

Optimizing the Use of Online Single Submission to Accelerate Business Licensing for Micro Enterprises

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Abstract

This study explores the optimization of the Online Single Submission (OSS) system, specifically the Risk-Based Approach (RBA), to accelerate business licensing for micro, small, and medium enterprises (MSMEs) in Kebojongan Village, which is home to various small businesses in the fields of convection, food production, bakery, and more. In order to operate legally, these businesses



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require several permits, such as the Business Identification Number (NIB), which can be processed through the OSS RBA system. However, many MSME owners in Kebojongan Village lack knowledge regarding the importance and ease of registering for business permits, which hinders the formalization and growth of their businesses. The research aims to address this issue by increasing community awareness and skills related to the OSS system, thereby simplifying the business licensing process and fostering economic development in the village. With the NIB, MSMEs can easily obtain other essential permits, including business legality certifications, Indonesian National Standards (SNI), and Halal Product Guarantee Certificates. The service activities include interviews, counseling, mentoring, and evaluations on the use of OSS RBA and NIB registration, focusing on overcoming challenges such as forgotten passwords or registration errors. This service intervention aims to improve the adoption of the OSS system, enabling MSMEs in Kebojongan Village to complete the necessary licensing process with ease, supporting their growth and contributing to local economic development. By enhancing understanding and accessibility of the OSS platform, this initiative hopes to facilitate the accelerated development of business licensing for micro-enterprises in Kebojongan Village.

KEYWORDS *NIB, OSS RBA, UMKM*

Introduction

Micro, Small, and Medium Enterprises (MSMEs) in Indonesia play a significant role in economic growth, particularly by contributing 61.1% to the gross domestic product (GDP) in 2023,¹ amounting to IDR 9,580 trillion out of IDR 20,892.4 trillion.² Additionally, they account for 97.1% of employment, or approximately 117 million workers out of a

¹ Bank Indonesia, "Program Pengembangan UMKM," Bank Indonesia, accessed August 19, 2024, <https://www.bi.go.id/id/umkm/program-pengembangan-umkm/default.aspx>.

² Badan Pusat Statistik, "Ekonomi Indonesia Triwulan IV 2023 Tumbuh 5,04 Persen (Y-on-Y)," Badan Pusat Statistik, February 2024, <https://www.bps.go.id/id/pressrelease/2024/02/05/2379/ekonomi-indonesia-triwulan-iv-2023-tumbuh-5-04-persen--y-on-y-.html>.

total of 140 million workers.³ They support 14.4% of export activities, with 66 million MSME entrepreneurs, an increase of 1.52% from 2022.⁴

The contribution of Micro, Small, and Medium Enterprises (MSMEs) to the formation or growth of Gross Domestic Product (GDP) is significantly greater compared to large companies. The role of MSMEs or Small and Medium Enterprises (SMEs) in strengthening the economic growth of a country is considered vital. The contribution of MSMEs is regarded as an essential and crucial element for the economic development of Indonesia. The role of Micro, Small, and Medium Enterprises (MSMEs) has a substantial impact on Indonesia's economic growth, accounting for 99% of the total business units.

The criteria for Micro, Small, and Medium Enterprises (MSMEs) according to Law Number 20 of 2008 on Micro, Small, and Medium Enterprises describe that a small business is an independent productive economic activity. This business is operated by individuals or legal entities that are not part of a subsidiary or branch of a company and are not directly or indirectly controlled by medium or large enterprises and must meet the established criteria.⁵

According to Law 20/2008, Micro Enterprises are productive activities owned by individuals or individual legal entities, meeting the criteria with assets of no more than IDR 50,000,000 and a maximum turnover of IDR 300,000,000. Small Enterprises are independent productive economic activities, carried out by individuals or independent legal entities that are not part of a subsidiary or branch of a company, meeting the criteria with assets of more than IDR 50,000,000 up to IDR

³ Kementerian Ketenagakerjaan, "Pada Tahun 2023 Jumlah Penduduk Bekerja Mencapai 140 Juta Orang," Kementerian Ketenagakerjaan, accessed August 19, 2024,

<https://satudata.kemnaker.go.id/infografik/59#:~:text=Pada%20tahun%202023%20jumlah%20penduduk%20bekerja%20mencapai%20140%20juta%20orang>.

