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# Local Government Policies Related to Simplification of Micro, Small and Medium Enterprises Licensing

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### Abstract

There are obstacles for business actors in establishing Micro, Small and Medium Enterprises or MSMEs. It is related to the many conditions in permissions of establishments MSMEs that make it difficult for business actors to establish MSMEs. Even it has an impact on the low interest of investors to invest. Therefore, in the government's efforts to overcome the issue of licensing for MSMEs is the establishment of Job Creation Law aims to simplify licensing for MSMEs. The research method used is Normative Juridical with a statue approach. In this study, it is known that the policies implemented in the regions are in accordance with Government Regulation No. 6 of 2021 concerning the Implementation of Business Licensing in the Regions must be in the form of a regional regulation which must be harmonized with the currently valid Government Regulations, and implemented the Online Single Submission Permission System in Lampung Province. However, currently there are no recent regional regulations that are in accordance with Government Regulations on the Implementation of Business Licensing in the Regions.

## I. Introduction

Micro, Small and Medium Enterprises (MSMEs) as an important part and as a goal to drive the wheels of the Indonesian economy<sup>1</sup>, which at that time there was a crisis of investment activities and government spending limited at that time. So that the role of MSMEs in shaping the people's economy was very large, both in the field of production and employment. The development of MSMEs is an investment business built by the community, which can withstand pressure from the competition of several privately owned businesses. It can be seen from the various business investments carried out by

<sup>&</sup>lt;sup>1</sup> Henry Nurhayati, "Pengaruh Persyaratan Perizinan, Prosedur Perizinan Dan Konsekuensi Perizinan Terhadap Perkembangan Usaha Mikro, Kecil Dan Menengah (UMKM) Di Kabupaten Sukabumi," Semnastera (Seminar Nasional Teknologi Dan Riset Terapan), 2020, 319-28.

MSMEs in the form of production of goods, both in the culinary field or handicrafts and services such as automotive repair shops or beauty salons.

Various forms of business make many choices that entrepreneurs can take to build a business in the form of MSMEs, and the many establishments of MSMEs also encourage job opportunities. Judging from the developments owned by MSME actors are able to increase the interest in doing business for the community and open up employment opportunities to be wider so as to reduce the number of unemployed. However, the government realizes that the development of MSMEs is currently slowdown due to obstacles in building a business. According to Indra Cahyadi, in the development of MSMEs, business competition has several obstacles, including:<sup>2</sup>

- 1. Knowledge of the Market. MSMEs do not get access to foreign markets and information about foreign markets, in the end the course of the internationalization process becomes bad.
- 2. Limited supply of raw materials for industries needed by MSMEs in the Regions.
- 3. Lack of supporting infrastructure. Weak logistics systems and transportation connectivity can slow down business growth and make it difficult for the government's efforts to reduce poverty and inequality.
- 4. Government policies at the bureaucratic level in government agencies contribute to the obstacles faced by MSMEs which faced with problems. From the government there is no synergy from institutions and programs designed to support MSMEs in developing their business and the government often makes MSME actors difficult to provide licensing services.
- 5. Financial constraints. MSMEs are often hampered by access to investors or banking institutions and other financial institutions. Not only that, the capital provided for MSMEs is limited.

From the permits that must be fulfilled by MSME actors, not all permits need to be fulfilled by MSMEs if the business has a low risk both to society and the environment and when viewed from public services to make permits. MSME actors need a long time to obtain business licenses and not the transparency of the costs required to load permits, this has resulted in MSME actors being reluctant to obtain business licenses. However, there is an impact that if they do not have a permit then the business entity has the status of an informal business entity or it can be said that they do not have legal certainty, this results in MSMEs experiencing difficulties in obtaining empowerment from the government and obtaining credit that can come from the banking sector.<sup>3</sup>

Licensing is one of the requirements needed to develop a business activity, which it has the power to control activities and actions. As well as a requirement for actions that generally require supervision and as an evaluation process, so that the license can become the object of imposing sanctions. Various types of licensing that have the same or similar business are seen to be able to stand side by side so it applied to business activity. For example, a large-scale industrial business in the establishment requires a

<sup>&</sup>lt;sup>2</sup> Indra Cahyadi, "Tantangan Internasionalisasi UKM Di Indonesia Dalam Menghadapi Masyarakat Ekonomi ASEAN," *Jurnal Akuntansi Dan Manajemen* 27, no. 9 (2015): 129–44.

