ARTICLE

EFFECTIVENESS OF BUSINESS LICENSE RENEWAL SERVICES (NIB FOR MSMES) THROUGH THE OSS SYSTEM AT THE INVESTMENT AND ONE-STOP INTEGRATED SERVICES OFFICE OF DENPASAR CITY

Ni Nyoman Reseani[1]*, Sri Sulandari[1]
Universitas Ngurah Rai Denpasar Bali, Indonesia[1]
Email: reseani0278@gmail.com*

Abstract

This research aims to analyze the effectiveness of business license extension services through the Online Single Submission (OSS) system at the Investment and Integrated One-Stop Service Office (DPMPTSP) of Denpasar City. OSS, as part of the digital transformation of public services, is designed to improve the efficiency, transparency, and accessibility of licensing services, particularly for Micro, Small, and Medium Enterprises (MSMEs). The research results indicate that administratively, the implementation of OSS has had a significant positive impact on the increase in the issuance of Micro and Small Business Licenses (IUMK), from 888 licenses in 2018 to 2,671 licenses in 2022. However, the effectiveness of the system is not yet optimal, marked by a realization of license achievements only reaching 89.03% of the target, and the continued high dependence of the community on manual assistance due to low digital literacyAnalysis using e-Government theory and the Design-Reality Gap from Heeks (2006) shows a gap between system design and the real capabilities of users. Identified barriers include limited access to technology, low technical understanding, and a lack of consistent support and socialization. Additionally, inadequate institutional capacity, minimal cross-sector integration, and still passive communication strategies also affect service effectiveness. Therefore, strengthening human resources, training in digital literacy, and developing an inclusive and adaptive service ecosystem are needed for OSS to truly function as an effective and equitable digital public service instrument.

Keywords: Effectiveness, OSS, business licensing, MSMEs, e-government, Denpasar.

A. INTRODUCTION

Public service is one of the important indicators in realizing good governance. In the era of administrative digitization, the quality of rapid, transparent, and corruption-free services becomes a benchmark for public trust in the state. Especially in the context of business licensing services, the existence of an efficient system greatly determines the ease of doing business, particularly for Micro, Small, and Medium Enterprises (MSMEs) which are the

ARTICLE

main drivers of the national economy (Ministry of Cooperatives and SMEs, 2021). Business legality such as the Business Identification Number (NIB) is a fundamental instrument to provide legal certainty, access to financing, and strengthen the bargaining position of small business actors.

The obligation to improve public services that are good and satisfactory to the community has become a necessity that must be fulfilled by the government. The absence of clear and easily understood service standards reflects the poor quality of public services and puts the community in a weak position when dealing with public administration. The government has issued the Minister of Administrative Reform's Decree Number 63 of 2003 on general guidelines for public administration, which contains criteria for excellent service, namely simplicity, clarity and certainty of service, safety, openness, efficiency, fairness, and timeliness in order to realize excellent service for the community. The government has an obligation in its implementation to improve services to the community and to address problems and obstacles faced in its implementation, including internal constraints which originate from within the agency itself, as well as external constraints which come from business actors.

Service users in relation to the public services they handle, in addition to that, employees have an obligation to provide maximum service to business actors as a whole (Agustino, 2014). Based on this, to address the issues faced, the Minister of Home Affairs Regulation Number 24 of 2006 concerning Guidelines for Investment Facilitation and Integrated Services was issued, which is a guideline that regulates the fundamental principles and procedures for building an investment system as well as licensing and non-licensing that is accountable, transparent, democratic, efficient, effective, and simple. With services still relying on face-to-face interactions, the One Stop Integrated Service is a service conducted by the government for both licensing and non-licensing, with the management process starting from the application stage to the issuance of a document carried out in one place.

Therefore, it is hoped that public services that are fast, affordable, easy, transparent, certain, and accessible will be realized, in addition to enhancing the rights of citizens to public services. This integrated service can take the form of offices, departments, or agencies. The city of Denpasar has an office that handles licensing, namely the Investment and One-Stop Integrated Service Office (DPMPTSP). As we know, the life of the community is inextricably linked to licensing. Licensing is required when establishing buildings, business activities, medical practices, minimarkets, and many other types of licensing. The need for licensing must certainly be balanced with the provision of good licensing services from the government, especially the agencies responsible for managing licensing. The advancement of an era filled with the utilization of information technology should provide solutions to existing public service issues. Information technology can be utilized to improve services to be faster and more transparent, making public services more effective and efficient. Technology-based public services need to be implemented to reduce the risk of discrimination in providing services, uncertainty regarding service time or costs, and of course to reduce the occurrence of illegal levies that often happen.

