggestions from the research.