<sup>&</sup>lt;sup>3</sup> Ayu Lestari Nadela, "Penerapan Izin Usaha Mikro Dan Kecil Di Kecamatan Tampan Pekanbaru," *Jom FISIP* 4, no. 2 (2017).

permit as a condition for operating and requires various types of permits ranging from IMB (Building Permit), Industrial Business Permit, HO Permit (Disturbance Permit), Business Location Permit (SITU), Business Permit Trading Activities, as well as other permits.

However, for this type of MSME should have a small risk to society and the environment, it does not require a lot of permits to obtain a business license. Therefore, the government is trying to overcome obstacles that make it difficult for entrepreneurs, and rises various changes to both the permit requirements and the public service system with the aim that making business licenses can be fast, easy and simpler. Considering how to overcome problems in making permits, the government needs the latest Law regulations using the Omnibus law method, which is currently called Law Number 11 of 2020 concerning Job Creation. The Simplification of MSME Investment Licensing in the Implementation of the Job Creation Law suggests to regional governments to make regional regulations synergized with the laws and regulations above them. According to the problems above, the problem in this research is: how is the development of MSMEs in Indonesia? What was the licensing service system before the Job Creation Law was passed? and what should policies in the local government to simplify MSME licensing related to the implementation of the Job Creation Law?

This research is different from previous research which tends to discuss simplification of business permission in general, such as research conducted by the Committee for Monitoring the Implementation of Regional Autonomy in 2016.<sup>4</sup> Whereas in this study the simplification of licensing focuses on the MSME sector. The previous research related to simplification of MSME licensing was also carried out in 2016 by Monika Suhayati. However, this research focuses on the Yogyakarta Province area and it is not based on the Job Creation Law.<sup>5</sup> Meanwhile, this research does not focus on certain areas and it is based on the Job Creation Law.

#### 2. Research Method

The research method used in this research is normative juridical and statue approach. The theory applied to this research is the authority theory and public policy theory, namely as one of the government's efforts or actions made in the context of implementing public policy. It is function as a general guideline for specific policies and decisions under governmental duties, in the form of regulation or decisions.<sup>6</sup>

<sup>&</sup>lt;sup>4</sup> M Yudha et al., *PENYEDERHANAAN PERIZINAN USAHA DI DAERAH TIM PENELITI* (Jakarta: Komite Pemantauan Pelaksanaan Otonomi Daerah, 2016).

<sup>&</sup>lt;sup>5</sup> Monika Suhayati, "PENYEDERHANAAN IZIN USAHA BAGI PELAKU USAHA MIKRO DAN KECIL DARI PERSPEKTIF HUKUM: STUDI DI PROVINSI DAERAH ISTIMEWA YOGYAKARTA (SIMPLIFICATION OF BUSINESS LICENSING FOR MICRO AND SMALL INTERPRISES)," Negara Hukum: Membangun Hukum Untuk Keadilan Dan Kesejahteraan 7, no. 2 (December 27, 2017): 235–58, https://doi.org/10.22212/JNH.V712.933.

<sup>&</sup>lt;sup>6</sup> M.Si. Anggara, Dr. Sahya, Kebijakan Publik, CV. Pusata Setia, 2018.