⁴ Kamar Dagang dan Industri Indonesia (KADIN), "UMKM Indonesia," Kamar Dagang dan Industri Indonesia (KADIN), accessed August 19, 2024, <https://kadin.id/data-dan-statistik/umkm-indonesia/>.

⁵ R. Akbar, "Efektivitas Program Bantuan Penguatan Modal Usaha Bagi UMKM (Studi Pada Masa Pandemi Di Kecamatan Metro Timur Kota Metro Provinsi Lampung)" (Kampus IPDN, 2022).

500,000,000 and a turnover of more than IDR 300,000,000 up to IDR 2,500,000,000. Medium Enterprises are independent productive economic activities, carried out by individuals or independent legal entities that are not part of a subsidiary or branch of a company, meeting the criteria with assets of more than IDR 500,000,000 up to IDR 10,000,000,000 and a turnover of more than IDR 2,500,000,000 up to IDR 50,000,000,000.

Although MSMEs play a crucial role in Indonesia's economic growth, there are several issues in their development, including those related to innovation and technology. Only about 30% or 22 million MSME entrepreneurs have entered the digital ecosystem,⁶ along with challenges in digital literacy, productivity improvement, legal or licensing issues, financing, marketing, human resources, certification and standardization, coaching and training, and single database management.⁷

Business legality or licensing is very important for MSMEs. It is a form of official documentation from the relevant authorities that declares that an individual or entity is permitted to engage in a specific business or activity.⁸ This ensures that entrepreneurs are protected by law, provides certainty in their business operations, and ensures they receive the comfort and security they deserve. This protection allows them to make a more significant contribution to increasing production value, supplying goods

⁶ Dinas Koperasi dan UMKM Provinsi Jawa Tengah, "Peningkatan Kualitas UMKM Melalui Program Digitalisasi," Dinas Koperasi dan UMKM Provinsi Jawa Tengah, accessed August 19, 2024, <https://dinkop-umkm.jatengprov.go.id/berita/view/2927>.

⁷ Direktorat Jenderal Perbendaharaan Kementerian Keuangan, "Pelatihan UMKM Binaan Kanwil DJPb Provinsi Sumatera Barat Tahun 2024," Kementerian Keuangan, Direktorat Jenderal Perbendaharaan, accessed August 19, 2024, <https://djp.kemenkeu.go.id/kanwil/sumbar/id/data-publikasi/berita-terbaru/3025-pelatihan-umkm-binaan-kanwil-djpb-provinsisumatera-barat-tahun-2024.html>.

⁸ Izin.co.id, "Pentingnya Legalitas Usaha UMKM," Izin.co.id, July 2024, <https://izin.co.id/indonesia-business-tips/2024/07/01/pentingnya-legalitas-usaha-umkm/#:~:text=Legalitas%20usaha%20adalah%20salah%20satu,mendapatkan%20pinjaman%20usaha%20atau%20investasi.&text=UMKM%20yang%20tidak%20memiliki%20legalitas,%2C%20pendampingan%2C%20dan%20bantuan%20modal>.

and services needed by the community, absorbing labor, and fostering entrepreneurship.⁹ Article 12 of Law Number 20 of 2008 also emphasizes that the aspect of business licensing aims to simplify the procedures and types of business licenses through a one-stop integrated service system and to eliminate licensing fees for Micro Enterprises while providing fee reductions for Small Enterprises.¹⁰ Business legality or business licensing related to small and medium industries is generally regulated in the Job Creation Law Number 11 of 2020 on Job Creation. This law regulates risk-based business licensing. The aim of having a legal business cannot be separated from providing guidance and direction to create balance in the country's economy.¹¹

The Ministry of Investment/Investment Coordinating Board (BKPM) has affirmed its commitment to simplifying the business licensing process for Micro, Small, and Medium Enterprises (MSMEs) by utilizing the One-Stop Integrated Service (PTSP) system. OSS, or Online Single Submission, is an initiative developed by the Ministry of Investment/BKPM to accelerate business activities. The goal of OSS is to provide ease and speed to business operators, including MSMEs, in starting their business activities.¹² MSME operators no longer need to face lengthy and complicated bureaucratic processes to obtain business licenses. OSS has gone through various stages of development and is now capable of issuing Risk-Based Licensing. The main difference from the previous

⁹ Andri Susanto, "Pentingnya Perizinan Bagi Para Pelaku Usaha Mikro Kecil Dan Menengah Desa Lemah Subur," *Abdima Journal Pengabdian Mahasiswa* 2, no. 1 (2023).