The Investment and One-Stop Integrated Services Office (DPMPTSP) of Denpasar City has utilized information technology. Integrated Business Licensing Electronically or Online

ARTICLE

Single Submission, henceforth abbreviated as OSS, is a Business License issued by the OSS Institution for and on behalf of the minister, heads of agencies, governors, or regents/mayors to business actors through an integrated electronic system (Maulida, 2019). The OSS system was created by the government to reduce bureaucratic issues related to the convoluted process of licensing, which is time-consuming. The OSS system simplifies the management of various business licenses.

Other benefits of OSS that need to be known include facilitating the management of various business licenses, both prerequisites for doing business (licenses related to location, environment, and buildings), business licenses, and operational permits for business activities at both the central and regional levels through compliance with licensing requirements, providing facilities for business actors to connect with all stakeholders and obtain licenses safely, quickly, and in real-time, providing facilities for business actors to report and resolve licensing issues in one place, and providing facilities for business actors to store licensing data under one business identity (NIB). E-Government-based services provide more comprehensive information and services, facilitating the community in handling permits from the applicant stage to the document issuance stage, through the Online Single Submission (OSS). This online system-based service is presented as a form of excellent service to the community applying for permits in the City of Denpasar. (Sudrajat, et al., 2015).

Data shows that the implementation of OSS has a positive impact on the increase in the number of Micro and Small Business Permits (IUMK). Before OSS, the number of IUMK issued in 2018 was only 888, but after the implementation of OSS, that figure increased to 1978 in 2019 and reached 2671 in 2022 (DPMPTSP Kota Denpasar, 2023). This reflects the efficiency of OSS in the aspects of licensing administration. However, the effectiveness of OSS has not been fully optimal. Based on the evaluation of the realization of permit issuance targets, the achievement in 2022 was still at 89.03% of the target of 3000. This means there is still a gap between expectations and realization in the field.

Furthermore, a number of technical and structural obstacles have emerged. Some MSME actors in Denpasar City still face difficulties in operating the OSS system due to limitations in digital literacy, access to devices, or technical understanding such as creating emails, scanning documents, and uploading files. This forces people to visit the DPMPTSP office directly to seek assistance from officers, which in turn hinders the essence of independent online services. This reality shows a disparity between the system design and the readiness of the user community's resources.

In addition, digital-based licensing services also require clear regulatory support, training for service personnel, and periodic system evaluations. According to Agustino (2014), good public service should be based on the principles of simplicity, legal certainty, openness, efficiency, and accessibility. The implementation of OSS still needs to be evaluated in terms of service quality, effectiveness of information delivery, processing speed, and user satisfaction from the community as system users.

ARTICLE

Figure 1. Investment Realization Data 2023-2024

The increase in regional investment is an important indicator in measuring the quality of governance and public services, especially in terms of ease of doing business. Denpasar City, as the center of economic growth in Bali Province, has demonstrated very significant investment performance over the past two years. According to data from the Investment Coordinating Board and One Stop Integrated Services (DPMPTSP) of Denpasar City, the actual investment value in 2023 was recorded at Rp 4.25 trillion, and sharply increased to Rp 7.20 trillion in 2024. This increase reaches 69.1%, reflecting the strong positive response of the business world to the investment climate in Denpasar (DPMPTSP Denpasar City, 2025).

The increase in investment realization is closely related to the role of a digital and integrated licensing service system, one of which is the implementation of the Online Single Submission (OSS) system. This system allows the business licensing process, including the issuance and extension of the Business Identification Number (NIB) for MSME actors, to be carried out online and more efficiently. The DPMPTSP of Denpasar City, as the institution managing licensing services, has adopted OSS as part of public service transformation to cut bureaucracy, enhance transparency, and expedite business service processes.

However, behind these achievements, there are still challenges in the implementation of OSS services at the MSME level. Although this system is designed to simplify the licensing process, reality shows that some members of the community, especially MSME actors from older age groups, those with low digital literacy, and those who do not have adequate technological devices, still face obstacles in using OSS independently. As a result, many business actors continue to rely on direct assistance at DPMPTSP offices, which has the potential to burden service resources and reduce the effectiveness of online services.

In addition to technical aspects, the achievements of OSS are also influenced by the quality of public services provided by DPMPTSP, such as service speed, clarity of procedures, and user satisfaction. The investment realization dashboard displayed in the annual report shows that a total of 15,055 users were involved in the investment process in 2024, indicating a high intensity of public interaction with licensing services. This emphasizes the importance of evaluating the effectiveness of OSS services, particularly regarding the extension of

business licenses (NIB UMKM), which is a primary requirement for small business actors to survive and grow in the formal business ecosystem.