#### 3. Result and Discussion

#### 3.1 The Development of MSMEs in Indonesia

As one of the business sectors that has important role, as well as strategically in overcoming the impact that occurred in the economic crisis that previously hit Indonesia in 1997, MSMEs have a very vital role in economic development and growth. This is because in addition to absorbing the most labor, MSMEs have characteristics that are relatively safe from outside influences or external factors. The convenience that MSMEs have, such as being relatively easy to develop, relying more on domestic resources and global economic conditions. The economic crisis that has occurred has provided valuable lessons for the Indonesian government and the business world regarding how to advance the macro economy. Meanwhile, according to Nuhung in Ariani, MSMEs are supporting the nation's economy and through the establishment of businesses carried out by MSME actors, they have an important role in reducing unemployment and poverty levels, opening up job opportunities, and building national character and increasing welfare.<sup>7</sup>

The development of MSMEs that can be seen at this time is calculated from the number of business units and the increase in the number of workers absorbed by MSME actors. Post-reform seen by business scale in 1997 and 2003 on the basis of constant 1993 prices, GDP for MSMEs grew by 3.82% from 249.572 billion in 1997 to 259.1 billion in 2003.<sup>8</sup> Meanwhile, based on Bank Indonesia in the Business Profile of Micro, Small and Medium Enterprises (2015) it is calculated that it has a proportion of 99.99% of the total business actors in Indonesia or as many as 56.54 million units.<sup>9</sup> In 2018-2019 there was an increase in the number of business units in 2018, namely 64,194,057 and in 2019 the number of business units was 65,465,497. So, the number of business units increased in 2018-2019 was 1,271,528. There was a development in the increase in the number of workers in 2018, namely 116,978,631 and in 2019 the increase in the number of workers, namely 119,562,843, so that the number of increases in the workforce in 2018-2019 was 2,584,212.<sup>10</sup>

From the number of MSMEs which continues to increase every year, this has illustrated that the growing business landscape in the country is more dominated by MSMEs. However, MSMEs are currently considered unable to push the level of social welfare, especially in the lower middle class, towards a higher level. This is of course a special

<sup>&</sup>lt;sup>7</sup> Ni Wayan Duti Ariani and A.A Ayu Suresmiathi D, "Pengaruh Kualitas Tenaga Kerja, Bantuan Modal Usaha Dan Teknologi Terhadap Prodktivitas Kerja UMKM Di Jimbaran," *E-Jurnal Ekonomi Pembangunan Universitas Udayania* 2 (2013): 97–106.

<sup>&</sup>lt;sup>8</sup> Langgeng R. Putra, Lely Indah Mindarti, and Firda Hidayati, "Strategi Pengembangan Usaha Mikro, Kecil Dan Menengah (UMKM) Ekonomi Kreatif Kerajian Kulit Di Kabupaten Magetan (Studi Pada Dinas Perindustrian Dan Perdagangan Kabupaten Magetan)," JPAP: Jurnal Penelitian Administrasi Publik 4, no. 1 (2018): 969–79, https://doi.org/10.30996/jpap.v4i1.1281.

<sup>&</sup>lt;sup>9</sup> Elmira Fibi Darmayanti, Rahmat Fajar Ramdani, and Sri Retnaning Rahayu, "Pemberdayaan Masyarakat Melalui Sosialisasi Dan Pendampingan Perizinan Usaha Mikro Dan Kecil," *Sinar Sang Surya* 1, no. 2 (2018): 1–13.

<sup>&</sup>lt;sup>10</sup> Kementerian Koperasi dan UMKM Republik Indonesia, *https://www.kemenkopukm.go.id/data-umkm*, accessed on 26 November 2021

concern for both the central government and local governments, because Indonesian people are dominated by MSMEs. So that the local government is obliged to pay attention to the growth and development of business fields and real contribution to MSMEs in order to survive following the invasion of imported products in the domestic market. One of the government's efforts to create a situation that supports the ease of doing business for MSMEs, one of which is in terms of licensing both in the type and licensing service system. Therefore, in the Job Creation Law, it is hoped that both the central government and regional governments can provide MSME services in managing licensing and extending permits.