¹⁰ L. Marlinah, "Peluang Dan Tantangan UMKM Dalam Upaya Memperkuat Perekonomian Nasional Di Tengah Pandemi Covid-19," *Jurnal Ekonomi* 22, no. 2 (2020).

¹¹ Nurus Soimah and Dewi Qomariah Imelda, "Urgensi Legalitas Usaha Bagi UMKM," *Jurnal Benuanta* 2, no. 1 (2023).

¹² Dinas Penanaman Modal dan Pelayanan Terpadu Satu Pintu Provinsi Kepulauan Bangka Belitung, "OSS Adalah Aplikasi Berbasis Web," Dinas Penanaman Modal dan Pelayanan Terpadu Satu Pintu Provinsi Kepulauan Bangka Belitung, accessed August 19, 2024, <https://dpmptsp.babelprov.go.id/node/1106#:~:text=OSS%20adalah%20aplikasi%20berbasis%20web,permohonan%20berusaha%2C%20data%20perizinan%20yang>.

system lies in the Risk-Based Licensing approach, which classifies businesses according to the level of risk of their activities: low, low-medium, high-medium, and high.¹³ The issuance of Risk-Based Business Licenses by OSS is based on several factors, such as risk level, business scale rating, and land area, in accordance with the government regulation annex regarding the implementation of Risk-Based Business Licensing.¹⁴ Thanks to the Risk-Based Licensing system, the licensing required for MSMEs has become simpler. MSMEs with low risk only need to obtain a Business Identification Number (NIB), which is a single permit covering all business activities.¹⁵ Once they have an NIB, one of the benefits for MSMEs is easier access to funding. MSMEs can access People's Business Credit (KUR) with low interest rates, implemented with government subsidies, so the interest charged to MSMEs is only 3%.¹⁶

Previously, to support the recovery of MSMEs affected by the COVID-19 pandemic, the government implemented various policies, including the National Economic Recovery (PEN) Support Program for MSMEs. In 2021, the PEN Support Program for MSMEs provided various stimulus measures with a budget allocation of IDR 96.21 trillion.¹⁷ These stimulus measures included interest subsidies for People's Business

¹³ Sumber Karangan Trenggalek, "OSS RBA: Permohonan Perizinan Berusaha Yang Terintegrasi Secara Elektronik," Sumber Karangan Trenggalek, accessed August 19, 2024, <https://sumber-karangan.trenggalekkab.go.id/first/artikel/214-OSS-RBA---Permohonan-Perizinan-Berusaha-Yang-Terintegrasi-Secara-Elektronik->.

¹⁴ Dinas Penanaman Modal dan Pelayanan Terpadu Kabupaten Bantul, "Tingkat Risiko Kegiatan Usaha Dalam OSS RBA," Dinas Penanaman Modal dan Pelayanan Terpadu Kabupaten Bantul, accessed August 19, 2024, <https://dpmppt.bantulkab.go.id/web/berita/detail/551-tingkat-risiko-kegiatan-usaha-dalam-oss-rba>.

¹⁵ DPMPPT Kulonprogo, "OSS Berbasis Risiko Permudah UMKM," DPMPPT Kulonprogo, 2021, <https://dpmppt.kulonprogokab.go.id/detil/1349/oss-berbasis-risiko-permudah-umkm>.

¹⁶ DPMPPT Kulonprogo.

¹⁷ Kementerian Koordinator Bidang Perekonomian Republik Indonesia, "Perkembangan UMKM Sebagai Critical Engine Perekonomian Nasional Terus Mendapatkan Dukungan Pemerintah," Kementerian Koordinator Bidang Perekonomian Republik Indonesia, accessed August 19, 2024, <https://www.ekon.go.id/publikasi/detail/4593/perkembangan-umkm-sebagai-critical-engine-perekonomian-nasional-terus-mendapatkan-dukungan-pemerintah>.

