

The Influence Of Easy Business Licensing Through The Implementation Of Online Single Submission (OSS) Applications On Increasing Investment In North Sumatra Province (Mid Large Scale Industrial Sector)

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Abstract.

The government issued the latest policy related to investment, namely Government Regulation Number 5 of 2021 which regulates Online Single Submission (OSS) and Government Regulation Number 6 of 2021. However, investment in the industrial sector in North Sumatra Province in fact it did not show an increase after the implementation of the application in 2018. In contrast to Indonesia's EoDB ranking, which after the implementation of the Online Single Submission (OSS) application in 2018 from rank 91 crawled up to rank 72. So the purpose of this study is to analyze the effect of ease of licensing trying through the implementation of the Online Single Submission Application to increase investment in the industrial sector in North Sumatra Province. The research method used is a quantitative approach by collecting data in the form of numbers from a Likert scale questionnaire. The sample used was 80 respondents using the non-probability sampling technique using purposive sampling method. Data analysis used validity tests, reliability tests, and path analysis (Path Analysis) with the aim of knowing the direct and indirect effects of the ease of business licensing variables through the implementation of the Online Single Submission Application on increasing investment. From the results of the study that the ease of licensing tries to influence directly or indirectly through the implementation of the Online Single Submission application on increasing investment in the category that is still less effective and the results of calculating direct effect is 41,5% and indirect effect is 46,45%. Where there are two policy indicators, transparency indicators for domestic investment and Accountability for foreign investment do not have a significant direct effect and coordination indicators provide a direct and significant influence on domestic investment and foreign investment.

Keywords: *Ease of Business Licensing, OSS Application Implementation, and Investment.*

I. INTRODUCTION

Online Single Submission can be called a platform for managing permits in Indonesia. On one platform, entrepreneurs can process various permits without having to go to government offices. The aim of the birth of Online Single Submission is to integrate licensing in the regions and at the center to make it simpler and faster. The North Sumatra Provincial Government in 2010 established the North Sumatra Province Integrated Licensing Services Agency (BPPT). Then a merger was carried out with the North Sumatra Province Investment and Promotion Agency (BPMP), which was previously established in 2008. This merger was carried out based on the mandate of Government Regulation Number 18 of 2016 concerning regional apparatus which then changed its nomenclature to become the Provincial One Stop Investment and Integrated Services Service North Sumatra. [5],[8] The North Sumatra Province One-Stop Investment and Integrated Services Service (DPMPTSP) has the task of carrying out the affairs of the Investment Sector and One-Stop Integrated Licensing Services which are the authority of the Province and assistance duties to the Provincial Region and carries out the functions: a) Implementation of climate development policies, promotion, services, implementation control, investment data and information, one-stop licensing administration in accordance with the scope of duties;

b) Implementation of evaluation of climate development, promotion, services, implementation control, investment data and information, implementation of one-stop licensing in accordance with the scope of duties; c) Implementation of administration of climate development, promotion, services, implementation

control, investment data and information, implementation of one-stop licensing in accordance with the scope of duties. [2],[18] Furthermore, in the process of implementing permit applications, the use of information technology is an effective tool for permit applications and processing. Therefore, the North Sumatra Provincial Government uses the Online Single Submission (OSS) application, which is an electronically integrated business licensing system managed and administered by the Online Single Submission Institute (Ministry of Investment/BKPM). Realization of investment developments from the industrial sector for the period 2014 - 2022 at the North Sumatra Province One Stop Investment and Integrated Services Service, where the author will compare the realization before and after the implementation of the Online Single Submission (OSS) application in 2018 and the risk-based OSS (Risk Based Approach). /RBA) which will take effect in 2021 can be seen in the image below: [3],[4],[20],[21]