#### 3.2 Licensing Services Prior to the Enactment of the Job Creation Law

MSME actors who wish to issue permits always begin by submitting an application addressed to the authorized official or agency for the issuance of a permit in order to provide legitimacy or business activities. However, the responsibility for the actions or activities for permission will be granted, not all letters can be signed by the attorney, there are still letters or files that must be signed directly by the principal himself. As a result, the required operational permits are considered too many and the services provided are too slow, and therefore discourage business actors from applying for business licenses.

Judging from the existing problems, the government has made innovations to encourage business actors to have permits. In order to open up investment opportunities by increasing the competitiveness of investment systems and regulations, the government and public service stakeholders must renew the investment licensing service model in accordance with the principles of good governance, and of course also be able to provide comfort for the growth of the investment climate. Public service is a form of service, either as a public service or public good, which is the responsibility carried out by Central and Regional Government Agencies, as well as within State Owned Enterprises (BUMN) or Regional Owned Enterprises (BUMD), with the aim of being an effort to meet community needs and as implementation the provisions of the legislation. According by licensing system that has developed so far,<sup>11</sup> the local government has sought a centralized permit service unit which in several areas is referred to as UPSA (One-Stop Service Unit), One-Stop Integrated Service Unit (UPTSP). Service systems that have been in effect are:

1) One-Stop Integrated Service System (PTSA)

Licensing services with the PTSA model are organized based on Presidential Decree No. 29 of 2004 concerning Implementation of Investment in the Context of Foreign Investment and Domestic Investment Through One-Stop Integrated Service System. The licensing service pattern provided by PTSA is a licensing service delivery system in which the entire process of completing licensing application documents focuses on services for various permits that have no relation to the service process between one field and another.

<sup>&</sup>lt;sup>11</sup> Victorianus M.H. Randa Puang, *Hukum Pendirian Usaha Dan Perizinan*, 1st ed. (Yogyakarta: deepublish, 2015).

Even so, place the service is held centralized in one service office between one field and another, but in this PTSA service model the authority to approve issuance and sign is still carried out by the head of service or by the Regional Work Unit (SKPD). In addition, weaknesses were found is<sup>12</sup> the administration of licensing services has not yet provided transparency in terms of retribution fees, completion timeframes, settlement process procedures and determining the permit requirements desired by the applicant.

2) One Stop Service System (PTSP)

The previous PTSA service concept was considered less than optimal, this was due to the PTSA licensing service not bringing much change to the lower level. Investors at that time could still feel that the procedure was quite lengthy such as requirements, time, and costs that had to be incurred by investors could not be measured or confirmed.<sup>13</sup> So that with the formation of PTSP, the government has goals such as shortening the service process, realizing a service process is fast, easy, cheap, transparent, certain, affordable and providing broader services to the community.<sup>14</sup> PTSP was formed institutionally to become a single submission is able to implement various types of regulations in the process of issuing permits needed by the community.

The existence of an independent government institution capable of completing all licensing service matters, PTSP has provided services for all types of permit and nonpermit products with the authority is owned by the Regional Government and it can be completed in one integrated agency. In terms of authority, according to the PTSP Regulation of the Home Affairs Minister (Permendagri), the Head of the PTSP Office/Body is equipped with the authority to sign permit products mandated by the Regional Head. Implementation of PTSP based on Permendagri No. 24 of 2006 concerning Guidelines for One Stop Integrated Services (PTSP) hope that investment services can be carried out with easier, faster, cheaper and simpler procedures based on the principles of transparency and accountability.