Based on these conditions, this research is important to conduct in order to assess the effectiveness of business license extension services (NIB MSMEs) through the OSS system in Denpasar City. This evaluation is not only beneficial in assessing the quality of the digital-based public service system, but also serves as a recommendation for strengthening local government policies in realizing inclusive, efficient, and equitable licensing services.

B. LITERATURE REVIEW

This literature review aims to examine various previous studies and relevant theories related to the effectiveness of business licensing services through the Online Single Submission (OSS) system, especially in the context of the extension of business licenses for Micro, Small, and Medium Enterprises (MSMEs). This literature is also intended to show the current position of research in the academic landscape and identify gaps that can be filled by the conducted research.

Maulida (2019) in her research highlights that the implementation of OSS has successfully simplified the licensing process that was previously considered complex and bureaucratic. With OSS, business actors can apply for permits online through a single integrated portal. Nevertheless, the main obstacle faced is the low digital literacy of some community members, which causes some business actors to struggle in accessing and using the OSS system independently.

Kurniawan and Setiawan (2021) in a case study in Sleman Regency show that the effectiveness of OSS is greatly influenced by the readiness of human resources in service agencies and the availability of technical assistance in the field. They recommend the need for strengthening digital education and the active role of officials at the local level in assisting the community in operating the online licensing system.

Meanwhile, Sari and Nurrahman (2022) examined the level of public satisfaction with the OSS services in Bandung City and found that satisfaction was still categorized as moderate. This is influenced by the lack of socialization of the system, limited internet access, and minimal training provided to the public. This study emphasizes that technology cannot operate optimally without being supported by an empowerment approach.

Another important research was conducted by Mettayuni (2023) which specifically examined the Implementation of OSS in the IUMK Publishing at DPMPTSP of Denpasar City. She found that the OSS system does indeed bring efficiency to services, but its implementation still faces significant obstacles. Among them are the limited technical understanding of the user community, dependence on OSS officers at the DPMPTSP office, and the lack of optimal synergy between the agency and stakeholders at the village level. Mettayuni emphasizes the importance of cross-sector collaboration and strengthening OSS support staff to enhance service inclusivity.

Data from the Ministry of Cooperatives and SMEs (2021) also supports that there are still many MSME actors who do not have NIB due to system constraints, limited socialization, and uneven access to information. This indicates a gap between the ideal objectives of the OSS system and its implementation in the field, especially for small business actors who do not yet have adequate technological capacity.

In the era of government digital transformation, the concept of e-government has become an important foundation in explaining the changes in how the government delivers services to the

ARTICLE

public. E-government refers to the use of information and communication technology (ICT) by government agencies to improve efficiency, effectiveness, transparency, and accountability in public service (Heeks, 2006). One of the tangible implementations of e-government in Indonesia is the application of the Online Single Submission (OSS) system in the business licensing process, including for Micro, Small, and Medium Enterprises (UMKM).

To understand the dynamics of success and failure in the implementation of OSS, the Design-Reality Gap theory developed by Richard Heeks (2006) can be used as the main analytical framework. Heeks explains that many e-government projects fail or are ineffective because there is a significant gap between the system design created by policymakers and the realities in the field faced by users or executors. This gap includes aspects of technology, business processes, organizational structure, culture, human resource capacity, and the socio-economic factors of the user community.

In the context of OSS, the system design is formulated under the assumption that the entire licensing process can be carried out digitally, quickly, and independently by business actors. However, the reality on the ground shows that most UMKM actors, especially in areas like Denpasar City, still face challenges in accessing and operating the OSS system independently. These obstacles include limited digital literacy, uneven internet access, a lack of understanding of the technical procedures of the OSS system, and dependence on assistance from service officers at the DPMPTSP office (Mettayuni, 2023). This gap explains why OSS services have not yet been fully effective even though the system is available online and integrated.

Furthermore, Heeks (2006) identifies seven main dimensions in the gap between design and reality, namely: data, technology, business processes, objectives, values, management, and competencies. In OSS services, for example, the disparity between the data required by the system and the data possessed by business actors can lead to input process failures. Meanwhile, the misalignment between the objectives of the OSS system and the expectations of the user community can also lead to dissatisfaction with the services provided. Therefore, the effectiveness of the OSS system greatly depends on how small this gap is, as well as on the local government's ability to bridge the system design with the reality of community needs and capacities.