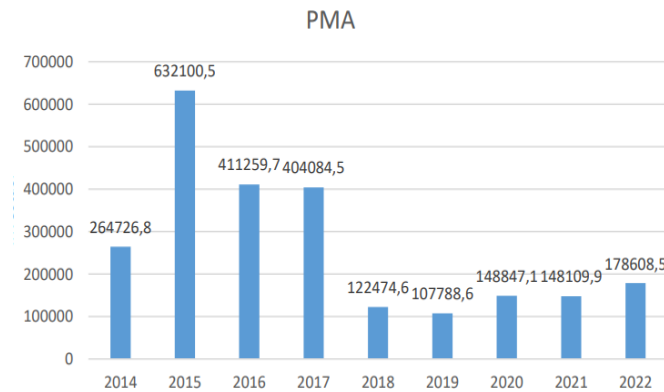


Fig 1. Graph of PMA Investment Realization in the industrial sector in North Sumatra 2014-2022

Source: One Stop Integrated Investment and Licensing Service, North Sumatra Province

It can be seen that the realization of foreign investment experienced a significant spike in 2015, then decreased until 2019, then crept up slowly until 2022. The implementation of regulations governing Online Single Submission (OSS) in order to facilitate business licensing is in fact not can boost increased investment, especially in North Sumatra. The data above shows that the implementation of the Online Single Submission (OSS) application does not necessarily attract foreign investors to come to Indonesia, especially in North Sumatra Province, where the rules and procedures actually make it easier for investors to invest in Indonesia. North Sumatra Province One Stop Investment and Licensing Service. [5],[6]

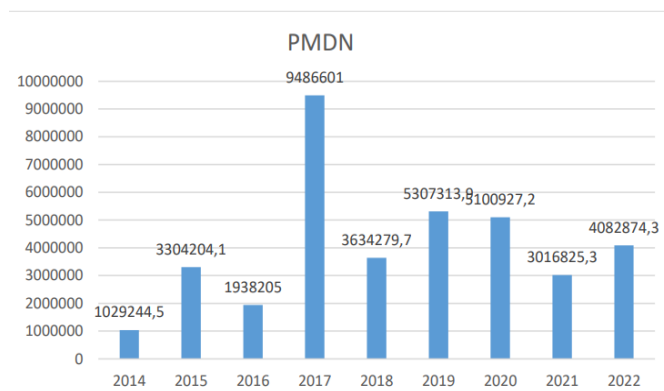


Fig 2. Graph of Realization of PMDN Investment in the industrial sector in North Sumatra 2014 – 2022

Source: One Stop Integrated Investment and Licensing Service, North Sumatra Province

Then the development of domestic investment realization from 2014 - 2022 in North Sumatra experienced fluctuations. From the graph above, a significant decline occurred from 2017 to 2018, then experienced fluctuations again until 2022. The data above also shows the same thing as investment from foreign capital which did not show an increase after the implementation of the application in 2018. So it can be concluded At the outset, investment in the industrial sector in North Sumatra before and after the Online Single Submission (OSS) application had not taken the role that it should have in order to increase investment. In

contrast to Indonesia's EoDB ranking, which after the implementation of the Online Single Submission (OSS) application in 2018 rose from rank 91 to rank 72. [3],[4],[14],[17]

The hypothesis of this research is:

- 1) It is suspected that the variable Ease of Business Licensing (X) has an effect on Increasing Investment (Z);
- 2) It is suspected that the Ease of Business Licensing variable (X) has an influence on Increasing Investment (Z) through the Implementation of OSS Applications (Y).

II. METHODS

The research method used in this research is a descriptive and verification method with the type of research using quantitative research, namely a type of research that emphasizes testing theories through carving out research variables with numbers and requires data analysis using statistical procedures. The measuring tool for this research is in the form of a questionnaire, the data obtained is in the form of answers from business actors to the questions asked. Based on the research objectives that have been determined, this type of research is explanatory. Explanatory research is to test hypothesized variables. This research contains a hypothesis whose truth will be tested. [7],[23] In this research, a path analysis model is used because between the independent variable and the dependent variable there are intervening variables that influence. [12],[23] In this research, there are two variables that will be studied, namely variable X and variable Y. These variables are as follows: 1. Ease of Business Licensing (X) 2. Implementation of OSS Applications (Y) 3. Investment (Z).