Credit (KUR) and non-KUR, placement of government funds in partner commercial banks to support the expansion of working capital credit and restructuring of MSME credit, credit guarantees for working capital for MSMEs, the Productive Micro Business Assistance (BPUM), cash assistance for street vendors (PKL) and small shops, as well as income tax (PPh) final incentives for MSMEs covered by the government. Additional support also included waiving minimum account balances, service fees, and electricity subscriptions to help MSMEs. As of December 31, 2021, the total realization of the PEN Support Program for MSMEs reached IDR 83.19 trillion, benefiting 34.59 million debtors/MSMEs.¹⁸

To register in the OSS System, MSMEs need to analyze the risk level and scale ranking of their business activities.¹⁹ For businesses with a low risk level, operators only need to register in the OSS system to obtain a Business Identification Number (NIB). For businesses with a low-medium risk level, the required licenses are the NIB and a Standard Certificate. For businesses with a high-medium risk level, the required licenses are the NIB and a Standard Certificate. For businesses with a high-risk level, the required licenses are the NIB and a Business License.²⁰ The NIB, specifically for low-risk business activities, also serves as the Indonesian National Standard (SNI) and a halal assurance statement. To determine the risk level of their MSME activities, operators can match their business activities with the Indonesian Standard Classification of Business Fields

¹⁸ Kementerian Koordinator Bidang Perekonomian Republik Indonesia, "Dukungan Program Pemerintah Dalam Pemberdayaan UMKM Untuk Memperkuat Stabilitas Ekonomi Daerah," Kementerian Koordinator Bidang Perekonomian Republik Indonesia, 2022, <https://www.ekon.go.id/publikasi/detail/3624/dukungan-program-pemerintah-dalam-pemberdayaan-umkm-untuk-memperkuat-stabilitas-ekonomi-daerah>.

¹⁹ Direktorat Jenderal Penyelenggaraan Pos dan Informatika, "Mengenal OSS RBA Dan Cara Mendaftarnya," Direktorat Jenderal Penyelenggaraan Pos dan Informatika, accessed August 19, 2024, <https://djppi.kominfo.go.id/news/mengenal-oss-rba-dan-cara-mendaftarnya>.

²⁰ Legalitas.org, "Sertifikat Standar: Jenis Dan Fungsinya Dalam Perizinan Di OSS RBA," Legalitas.org, accessed August 19, 2024, <https://legalitas.org/tulisan/sertifikat-standar--jenis-dan-fungsinya-dalam-perizinan-di-oss-rba>.

(KBLI).²¹ KBLI is a classification of economic activities in Indonesia that produce goods or services, based on business fields, to provide uniformity in concepts, definitions, and classifications of business fields in response to the development and shifts in economic activities in Indonesia.²²

The NIB not only serves as an identity but also functions as a Company Registration Certificate (TDP), Importer Identification Number (API), and a means of customs access for export and import activities of legal entities.²³ The process of obtaining an NIB also opens up business opportunities, such as accessing financing from banking institutions, opportunities for training, and the potential to participate in government procurement of goods and services.²⁴ MSME players who already have an NIB can enter the e-catalog, so they can take part in auctions and other procurement activities for goods and services.²⁵

Kebojongan Village, located in Comal District, Pemalang Regency, Central Java Province, covers an area of 178 m² and is divided into three villages: Kebojongan Village, Sitemu Village, and Kebukuran Village.

²¹ Jaringan Dokumentasi dan Informasi Hukum Kabupaten Banyuwangi (JDIH), "Cara Daftar Izin UMKM Secara Online," Jaringan Dokumentasi dan Informasi Hukum Kabupaten Banyuwangi (JDIH), 2023, <https://jdih.banyuwangikab.go.id/berita/detail/cara-daftar-izin-umkm-secara-online>.

²² Dinas Penanaman Modal dan Pelayanan Terpadu Kabupaten Bantul, "Apakah KBLI Itu?," Dinas Penanaman Modal dan Pelayanan Terpadu Kabupaten Bantul, accessed August 19, 2024, <https://dpmppt.bantulkab.go.id/web/berita/detail/555-apakah-kbli-itu>.

²³ Dinas Penanaman Modal dan Pelayanan Terpadu Kabupaten Bantul, "Dengan NIB, UMKM Bisa Naik Kelas," Dinas Penanaman Modal dan Pelayanan Terpadu Kabupaten Bantul, accessed August 19, 2024, <https://dpmppt.bantulkab.go.id/web/berita/detail/828-dengan-nib-umkm-bisa-naik-kelas>.

²⁴ Universitas Negeri Yogyakarta, "UMKM Perlu Mengurus Nomor Induk Berusaha," Universitas Negeri Yogyakarta, 2022, <https://www.uny.ac.id/id/berita/umkm-perlu-mengurus-nomor-induk-berusaha>.