However, with various changes of licensing procedures, it was not always successful. The previous aim was to simplify procedures. In fact, in some areas, these efforts did not change the previous conditions. Therefore, PTSP is currently carrying out an additional system in implementing licensing services with Online Single Submission (OSS) which is to speed up permit issuance and transparent. The OSS system has been in effect since Government Regulation (PP) No. 24 of 2018 concerning OSS, but at that time not all PTSP in the regions had implemented OSS. With the ratification of the Job Creation Law and PP No. 06 of 2021 concerning the implementation of business licensing in the regions, it is mandatory to use the OSS system in accordance with the provisions of the laws and regulations regarding the implementation of Risk-Based Business Licensing.

<sup>&</sup>lt;sup>12</sup> Nuriyanto A. Daim, *Hukum Perizinan, Pelayanan Perizinan Terpadu Berbasis Teknologi Informasi Dalam Perspektif Good Governance*, ed. Satriya Nugraha (Yogyakarta: LaksBang Justitia, 2019).

<sup>&</sup>lt;sup>13</sup> Adrian Sutedi, *Hukum Perizinan Dalam Sektor Pelayanan Publik*, ed. Tarmizi, 1st ed. (Jakarta: Sinar Grafika, 2017).

<sup>&</sup>lt;sup>14</sup> Suhartoyo, "Implementasi Fungsi Pelayanan Publik Dalam Pelayanan Terpadu Satu Pintu ( PTSP)," Adminitrative Law & Governance Journal. 2, no. 1 (2019): 143–54.

# 3.3 Local Government Policies Related to Simplifying MSME Licensing in the Implementation of the Job Creation Law

Functional relations are carried out through an autonomous system, this includes decentralization, deconcentration, and co-administration.<sup>15</sup> The formation of the government structure and the source of authority will then rise subordinate relationship between the center and the regions. The central government will implement a decentralization system to regional governments which authority and affairs within the scope of regional government will be given and sourced from by the central government.<sup>16</sup>

Regarding the difference between area decentralization and functional, Nugraha, et al wrote that: "Functional decentralization means the delegation of authority from the Government to a group of people who are involved in certain governmental functions to manage and regulate according to the jurisdictional boundaries of that function. While territorial decentralization means the delegation of authority to local communities originating from the government aims to manage and regulate interests in the territorial aspect will be the main basis for consideration for determining the limits of institutional jurisdiction.

The implementation of decentralization is necessary, aiming to prevent if there is legal obesity carried out by the central government because the meaning that becomes the object is accuracy or implementation in accordance with the objectives.<sup>17</sup> The delegation of authority that occurs between the central government to the regional government allows the regions to make policies in accordance with statutory regulations. Policy regulations are general regulations in the exercise of government authority over citizens or people with the implementation is determined based on their own power by local government agencies. These policy regulations remain in line with statutory regulations with the aim of managing effective and efficient governance throughout all corners of the country.

As a consequence of regional autonomy, each region can manage their respective regional households, with regional autonomy authority and according to the scope stipulated in the law or in statutory regulations. One aspect relates to the independence of the region to form Regional Regulations (Perda) or Regional Head Regulations (Perkada). A series of public policies has a process in several stages that are related to one another. In the formulation of policies is the essence of public policy, namely in the process is necessary to ensure the main issues of the problems being faced and pay attention to the formulation of policies that will become law for elements of the state. Furthermore, there is policy implementation is the way chosen by a policy in achieving

<sup>&</sup>lt;sup>15</sup> Nurmayani, *Hukum Administrasi Daerah*, 2nd ed. (Bandar Lampung: Universitas Lampung, 2015).

<sup>&</sup>lt;sup>16</sup> Muhammad Akbal, "Harmonisasi Kewenangan Antara Pemerintah Pusat Dan Daerah Dalam Penyelenggaraan Otonomi Daerah," *Jurnal Supremasi* XI, no. 2 (2016): 99–107.