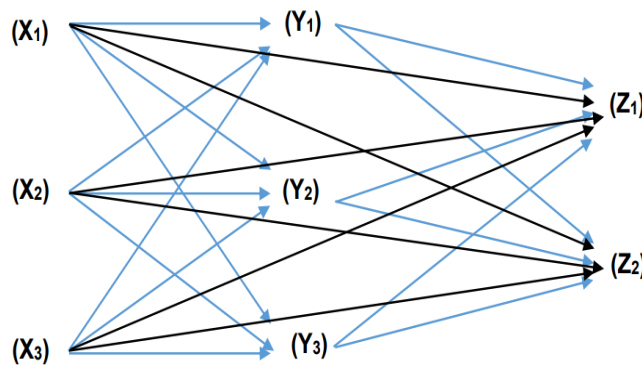


Fig 3. Relationship between variables

Table 1. Variable Operationalization

Variabel dan Konsep	Indikator	Skala	No. Item
Perizinan Berusaha (Pelayanan Publik). (Sinambela, 2010)	Transparan (X_1)	Ordinal	1
	Akuntabilitas (X_2)	Ordinal	2
	Koordinasi (X_3)	Ordinal	3
Implementasi Aplikasi OSS (Charles O. Jones, 1996:166)	Organisasi (Y_1)	Ordinal	4
	Interpretasi atau Pemahaman (Y_2)	Ordinal	5
	Aplikasi atau Penerapan oleh Para Pelaksana Kebijakan (Y_3)	Ordinal	6
Investasi	Penanaman Modal Dalam Negeri [PMDN] (Z_1)	Ordinal	7
	Penanaman Modal Asing [PMA] (Z_2)	Ordinal	8

Source: Processed Data, 2023

Primary data can be obtained in several ways, namely: 1) Observation, making direct observations and studying things related to research at the Provincial PPMPTSP Service. 2) Interviews, holding interviews or conducting questions and answers to research objects. In this research, the objects are employees of the Provincial PPMPTSP Service. 3) Questionnaire, submitting statements that have been prepared in writing by distributing questionnaires and accompanied by alternative answers that will be given to respondents. Meanwhile, secondary data was obtained from research, as follows: 1) Number of business and investment permits at the Provincial PPMPTSP Service. 2) Books related to research variables. 3) Journals and results of previous research.

III. RESULT AN DISCUSSION

Based on the output table of structured equation linear regression results and statistical data from SPSS, the value of the influence of the business licensing variable (X) on the implementation of the Online Single Submission (OSS) Application (Y) is an average of $89.6\% + 89.7\% + 84.3\% = 87.87\%$, explaining that ease of business licensing has a very strong influence on the implementation of OSS applications. This means that the implementation of the OSS application has implemented Law Number 11 of 2020 concerning Job Creation and BKPM regulation Number 3 of 2021. This is also in line with research conducted by Analysis of the implementation of business permits through the online single submission system (Study The case in DPMPSTSP Banyumas Regency) is that the implementation of business permits through the OSS application has gone well according to the SOP in UUCK Number 11 of 2020 and PP Number 5 of 2021. With this research has answered the research objective that ease of licensing tries to have an influence on application implementation OSS is 87.87%. [8],[9],[10],[11],[13],[26] It was also obtained that the value of the influence of business licensing variables (X) and implementation of OSS applications (Y) on increasing investment (Z) was an average of $94.6\% + 95.6\% = 95.1\%$, explaining that the ease of business licensing and implementation OSS applications have a very strong influence on increasing investment. This means that this research supports which states that ease of business licensing (quality of public services) is a benchmark for determining how public services perform (increased investment) in a public service provider institution, as well as KepMenPANRB Number 63 of 2003 that it has fulfilled the principles - general guiding principles for the implementation of public services as explained.