²⁵ Pemerintah Provinsi Jawa Tengah, "Jangan Sekadar Antusias, Urus NIB UMKM Juga Mesti Pahami Manfaatnya," Pemerintah Provinsi Jawa Tengah, accessed August 19, 2024, <https://jatengprov.go.id/publik/jangan-sekadar-antusias-urus-nib-umkm-juga-mesti-pahami-manfaatnya/>.

According to data, there are several MSMEs in Kebojongan Village, primarily in the fields of clothing, bakery, and crackers. Operating these MSMEs requires several licenses, such as the Business Identification Number (NIB), which necessitates further enhancement of community knowledge and skills in the licensing process. This community service activity is expected to help improve the knowledge and capabilities of the people in Kebojongan Village, especially the MSME operators, to better understand the OSS System and business licensing to facilitate the licensing process.

This project is an activity to increase the knowledge and abilities of the community, especially MSME actors in Kebojongan Village in using the OSS system for registering MSME business permits. It is hoped that direct assistance from the service team can help accelerate business licensing for MSME players and can increase economic growth in Kebojongan Village.

The first step is an interview. An interview is essential for gathering detailed and nuanced information directly from individuals, making it a valuable method for understanding their perspectives, experiences, or expertise. It is particularly useful in this research to assess qualities, obtain first-hand data, and clarify information in the practice. The process begins with defining clear objectives to establish the interview's purpose. Next, relevant and open-ended questions are prepared, and suitable participants are selected. Once a convenient time and location are arranged, the interview is conducted in a welcoming environment where the interviewer actively listens and records responses. Following the session, the collected data is analyzed for insights or patterns. We asked the partner, Kebojongan Village apparatus, questions about micro/small/medium enterprises in Kebojongan Village, how many MSMEs existed, what field they engage, how are they currently working, and do they already have NIB or other business license to support their business. From the data we get from the interview with Kebojongan Village, we then use the data as the base for the counseling session.

The second step in the program was counseling, where we aimed to educate and raise awareness among the residents of Kebojongan Village about the critical importance of obtaining a Business Identification Number (NIB) for accelerating and formalizing their businesses. To

achieve this, we organized a presentation that highlighted the various benefits of having an NIB. These benefits include legitimizing business operations, gaining access to government programs and financial support, and opening opportunities to expand into broader markets. Recognizing that the NIB is a vital requirement for small business development, we focused on explaining how it serves as a gateway to formal recognition and enables businesses to operate more effectively within the regulatory framework. To ensure the information was accessible, we provided a detailed, step-by-step walkthrough of the process to obtain an NIB through the Online Single Submission (OSS) system. This included practical guidance on navigating the platform, understanding the necessary documentation, and addressing common challenges faced during registration. We encouraged residents to ask questions and engage actively in the session to ensure they fully grasped the concepts.

The third step in the program was direct assistance, where we worked closely with the village residents, particularly small business owners, to implement what they had learned. This involved guiding them through the process of creating accounts on the OSS platform and completing the steps required to secure their NIBs. Our team provided one-on-one support to address individual concerns and technical issues, ensuring that participants felt confident and capable of navigating the system independently. This hands-on assistance was essential in bridging the gap between understanding the process and successfully executing it, empowering the residents to take control of their business formalization journey. By combining education with practical support, the program aimed to foster long-term growth and self-sufficiency within the local community.

The following are the procedures for registering a business and obtaining NIB via OSS: *First*, visit the site www.oss.go.id and click the registration option. Users will be directed to a page that offers two options, namely Micro and Small Enterprises (UMK) or Non-Micro and Small Enterprises (Non-UMK). After that, the registration process will guide you to complete registration to gain access to OSS. The information required includes the Population Identification Number (NIK) for individuals or the certificate of establishment number for non-individual entities. Registrants will receive a verification email to activate their OSS

account. After being able to access the account, the registrant will be asked to complete business entity data and related documents, before a business license can be issued.

The service team will provide direct assistance to MSME actors in understanding and carrying out the process of registering for MSME business permits through Online Single Submission (OSS), and for MSME actors they can classify the level of business risk based on the KBLI. The last step is evaluation of the community service implementation. After doing the steps to introduce the importance of owning NIB for the MSMEs then to further proceed it with other business licenses, we asked the village residents about the counseling, what did they learnt, and what are the problems we face.