<sup>&</sup>lt;sup>17</sup> Roni Sulistyanto Luhukay and Abdul Kodir Jailani, "Penataan Sistem Peraturan Perundang-Undangan Dalam Mendukung Pengutan Konstitusi Ekonomi Indonesia," Jurnal Jatiswara 34, no. 2 (2019).

goals. In the next stage, a policy evaluation is carried out does not only look at the gap between objectives and their achievements, but also covers the activities carried out in the formulation, implementation and policy environment. Government studies are required to use principles including the precautionary principle as an important principle which means that local governments must be careful in issuing licensing policies for an activity or business.<sup>18</sup>

With the hope that the regions can explore their economic potential to the fullest, so that it can become a priority for income, namely coming from licensing services in the regions. At present the region government in administering permits is basically a manifestation of the government's mission which is highly committed to improving the investment ecosystem and activities by providing services to the community. It is the main obligation for the government to improve the investment ecosystem and business activities as well as policies in the form of permits reflects a policy that is in accordance with the convenience of the whole community.<sup>19</sup>

However, the government in implementing policies is often ambivalent in viewing the legality of MSMEs and all types of business licensing. Coordination between local government agencies in administering permit services is not an easy thing to do. There are many conflicts of interest which ultimately lead to several things:<sup>20</sup>

- 1) Occurrence of overlapping rules on the object of the same permit;
- 2) There is duplication of permit requirements if MSMEs take care of permit documents from 2 (two) different institutions;
- 3) It is difficult to simplify permit procedures because it is considered to be detrimental to certain agencies or individuals.

It was stated in the Discussion Paper on the Job Creation Law, the Ministry of Law and Human Rights of June 2020 made an inventory of problems with regional regulations which caused overlapping of rules as follows:<sup>21</sup>

- 1) The regions consider that there is no clear frame of reference in forming regional regulations, this has resulted in the formation of regional regulations ignoring the principles regarding material and principles in the content of forming regional regulations.
- 2) The regions assume that they know the principles for setting up regional regulations in accordance with relevant legislation, but lack the capacity, experience and knowledge in carrying out formulation techniques.
- 3) The fostering steps carried out by the central agency for regional government apparatus in the preparation of regional regulations may not be optimal and uneven.
- 4) The governor's role in fostering and supervising the administration of district/city government may not run optimally.

<sup>&</sup>lt;sup>18</sup> Agus Dimyanti, "Kajian Kritis Dampak Kebijakan Izin Usaha Ritel (Minimarket) Terhadap Keberlangsungan Pembangunan Ekonomi Kerakyatan," Hukum Responsif 05 (2018).

<sup>&</sup>lt;sup>19</sup> Susilo Wardani, "Kebijakan Perizinan Pengembangan Negara Kesejahteraan Di Era Liberalisasi Ekonomi Global," *Prosiding Seminar Nasional Hukum UMS*, 2017, 122–41.

<sup>&</sup>lt;sup>20</sup> Sutedi, Hukum Perizinan Dalam Sektor Pelayanan Publik.

<sup>&</sup>lt;sup>21</sup> Rio Christiawan, *Omnibus Law, Teori Dan Penerapannya*, ed. Kurniawan Ahmad, 1st ed. (Jakarta: Sinar Grafika, 2021).

- 5) The regions consider that there is no clear frame of reference in forming regional regulations, so that in forming regional regulations they do not use the principles regarding the principles and content of the formation of regional regulations.
- 6) Regions lack knowledge and experience in carrying out techniques for formulating norms but understand the regulatory principles for drafting regional regulations in accordance with relevant legislation.
- 7) The guidance measures taken by the central government for local government officials regarding the drafting of regional regulations may not be evenly distributed and not optimal.
- 8) The governor's role in supervising and fostering the administration of district/city government may not be optimal.

Based on tat existing problems, so the harmonization of laws and regulations is needed for harmony in one law with other laws so that there are no overlaps, inconsistencies and there are no conflicts/disputes in regulations. Law no. 11 of 2020. In formulating policies, the government needs to form regional regulations that are in accordance with the current regulations. This is also because the local government currently does not directly handle licensing services for MSMEs in the region.