The results of this research are also in accordance with the benefits of Online Single Submission. [5],[22] The results of the path analysis show that: the results of the path analysis show that there is no direct influence between the Transparency indicator (X_1) on Domestic Investment (Z_1) of -0.003 and statistically it

does not have a significant relationship. There is a direct influence between the Accountability indicator (X2) on Domestic Investment (Z1) of 0.170 and statistically it does not have a significant relationship. The results of the path analysis show that there is a direct influence between the Coordination indicator (X3) on Domestic Investment (Z1) of 0.292 and statistically it has a significant relationship. The results of the path analysis show that there is a direct influence between the Transparency indicator (X1) on Foreign Investment (Z2) of 0.055 and statistically it does not have a significant relationship. The results of the path analysis show that there is no direct influence between the Accountability indicator (X2) on Foreign Investment (Z2) of -0.022 and statistically it does not have a significant relationship. The results of the path analysis show that there is a direct influence between the Coordination indicator (X3) on Foreign Investment (Z2) of 0.338 and statistically it has a significant relationship. [18],[19] Thus, it can be concluded that the first hypothesis in this research is accepted because the values of Accountability for PMDN, Coordination for PMDN, Transparency for PMA and Coordination for PMA explain a direct influence even though Transparency for PMDN, and Accountability for PMA do not provide a direct influence. The results of the second hypothesis test are the influence of Ease of Business Licensing through the Implementation of OSS Applications on Increasing Investment in the medium-large scale Industrial sector in North Sumatra Province. [25]

- 1) The results of the path analysis show that there is an indirect influence between the Transparency indicator (X1) on Domestic Investment (Z1) through the policy implementing Organization indicator (Y1) of 0.017 and statistically it does not have a significant relationship.
- 2) The results of the path analysis show that there is an indirect influence between the Transparency indicator (X1) on Domestic Investment (Z1) through the Interpretation indicator of policy implementers (Y2) of 0.056 and statistically it does not have a significant relationship.
- 3) The results of the path analysis show that there is an indirect influence between the Transparency indicator (X1) on Domestic Investment (Z1) through the Application or Implementation indicator by policy implementers (Y3) of 0.051 and statistically it does not have a significant relationship.
- 4) The results of the path analysis show that there is an indirect influence between the Accountability indicator (X2) on Domestic Investment (Z1) through the policy implementing Organization indicator (Y1) of 0.025 and statistically it does not have a significant relationship.
- 5) The results of the path analysis show that there is an indirect influence between the Accountability indicator (X2) on Domestic Investment (Z1) through the Interpretation indicator of policy implementers (Y2) of 0.019 and statistically it does not have a significant relationship.
- 6) The results of the path analysis show that there is an indirect influence between the Accountability indicator (X2) on Domestic Investment (Z1) through the Application or Implementation indicator by policy implementers (Y3) of 0.017 and statistically it does not have a significant relationship.
- 7) The results of the path analysis show that there is an indirect influence between the Coordination indicator (X3) on Domestic Investment (Z1) through the policy implementing Organization indicator (Y1) of 0.065 and statistically it has a significant relationship.
- 8) The results of the path analysis show that there is an indirect influence between the Coordination indicator (X3) on Domestic Investment (Z1) through the Interpretation indicator of policy implementers (Y2) of 0.120 and statistically it does not have a significant relationship.
- 9) The results of the path analysis show that there is an indirect influence between the Coordination indicator (X3) on Domestic Investment (Z1) through the Application or Implementation indicator by policy implementers (Y3) of 0.055 and statistically it does not have a significant relationship.
- 10) The results of the path analysis show that there is an indirect influence between the Transparency indicator (X1) on Foreign Investment (Z2) through the policy implementing Organization indicator (Y1) of 0.011 and statistically it does not have a significant relationship.
- 11) The results of the path analysis show that there is an indirect effect between the Transparency indicator (X1) on Foreign Investment (Z2) through the Interpretation indicator of policy implementers (Y2) of 0.053 and statistically it does not have a significant relationship.