As explained in this document, the OSS system in Denpasar City has increased the number of Micro and Small Business Licenses (IUMK) issued, but still shows a gap in its realization, achieving only 89.03% of the target (DPMPTSP Denpasar City, 2023). This serves as an indicator that the existence of OSS has not fully answered the reality of user needs, especially for UMKM that have limited access and digital competence. In line with Heeks' concept, these challenges must be analyzed holistically so that the development of OSS going forward is not only oriented towards administrative efficiency but also towards aspects of inclusivity and digital justice.

Thus, Heeks' e-government theory makes a significant contribution to evaluating the effectiveness of digital public services, not only from the perspective of administrative output but also from social dimensions and user capacity. This theory allows researchers to examine the speed and accuracy of the OSS services, as well as to assess whether this system is truly accessible and utilized equitably by all layers of society. Therefore, in this research, the design-reality gap theory is used as the main framework to analyze the effectiveness of the business license extension service (NIB UMKM) through the OSS system at the DPMPTSP of Denpasar City.

C. RESEARCH METHODOLOGY

This research uses a qualitative approach with a case study method to gain an in-depth understanding of the effectiveness of business license extension services through the Online Single Submission (OSS) system at the Investment and One-Stop Integrated Services Office (DPMPTSP) of Denpasar City. A case study was chosen because it allows for a comprehensive analysis of various social, administrative, and technological aspects that influence the success and obstacles in the implementation of OSS. The research location is at the DPMPTSP of Denpasar City as the institution providing digital licensing services, as well as Micro, Small, and Medium Enterprises (UMKM) as the main users of the OSS system in the Denpasar City area. The research is conducted in the year 2024. The main informants in this study include OSS implementation officers, heads of licensing service departments, and information technology managers at the DPMPTSP of Denpasar City, while supporting informants consist of UMKM actors with diverse backgrounds in terms of age, education level, and digital skills. Purposive sampling technique was used to select informants who have relevant experience and knowledge regarding OSS services.

Data collection was conducted through several methods, namely in-depth interviews with officers and MSME actors to explore their experiences, obstacles, and perceptions related to the use of OSS. In addition, participatory observation was also carried out to obtain a direct depiction of the OSS service process in the field. Secondary data in the form of statistical reports on the issuance of Micro and Small Business Licenses (IUMK), OSS policy documents, as well as socialization and training materials were also collected to enrich the analysis. A literature study approach was undertaken to review theories related to e-government and Richard Heeks' concept of the design-reality gap, which serves as the primary theoretical framework in this research.

Data analysis was conducted using thematic analysis techniques that combine inductive and deductive approaches. The inductive approach was used to identify patterns and themes emerging from field data regarding the barriers and successes of OSS, while the deductive approach compared empirical findings with e-government theory and the dimensions of gaps proposed by Heeks, such as gaps in technology, business processes, and user competence. The analysis process includes stages of coding, categorization, and interpretation of data to gain a comprehensive understanding of the effectiveness of OSS. Data validity is maintained through source triangulation by gathering data from various informants with different perspectives, method triangulation that combines interviews, observations, and documentation, as well as member checking by confirming the findings with informants to ensure the accuracy of interpretations. In the implementation of the research, ethical standards are upheld by obtaining official permission from the DPMPTSP of Denpasar City, ensuring the confidentiality of informants' identities, and obtaining written consent from all participants before data collection begins.

D. RESULT AND DISCUSSION

The Effectiveness of Business License Extension Services (NIB UMKM) Through the OSS System at the Investment and One Stop Integrated Service Office of Denpasar City

The administrative effectiveness of the implementation of the Online Single Submission (OSS) system can be viewed as a tangible representation of the success of e-government in digitizing public services systematically. As a national policy instrument designed to accelerate and simplify the business licensing process, OSS has emerged as a response to the

ARTICLE

complexities of bureaucracy that have long been a primary complaint among business actors, especially Micro, Small, and Medium Enterprises (UMKM). From the perspective of e-government, this system reflects the application of information and communication technology (ICT) to improve the efficiency, effectiveness, transparency, and accountability of government institutions in providing services to the public (Heeks, 2006). The implementation of OSS in Denpasar City, as recorded by the Investment Coordinating Board and One Stop Integrated Services (DPMPTSP), shows that this digital transformation has resulted in a significant increase in administrative outputs. The number of Micro and Small Business Licenses (IUMK) that have been successfully issued has surged from just 888 licenses in 2018, before OSS was implemented, to 1,978 in 2019 when the system began operating, and continued to grow to 2,671 in 2022. This data not only shows the quantity of output but also reflects the success of the agency in managing service volume more efficiently and standardized.