Not only the issue of licensing services, by simplifying investment requirements and improving performance in licensing services, also by increasing the role of Regional Governments in the Job Creation Law, regulation regarding the obligations of provincial and district/city regional governments in providing business licensing services is accordance with statutory provisions regarding the implementation of Risk-Based Business Licensing. Described in PP no. 6 of 2021 concerning Implementation of Business Licensing in the Regions that business licensing services in the regions carried out by DPMPTSP must use the OSS System managed by the Central Government. As well as provide opportunities for Regional Governments with the aim of developing a support system for implementing the OSS System in accordance with norms, standards, procedures, and the criteria set by the Central Government. The OSS system has actually been implemented since 2018 to speed up the permit process, but not all regions can run the OSS system. It is in the current Job Creation Law that DPMPTSP is required to use OSS.

One of them is currently in Lampung province, permits have been issued through the OSS system in accordance with Lampung Governor Regulation No. 07 of 2017 concerning Delegation of Authority in the Field of Licensing and Non-Licensing to the Investment and One-Stop Services Office of Lampung Province. The conveniences that are obtained for MSME actors in making permits with the implementation of the OSS system are:

- 1) Capable accessed directly, without going through intermediaries. MSME actors can access independently by directly accessing the OSS website, and fulfilling the requirements needed to make a permit. If MSME actors cannot do it independently, DPMPTSP can provide guidance in filling out the OSS website.
- 2) The implementation of the OSS system has cut the flow of permits in the regions. Prior to the enactment of the OSS system, permits administered by the DPMPTSP region had a fairly long flow and required time, which resulted in slow issuance of permits. DPMPTSP still has the authority to issue permits such as IMB, Location Permits, and Environmental Permits. This is because the permits that are taken care

at the DPMPTDP requirements needed by MSME actors to obtain NIB and IUMK, according to the level of risk of the business running.

However, the current provincial government of Lampung has not made any adjustments to the Job Creation Law and PP on the Implementation of Business Licensing in the Regions. If the Regional Government Regulations and Regional Head Regulations have not been prepared by the regional government, then in accordance with the Government Regulation on the Implementation of Business Licensing in the Regions, the regional government's authority in licensing can be withdrawn to the central government. This policy can eliminate regional authority in organizing and implementing spatial planning, including granting permit legality. Therefore, the provincial and district/city governments should make adjustments as soon as possible in accordance with the PP on the Implementation of Business Licensing in the Regions. Adjustments are also needed in accordance with PP No. 10 of 2021 which refers to the minimum capital owned by MSMEs as well as adjustments in the implementation of simplification of business licensing which can cause a reduction in regional original income sourced from taxes and levies. However, until now the Provincial Government of Lampung has not renewed the regional regulations which made adjustments since the enactment of the Government Regulation concerning MSME Licensing.

#### 4. Conclusions

The characteristics possessed by MSMEs can be said to be relatively safe from external factors, such as global economic conditions, because they rely more on domestic resources (raw materials). It is relatively easier to develop, causing MSMEs to increase every year. Licensing services were previously carried out by PTSA in the regions, but after innovation from the government in licensing services with the aim of making permits fast and transparent, the licensing services in PTSP accompanied by the OSS system are expected to help speed up permit issuance. The policies implemented in the regions are in accordance with PP no. 06 of 2021 concerning the Implementation of Business Licensing in the Regions must be in the form of Perda and Perkada. It is harmonized with the current Government Regulations, and implemented the OSS system in the regions, especially in Lampung Province. Currently, Lampung province does not have the latest regional regulations in accordance with PP on the Implementation of Business Licensing in the Regions are specially in the Regions. So, it is hoped that the regional government of Lampung province can speed up the process of implementing regulations in accordance with the Job Creation Law.

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- Minister of Home Affairs regulations No. 24 of 2006 Concerning Guidelines for One Stop Integrated Services