- 12) The results of the path analysis show that there is an indirect influence between the Transparency indicator (X1) on Foreign Investment (Z2) through the Application or Implementation indicator by policy implementers (Y3) of 0.102 and statistically it has a significant relationship.
- 13) The results of the path analysis show that there is an indirect effect between the Accountability indicator (X2) on Foreign Investment (Z2) through the policy implementing Organization indicator (Y1) of 0.017 and statistically it does not have a significant relationship.
- 14) The results of the path analysis show that there is an indirect effect between the Accountability indicator (X2) on Foreign Investment (Z2) through the Interpretation indicator of policy implementers (Y2) of 0.018 and statistically it does not have a significant relationship.
- 15) The results of the path analysis show that there is an indirect influence between the Accountability indicator (X2) on Foreign Investment (Z2) through the Application or Implementation indicator by policy implementers (Y3) of 0.035 and statistically it has a significant relationship.
- 16) The results of the path analysis show that there is an indirect effect between the Coordination indicator (X3) on Foreign Investment (Z2) through the policy implementing Organization indicator (Y1) of 0.044 and statistically it has a significant relationship.
- 17) The results of the path analysis show that there is an indirect influence between the Coordination indicator (X3) on Foreign Investment (Z2) through the Interpretation indicator of policy implementers (Y2) of 0.113 and statistically it does not have a significant relationship.
- 18) The results of the path analysis show that there is an indirect influence between the Coordination indicator (X3) on Foreign Investment (Z2) through the Application or Implementation indicator by policy implementers (Y3) of 0.111 and statistically it has a significant relationship.

Thus, it can be concluded that the second hypothesis in this research is accepted because the variable ease of business licensing on increasing investment through the implementation of OSS applications provides a positive value, thus explaining the existence of an indirect influence.

The Effect of Ease of Business Licensing Through the Implementation of OSS Applications on Increasing Investment in North Sumatra Province (Medium Large Scale Industrial Sector).

In this section, we will discuss the effect of ease of business licensing through the implementation of OSS applications on increasing investment in the North Sumatra province in the medium-large scale industrial sector. The OSS application implementation variable in this research is an intervening variable. The following is an explanation of the influence of the Ease of Business Licensing variables on increasing investment in the North Sumatra Province medium-large scale industrial sector.

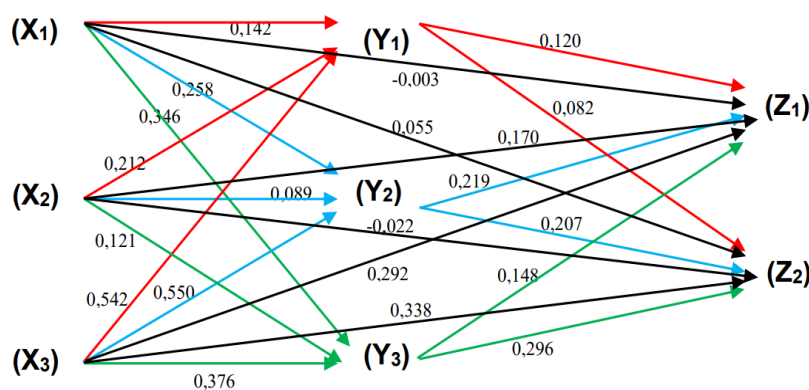


Fig 4. Direct and Indirect Effects

Based on the results of the path analysis calculation of the variable ease of business licensing on increasing investment, the total direct influence value is 0.415, which explains that the direct influence of the independent variable (Ease of Business Licensing) on the dependent variable (increasing investment) is 41.5%, so the first hypothesis states There is an influence of ease of business licensing on increasing acceptable investment. The results of this research support the which states that ease of business licensing (quality of public services) is a benchmark for determining how public services perform (increased investment) in a public service provider institution. [22] This research also proves that based on data from