Accelerating Business Licensing for Micro Enterprises through Online Single Submission (OSS)

As an effort to support legal certainty for businesses, the government has enacted Presidential Regulation No. 91 of 2017 on the Acceleration of Business Implementation. The effort to expedite business implementation is divided into two stages. The program was conducted in two distinct stages, each designed to address critical aspects of business licensing and support to enhance operational efficiency and facilitate ease of doing business. Stage I began with the formation of a dedicated Task Force (*Satgas*), whose primary role was to provide end-to-end support for businesses. This task force was tasked with identifying and resolving obstacles that businesses encountered throughout their operational journey, thereby ensuring smoother implementation and execution of business processes. By acting as a centralized support mechanism, the Task Force was able to address issues promptly, reduce bureaucratic delays, and streamline operations to foster a conducive environment for business growth. Another key initiative in Stage I was the issuance of licenses for businesses operating within designated areas, including Free Trade Zones, Industrial Zones, Free Ports (KPBPB), National Strategic Tourism Areas

(KSPN), and Special Economic Zones (KEK). These zones were already managed and operational, and the licensing process was structured around meeting specific conditions outlined in a checklist. This systematic approach ensured that businesses within these zones could align with regulatory requirements efficiently while gaining access to the benefits associated with operating in these special zones.

Moreover, Stage I also addressed the need for data distribution beyond the operational boundaries of these zones. This involved implementing mechanisms to facilitate the flow of relevant business and operational data to external stakeholders, thereby enhancing transparency, improving coordination, and supporting broader economic objectives. Stage II built upon the foundational work of Stage I and introduced transformative changes to the business licensing system to further simplify and enhance the process. A significant focus of this stage was on streamlining the licensing procedure, eliminating unnecessary bureaucratic layers, and making it more accessible to business owners. The goal was to ensure that entrepreneurs and investors could navigate the licensing process with greater ease, thereby reducing delays and fostering a more business-friendly environment. To achieve this, a major milestone was the integration of licensing into a unified system through the Online Single Submission (OSS) platform. This digital platform enabled a centralized and standardized approach to licensing, ensuring that all applications and approvals could be processed efficiently within a single framework. In addition to leveraging the OSS platform,

Stage II emphasized the physical integration of licensing services by consolidating them with Public Service Mall (PTSP) facilities. This one-stop service approach brought together various licensing services within a single building, allowing business owners to address all their licensing needs in one place. This integration not only reduced the time and effort required for licensing but also improved the overall service experience for users. The implementation of these changes was completed by May 2018, marking a significant step forward in modernizing the business licensing system. Together, the initiatives of Stage I and Stage II represented a comprehensive and strategic effort to enhance the business environment, encourage investment, and support sustainable economic development. The role of the Task Force at all levels, ranging from the national level to

regional levels, including districts and cities, is critically important in addressing challenges and fostering a more conducive environment for investment. At the national level, the Task Force plays a strategic role in formulating policies, coordinating efforts across different ministries and agencies, and ensuring that national investment goals align with broader economic development strategies. This involves identifying systemic bottlenecks, streamlining regulations, and implementing initiatives that promote transparency, efficiency, and investor confidence. At the regional and local levels, the Task Force serves as the frontline in understanding and resolving issues specific to their jurisdictions. They work closely with local governments, businesses, and community stakeholders to identify region-specific challenges, such as delays in permit processing, infrastructure gaps, or misaligned regulations that could hinder investment. By addressing these localized issues, the Task Force ensures that investment-related processes are responsive to the unique needs and opportunities of each district or city.

Moreover, the Task Force facilitates effective communication and collaboration between national and regional authorities, ensuring that local actions are consistent with national priorities while also reflecting regional characteristics. They provide hands-on support to investors, offering guidance on navigating regulatory processes, resolving conflicts, and overcoming operational challenges. By proactively identifying and addressing issues in the field of investment, the Task Force helps to create a more predictable and investor-friendly climate, ultimately contributing to sustained economic growth and regional development.²⁶

The functions of licenses include four main aspects: controlling or directing specific activities, preventing harm to the environment, protecting certain objects, allocating scarce resources, and/or directing or selecting individuals. Thus, licenses remain necessary for community business activities.²⁷ Licenses play a critical role in regulating community business activities by serving four key functions that ensure operations are

²⁶ Desi Arianing Arrum, "Kepastian Hukum Dalam Perizinan Berusaha Terintegrasi Secara Elektronik (Online Single Submission) Di Indonesia," *Jurist-Diction* 2, no. 5 (September 11, 2019): 1631, <https://doi.org/10.20473/jd.v2i5.15222>.