Structurally, the OSS has streamlined various bureaucratic stages that previously required a tiered face-to-face process, the availability of physical documents, and manual decision-making that was prone to procedural discrepancies and rent-seeking practices. With the OSS system, services are provided electronically, integrated, and based on traceable data, which not only accelerates the time for completing permits but also strengthens accountability and transparency in every service process. Business actors can now access licensing services anytime and from anywhere, as long as they have internet access and digital devices, which in turn improves the perception of ease of doing business in the City of Denpasar. This success aligns with the main indicators of e-government in enhancing governmental operational efficiency and significantly reducing the administrative burdenFurthermore, OSS also contributes to strengthening the national licensing data management system, through the Business Identification Number (NIB) which serves as a single identity for business actors in various sectors.

Thus, the OSS not only provides online services, but also creates a comprehensive and real-time licensing database, which is very useful in formulating data-based public policies (e-policy making). This is important, considering that the effectiveness of public service in the digital era is not only assessed by the speed of service, but also by its quality, reliability, and ability to support strategic decision-making accurately and oriented towards public needs. Therefore, the administrative effectiveness of OSS is not only successful in reducing bureaucratic burdens, but has also transformed the paradigm of public services from a conventional system to one that is more adaptive to the demands of modern society that seeks easy, fast, and transparent access. This success also demonstrates that the implementation of OSS can drive the creation of a conducive investment climate in Denpasar City, as reflected in the significant increase in investment realization during the 2023–2024 period. In this context, OSS has fulfilled a strategic role as a catalyst for reforming public services based on information technology, and affirms that well-designed and managed e-government applications can be a solution to fundamental issues in public services, namely delays, uncertainty, and low bureaucratic accountability. Thus, both theoretically and empirically, the administrative effectiveness of OSS can be recognized as a concrete indicator of the success

ARTICLE

of e-government implementation at the local level that is worthy of replication and further development.

Although the implementation of the OSS system in Denpasar City shows encouraging achievements from an administrative perspective, the actual reality on the ground reveals a substantial gap between the system design and the actual capacity of the user community. This phenomenon aligns with the concept of the design-reality gap proposed by Richard Heeks (2006), which explains that many e-government projects fail or do not reach their maximum potential due to a mismatch between system planning (design) and reality on the ground (reality). In the context of OSS, this system is designed with the basic assumption that all business actors, including the MSME sector, have adequate access to information technology, basic digital skills, and an understanding of the structured online service procedures. This assumption reflects a normative and idealistic design approach, without thoroughly considering the diverse social, economic, and cultural capacities of the system users, especially small-scale business actors.

Research results reveal that most MSME actors in the city of Denpasar, who come from the elderly demographic, have low education levels, or are not accustomed to using digital technology, face serious obstacles in accessing and operating the OSS independently. The challenges they experience are not only technical but also structural, such as the inability to create and manage emails, difficulties in scanning and uploading documents, ignorance of the OSS procedural stages, and a lack of guidance and intensive socialization from the implementing agencies. This reality shows that technology-based public services do not automatically improve the quality of access and service effectiveness if not accompanied by simultaneous capacity building for users. In other words, digital transformation that is not accompanied by a community empowerment strategy can actually widen the gap in access to services and strengthen digital exclusion for vulnerable groups.

Furthermore, the unpreparedness of some segments of society to face a complex digital system can create a new dependency on the presence of manual staff at service offices, thus reducing the meaning of OSS as an independent system that should minimize face-to-face interactions and enhance service efficiency. This indicates that the success of information technology in the public sector is not only determined by the sophistication of the system, but also by the suitability of the system with the actual capacity of its users. In the framework of Heeks' theory, this situation illustrates a gap in the dimensions of competence, business processes, and management, where the structure of digital services is not organically connected to the socio-cultural reality of the service users. Therefore, the effectiveness of OSS as an e-government instrument greatly depends on the ability of local governments to minimize the gap between design and reality, through the formulation of supportive policies such as digital literacy training, provision of supporting infrastructure, and involving local communities in the socialization and assistance of system implementation. Only with a comprehensive and inclusive approach can OSS optimally function as a tool for bureaucratic transformation that is not only administratively efficient but also fair and socially effective.