the One Stop Integrated Investment and Licensing Service (DPMPTSP) of North Sumatra Province in 2014-2017 there was an increase in investment and at the same time improving the Ease of doing business ranking for ease of doing business in Indonesia from 120th to 91st in the world. The easier it is to do business through licensing, it is trying to show a higher increase in investment. The Effect of Ease of Business Licensing Through the Implementation of OSS Applications on Increasing Investment in North Sumatra Province in the Medium and Large Scale Industrial Sector. [15] Based on the results of path analysis calculations for the variable ease of business licensing through the OSS Application implementation variable on increasing investment, the total indirect influence value is 0.4645, which explains that the indirect influence of the independent variable (Ease of Business Licensing) is through the intervening variable (OSS Application implementation) on the variable bound (increase in investment) is 46.45%, so the second hypothesis which states that there is an influence of ease of business licensing through the implementation of the OSS Application on increasing investment can be accepted.

There are two policy indicators, the transparency indicators for PMDN and accountability for PMA do not provide a significant direct influence and the coordination indicator provides a significant direct influence. So that the implementation of the OSS Application as a mediator for Business Licensing actually has an impact, namely first, there has been a lack of integration between the regulations contained in PP Number 24 of 2018 and the Law above it, namely Law Number 32 of 2009, permits are granted after business actors have met 3 basic requirements. business permit. One of them is to take care of environmental permits (AMDAL-UKL and UPL documents) which must go to the Ministry of Environment and Forestry. From this it is clear that there is a lack of integration of the rules which should be substantially integrated in the OSS Application. Second, there is legal uncertainty for business actors. For business actors, it makes it difficult to process business permits by understanding that businesses are under the authority of the central government and regional governments, which is inversely proportional to the benefits of the OSS application itself. [14],[16],[17] The results of this research support the Head of BKPM Regulation Number 6 of 2018 which states that the benefits of Online Single Submission are to facilitate the processing of various business permits including prerequisites for doing business (permits related to location, environment and buildings), business permits, and operational permits for business operational activities.

at the central or regional level with a mechanism for fulfilling commitments to permit requirements; Facilitate business actors to connect with all stakeholders and obtain permits safely, quickly and in real time; Facilitate business actors in reporting and solving licensing problems in one place; and Facilitate business actors to store licensing data in one business identity (NIB). [4] This research also proves that based on data from the One Stop Integrated Investment and Licensing Service (DPMPTSP) of North Sumatra Province in 2018-2022 there was an increase in investment which tended to be stable even though the Ease of doing business ranking for ease of doing business in Indonesia fell one place from 72nd to 73rd in the world. [24] The author concludes that the effect of ease of business licensing through the implementation of the OSS Application on increasing investment in North Sumatra Province in the medium-large scale industrial sector is that it can have a direct or indirect influence, although the implementation of the OSS Application has a less significant influence which is supported by an increase in investment from year to year 2018-2022 tends to remain the same (no significant increase). The OSS Application System still needs to be further optimized through cross-sectoral coordination in its implementation, which is very much needed in the North Sumatra Province One-Stop Integrated Services and Investment Service. In this way, the Online Single Submission Application system will run more effectively and of course be beneficial for employees and business actors in North Sumatra Province. [1]

IV. CONCLUSION

Based on the results of the research and the results of the discussion, it was concluded that the influence of the variable implementing the Online Single Submission (OSS) Application as a mediator of the variable Ease of Business Licensing on increasing investment in the medium-large scale industrial sector in North Sumatra Province is still considered to have an influence but not significant according to the results of calculating the direct influence of 41.5% and indirect of 46.45%. This means that the implementation of the

OSS Application has had a positive impact on business licensing services at the North Sumatra Province One Stop Investment and Integrated Services Service, both for employees and the community as prospective business actors. Which really influences the service system because it is a medium for developing the abilities of business actors and employees to become individuals who are not rigid with technology. However, several strategies and reviews still need to be carried out regarding the implementation of OSS Applications, whether they are easy to understand and answer the obstacles faced before 2018 (OSS Application Implementation).

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