²⁷ Vera Rimbawani Sushanty, *Buku Ajar Mata Kuliah Hukum Perijinan* (Surabaya: UBHARA Press, 2020).

conducted responsibly, sustainably, and equitably. First, licenses control or direct specific activities by requiring businesses to adhere to established standards and regulations, particularly in industries such as construction, manufacturing, and food services, to maintain safety, quality, and legal compliance. Second, they help prevent harm to the environment by mandating measures to mitigate risks such as pollution, resource depletion, or ecosystem damage, ensuring businesses operate sustainably. Third, licenses protect certain objects, such as cultural heritage, public health, or endangered species, by imposing restrictions or conditions on activities that may otherwise jeopardize these sensitive areas. Finally, licenses play a crucial role in allocating scarce resources, such as water rights, radio frequencies, or public land, ensuring fair and efficient distribution. They also ensure that only qualified individuals or entities engage in specialized activities, such as practicing law or medicine, by certifying expertise and adherence to professional standards. Together, these functions make licenses indispensable for fostering sustainable development and protecting community and environmental interests. Government Regulation No. 24 of 2018 on Electronically Integrated Business Licensing Services, Article 20, specifies that the implementation of business licensing encompasses several key processes. These include registration, the issuance of Business Licenses and Commercial or Operational Licenses based on Commitments, and the fulfillment of these commitments. Additionally, it involves the payment of fees, facilitation, the determination of validity periods, and supervision.

The OSS service at the Investment and One-Stop Integrated Service (PTSP) Offices throughout Indonesia is expected to provide ease, speed, and acceleration to create excellent service for the community. Given the heterogeneous nature of Indonesian society and the varying quality of human resources, there is a need for innovation in OSS services by PTSP providers. Innovations in OSS services can be provided by PTSP in three areas: through self-service, assistance services, and priority services.²⁸

²⁸ Seto Sanjoyo, Agus Setiawan Sapriani, and Salma Suroyya, "Perizinan Berusaha Melalui Online Single Submission Sebagai Ketaatan Hukum Dalam Rangka Meningkatkan Investasi," *Borneo Law Review* 4, no. 1 (2024).

The implementation of risk-based business licensing through the OSS (Online Single Submission) system represents a significant reform aimed at simplifying and streamlining the business registration and licensing processes in Indonesia. This approach is designed to make it easier for entrepreneurs, both local and international, to set up and operate their businesses by reducing bureaucratic hurdles and ensuring that regulations are aligned with the level of risk associated with different types of business activities. By easing the process of obtaining licenses, the government hopes to create a more favorable and attractive environment for investment, thus encouraging both local and foreign investors to explore opportunities in Indonesia's growing economy. The benefits of increased investment are multifaceted and have a direct positive impact on the nation's economic development.

First, attracting investment leads to the creation of job opportunities, which is essential for reducing unemployment and improving living standards. Additionally, foreign investment often brings with it valuable technology and knowledge transfers from investor countries, which can significantly boost the domestic workforce's skills and innovation capacity. This transfer of expertise not only enhances the competitiveness of local industries but also contributes to the long-term development of key sectors. Furthermore, increased investment helps to boost the country's foreign exchange reserves, providing greater financial stability and enhancing Indonesia's position in the global economy. In addition to these macroeconomic benefits, foreign investment can also stimulate consumer purchasing power, which drives demand for goods and services across various sectors. As local businesses grow and expand due to increased capital inflows, the economy becomes more dynamic, leading to an increase in regional income levels. This, in turn, can promote more balanced regional development and reduce economic disparities between different areas of the country. Ultimately, ensuring certainty and ease in doing business is a primary factor that investors consider when making decisions. A transparent, predictable, and efficient licensing system, like the one offered by the OSS, reduces investment risks and builds investor confidence, making Indonesia a more appealing destination for both foreign and domestic capital. By facilitating business operations and promoting investment, this system plays a key role in driving sustainable

economic growth and ensuring that Indonesia remains competitive in the global marketplace.²⁹

Business operators are the parties most significantly affected by changes in regulations regarding business licensing, as they are directly involved in managing and securing the necessary permits before they can commence operations. These operators play a crucial role in navigating the licensing process, as they are responsible for understanding and complying with the regulatory requirements set forth by the government. The way in which regulations are structured and implemented has a direct impact on how easily or efficiently business operators can obtain the permits needed to legally operate their businesses. Because they are at the forefront of the business process, business operators are the ones who experience the practical implications of regulatory changes firsthand. They are the ones who can best assess whether the implementation of risk-based business licensing, such as the adoption of the OSS (Online Single Submission) system, leads to a simplified and more efficient licensing process or if it results in new challenges and complications.