According to Richard Heeks (2006), the failure or ineffectiveness of e-government implementation is not solely due to weaknesses in technology or the policies themselves, but rather because of a significant gap between the system design and the actual conditions of

users in the field. Heeks identifies seven key dimensions that are potential sources of failure in the implementation of digital systems in government, namely: data, technology, business processes, goals, values, management, and competency. In the context of the implementation of the OSS (Online Single Submission) system in the city of Denpasar, this research found that the most striking gaps exist in three main dimensions: technology, business processes, and competency. The technology dimension refers to the gap between the infrastructure and technical capabilities required by the system and the actual conditions possessed by the user community. Many SMEs in Denpasar do not yet have adequate access to technology devices, such as computers or stable internet networks, and have not mastered the basics of using online systems, such as creating emails, uploading documents, or understanding digital service processes independently.

Meanwhile, the gap in the business process dimension is evident from the system's assumption that every user is able to follow procedures systematically and independently. In reality, most business operators still rely on help from officers at the DPMPTSP office to complete their license extension processes. This not only reflects the limitations of user capacity but also creates a structural dependency that adds to the workload of the officers and reduces service efficiency. In fact, the basic principle of OSS is to reduce face-to-face interactions, speed up services, and shift some administrative responsibilities to users independently through an online system. When this principle does not function properly, the effectiveness of OSS as an e-government instrument becomes suboptimal, even tending to cause dysfunction in digital public services. The third gap, which is in the aspect of competence, shows that MSME actors do not have digital literacy capacities that meet the minimum standards for using the OSS system. This low level of competence impacts the quality of service inputs, the frequency of technical errors, and the duration of time required to complete a licensing cycle.

Furthermore, when viewed from the perspective of quantitative achievement, the realization of IUMK issuance in the city of Denpasar in 2022 only reached 89.03% of the target of 3,000 permits. This gap does not solely reflect administrative failure but rather the existence of systemic barriers stemming from the disparity between policy designs that prioritize digital efficiency and the social and economic conditions of service users, who are not yet fully prepared. This mismatch reflects a weak adaptive approach from policymakers in considering user variables, which should be central to the development of public service systems. Therefore, a people-centered e-government approach is crucial to be implemented, where the success of the system is not only measured by its technological aspects but also by how accessible, usable, and beneficial it is for all layers of society fairly and equally. If this gap is not bridged soon, then the goal of digitizing public services will be reduced to merely a technical transformation, without producing substantive changes in the quality of the service itself.

Although the Investment and One-Stop Integrated Services Agency (DPMPTSP) of Denpasar City has made several improvement efforts in the implementation of the Online Single Submission (OSS) system, such as opening a help desk, providing manual assistance at service offices, and internal training for implementing personnel, the effectiveness of these interventions still faces various limitations on the ground. Research results indicate that the

ARTICLE

number of officers available to assist the public in the operationalization process of OSS is not proportional to the increasing number of service applicants. The disparity between human resource capacity and the workload of services is one of the hindering factors in optimizing the system, which ultimately affects the overall quality of services. In addition, the OSS socialization strategy implemented by DPMPTSP is still passive and limited to digital channels such as social media or the official website of the agency, without direct and participatory approaches to grassroots MSME communities, especially those located in suburban areas that generally have limited access to information and technological infrastructure.

In the framework of inclusive e-government development, the existence of technology-based public service systems cannot stand alone without strengthening the supporting ecosystem that can ensure equitable accessibility of services. This strengthening can be carried out through a number of strategic approaches, such as providing digital facilities at the village and sub-district levels (for example, OSS service corners or public computer spaces), conducting regular digital literacy training for MSME actors, and involving local actors such as village officials, cooperatives, entrepreneurship communities, and educational institutions as collaborative partners in expanding service outreach. Involving local actors is very important because they have cultural and social proximity to the local community, making them more effective in bridging the information gap, building public trust, and gradually promoting changes in administrative behavior. In addition, a community-based approach also allows for the creation of service models that are responsive and adaptive to the specific needs of target groups, which may not always be achievable through conventional service mechanisms.

In the context of digital public policy, the success of a system is not only measured by its technical availability, but also by the extent to which the system can reach and empower all levels of society, including groups that are structurally underserved. Therefore, the OSS system requires cross-sectoral and cross-level government support to achieve its primary objective as an instrument of bureaucratic reform that is efficient, transparent, and fair. If this supporting ecosystem is not built in an integrated manner, then digital systems like OSS risk only benefiting those segments of society who are already technologically literate, while others remain left behind and experience exclusion from modern public services. Thus, strengthening local institutions, redistributing service resources, and community-based empowerment approaches must be an integral part of the strategy for developing digital public services at the regional level.

Normatively, the OSS is designed to simplify bureaucratic processes, increase the speed and efficiency of services, and ensure transparency and accountability in the licensing process through an integrated electronic system. However, based on in-depth interviews with MSME actors and implementing staff at DPMPTSP, it was found that although this system provides structural convenience, small business actors still face significant obstacles in independently accessing these services. Most MSME actors lack technical skills such as creating and managing emails, uploading documents online, and understanding procedures for OSS-based services. This causes the majority of people to still prefer to go directly to the DPMPTSP

office to get technical assistance, so OSS has not fully replaced the face-to-face system as expected.

Other findings indicate that in terms of target achievement, the realization of IUMK issuance through OSS has still not been able to meet the 100% annual target set. For example, in 2022, out of a target of 3,000 permits, only 2,671 permits were achieved, or about 89.03%. This reflects the existence of systemic constraints that arise not only from user capacity but also from limited institutional support, including the lack of OSS assistance officers, as well as uneven socialization especially in the outskirts of Denpasar City.

Factors hindering the effectiveness of extending business licenses (NIB SMEs) through the OSS system at the Investment and One-Stop Integrated Service Office of Denpasar City.

The factors that hinder the effectiveness of the Online Single Submission (OSS) system in Denpasar City have become increasingly systematically identified when analyzed through the E-Government theoretical framework proposed by Richard Heeks. Both theoretical approaches complementarily emphasize that the success of a public policy is not only determined by the quality of its formulation but also heavily relies on several strategic variables in the implementation process, such as the adequacy and capability of resources, the effectiveness of policy communication, the disposition or attitude of the implementers, and the organizational structure of the supporting bureaucracy. In the context of OSS, research findings indicate that the effectiveness of the system still faces fundamental challenges, particularly in the dimension of human resources. Both quantitatively and qualitatively, the available human resources at the Investment and One Stop Integrated Service Office (DPMPTSP) of Denpasar City are not yet fully capable of meeting the increasing workload of OSS services. Quantitatively, the number of assisting officers is not proportional to the number of business actors needing technical guidance. Meanwhile, qualitatively, not all personnel possess adequate digital competencies or public communication skills to deliver information technology-based services efficiently and professionally.

Furthermore, the effectiveness of OSS is also hindered by a significant digital literacy gap among users, particularly among Micro, Small, and Medium Enterprises (MSMEs). The still low ability to use digital devices and the minimal understanding of OSS operational procedures lead many business actors to struggle in accessing services independently. This widens the gap between the design of self-service-based systems and the social reality of users who are not yet fully ready technologically. In this regard, Edwards III emphasizes that communication is a fundamental aspect of policy effectiveness, particularly in ensuring that policy information is conveyed clearly, inclusively, and contextually to the target audience. Unfortunately, the communication strategy implemented by the OSS executing agency so far has been passive and tends to be one-way, with a dominance of social media and official website usage without being complemented by a participatory approach and direct community outreach. As a result, community groups located in peripheral areas or not part of formal communities often face obstacles in obtaining adequate information and technical assistance.

In addition, the effectiveness of the OSS system is hindered by the weak institutional synergy between local governments, village or sub-district officials, and local community

actors in educating and empowering the community. The lack of cross-sector coordination reflects the suboptimal structure of the bureaucracy in forming collaborative working mechanisms that are adaptive to the needs of the digital society. According to Grindle, the effectiveness of policy implementation heavily depends on the configuration of implementing actors, the dynamics of inter-institutional relationships, and the institutional capacity to adjust to local contexts. In practice, the attitudes or dispositions of policy implementers have not fully supported the ongoing digital transformation. Some officials have not shown commitment and readiness to take on the role of facilitator for responsive and proactive digital public services that address the diverse needs of the community.

Thus, it can be concluded that the barriers to the effectiveness of OSS in Denpasar City are not only due to technical system issues but also due to the complexity of structural and institutional problems. Without strengthening human resources, open and adaptive policy communication, and institutional reforms that support collaborative cross-sectoral work, the effectiveness of OSS risks stagnating or even deviating from its original goals, namely providing public services that are fast, transparent, and affordable through the use of digital technology. Therefore, a policy strategy is needed that places capacity building for officials, community empowerment through digital literacy, and the establishment of institutional networks as key prerequisites in creating an effective, inclusive, and sustainable digital public service system.