Operators are acutely aware of any obstacles that arise during the registration and approval stages, including issues related to documentation requirements, approval timelines, and the overall accessibility of the licensing system. Moreover, business operators often provide valuable feedback to government authorities, as they are the ones who experience the effects of these regulatory changes in real time. Their insights are crucial for identifying areas where the system may need further refinement or adjustments to ensure that the licensing process is not only easier but also more effective in meeting the needs of businesses. The perspectives of business operators are vital in evaluating the success of any changes made to the licensing framework, as they can help highlight potential barriers to entry for new businesses, operational inefficiencies, and areas where additional support might be required. Therefore, ensuring that business operators are adequately supported during these transitions and that their concerns are addressed is essential for the successful implementation of any

²⁹ S Al Huzni and Y.A. Susanto, "Pelaksanaan Izin Usaha Secara Elektronik Sebagai Upaya Peningkatan Investasi Di Indonesia," *Adliya: Jurnal Hukum Dan Kemanusiaan* 15, no. 1 (2021).

regulatory reforms. By simplifying and streamlining the business licensing process in a way that is responsive to the real needs and challenges of business operators, the government can encourage a more conducive environment for entrepreneurship, economic growth, and investment.³⁰

The community service was held on June 10, 2024, in Kebojongan Village, Comal District, Pemalang Regency. The event was attended by the entire community service team, including Sang Ayu Putu Rahayu, Rahayu Fery Anitasari, and Dina Silvia Puteri, with the assistance of three students: Anak Agung Ayu Diah Setyawati, Kukuh Satria Wiratama, and Pramestya Raharjanti. The service was attended by 30 micro-business operators.

Before the day, when the team asked for collaboration with the Kebojongan Village apparatus, the team did interview with the apparatus to asked about the current condition of MSMEs in Kebojongan Village. Several questions asked such as how many MSMEs in Kebojongan Village, what field they are working on, how much is the assets they own, what kind of licenses they currently have and what kind of licenses they will need for their business.

During the counseling session, the team presented the importance of understanding the OSS RBA system for business licensing for MSMEs, followed by a discussion with the micro-business operators. The presentation covered the advantages and disadvantages of not using OSS RBA for business permits, emphasizing that all business licenses, without exception, must be processed through OSS RBA.

During the assistance session, it was discovered that some business operators already had NIBs but did not know their OSS accounts, which are crucial for accessing their accounts to develop their businesses. There were also issues with NIKs being registered, even though the individuals had not registered on the OSS account. Other issues included problems with accessing the application and internet connectivity. Despite these challenges, the service proceeded smoothly. The attending business operators were assisted in registering and downloading their NIBs through

³⁰ Erni Erni and Febri Jaya, "Efektifitas Perizinan Berusaha Berbasis Risiko Dalam Rangka Kemudahan Berusaha," *Wajah Hukum* 6, no. 2 (October 14, 2022): 248, <https://doi.org/10.33087/wjh.v6i2.927>.

OSS RBA, the only legal requirement for Micro Enterprises. Proper licensing will facilitate business operations and contribute to the rapid economic advancement of Kebojongan Village.

Conclusion

The community service initiative in Kebojongan Village aims to address the knowledge gaps and technical challenges faced by MSMEs in navigating the OSS RBA system and securing business permits like the NIB. By providing education, counseling, and hands-on assistance, the program seeks to simplify the business licensing process, thereby empowering local businesses to achieve legal compliance and access additional certifications. While challenges such as account access and forgotten passwords present hurdles, proactive solutions including workshops, follow-up support, and collaboration with local authorities can ensure a smoother transition to using the OSS RBA system. Ultimately, this initiative has the potential to enhance economic growth and sustainability in Kebojongan Village by fostering a well-informed and legally compliant MSME community.

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