E. CONCLUSION

Based on research findings examining the effectiveness of business license extension services (Business Identification Number/NIB) through the Online Single Submission (OSS) system at the Investment and One-Stop Integrated Services Office (DPMPTSP) of Denpasar City, it can be concluded that the OSS system has made a significant contribution to improving administrative efficiency in the licensing service process, particularly for Micro, Small, and Medium Enterprises (UMKM). The implementation of OSS has encouraged improvements in terms of speed, information transparency, and standardization of service procedures that were previously manual and bureaucratic. This is reflected in the increase in the number of Micro and Small Business Licenses (IUMK) issued post-OSS implementation, indicating a positive shift in the performance of digitally based public services.

However, the overall effectiveness of the OSS system cannot yet be stated as optimal when viewed from the dimensions of accessibility, affordability, and user capacity. Referring to e-Government theory and the Design-Reality Gap proposed by Heeks (2006), a substantial gap has been found between the design of the OSS system, which is based on rational assumptions and technology readiness, and the social reality of a society that does not yet fully possess digital competencies, procedural understanding, or access to information technology devices. This indicates that the success of digital systems in public service cannot be measured solely by the existence of infrastructure and software, but also by the suitability and compatibility of the system with the objective conditions of the service users.

Another inhibiting factor is the still limited institutional capacity to support the implementation of OSS (Online Single Submission) inclusively. The limited number of accompanying officers, lack of technical training for apparatus, and a passive communication

strategy that does not reach the MSME communities in peripheral areas pose significant obstacles. In addition, the suboptimal integration across sectors, both between local governments, villages/sub-districts, and community institutions, results in limited ecosystem support for the collaborative and participatory implementation of OSS. This indicates that the success of digital public services depends not only on technological dimensions but also on strengthening governance, developing human resources capacity, and improving community digital literacy.

Thus, the effectiveness of OSS in the context of business license extension services in Denpasar City can thus far only be categorized as effective from an administrative and procedural perspective, but it has not yet fully succeeded in substantive aspects related to inclusivity, community empowerment, and equitable access to services. To achieve comprehensive and just effectiveness, policy reformulation is needed that emphasizes participatory approaches, institutional capacity building, community-based socialization expansion, and equitable provision of supporting facilities and infrastructure. Digital transformation in public services must be built not only as a response to bureaucratic efficiency demands but also as a strategic effort to create adaptive, inclusive, and sustainable services in facing the challenges of a digital society in the modern era.

REFERENCE

Abdul Wahab, Solichin. 2008. *Analisis Kebijakan dari Formulasi ke Implementasi Kebijakan Negara*. Jakarta : Bumi Aksara

Adi Santoso   (2021), Analisis Penerapan Online Single Submission (OSS) Terhadap Kinerja Pelayanan Perizinan Usaha di Kabupaten Jombang

Agustino, Leo. 2014. Dasar-Dasar Kebijakan Publik. Bandung: Cv. Alfabeta.

Agus,Erwan Purwanto dan Dyah Ratih Sulisyastuti. 2012.Implementasi Kebijakan Publik.Konsep dan Aplikasinya di Indonesia. Yogyakarta : Gava Media.

Bitner, Zeithaml. 2003. Reassement Of Expectations As A Compaison Standar In Measuring Service Quality :Implication For Futher Reseacrh. Journal Of Marketing. January (58)111-124

Fahdly Usman (2018), Pelaksanaan Pelayanan Publik Melalui Sistem Mobile Elektronik (Simolek) Pada Dinas Penanaman Modal dan Pelayanan Terpadu Satu Pintu Kota Pekanbaru

Febriyanti. 2014. Pelaksanaan Pemberian Izin Oleh Kepolisian. Lampung: Universitas Lampung.

Grindle, Merilee S. (ed). 1980. Politics and Apolicy Implementation in The Third World. New Jersey : Princetown University Press

Henny Sukmawati (2020), Penerapan Online Single Submission (OSS) terhadap perizinan Usaha Mikro, Kecil dan Menengah di Kota Batam

https://pelayanan.denpasarkota.go.id/portal/ Diakses tanggal 19 Juli 2025

http://oss.go.id Diakses tanggal 19 Juli 2025

ARTICLE

Keputusan Menteri Pendayagunaan Aparatur Negara Nomor 63 Tahun 2003 Tentang Pedoman Umum Penyelenggaraan Pelayanan Publik

Marlina. 2018. Efektivitas Sistem Perizinan Online dan Tracking Sistem (SPOTS) pada Dinas Penanaman Modal dan Pelayanan Terpadu Kabupaten Siak. Universitas Riau.

Maulida, Dedi. 2019. Efektivitas Penerapan Online Single Submission (OSS) Pada Dinas Penanaman Modal dan Pelayanan Terpadu Satu Pintu Kabupaten Pelalawan. Universitas Islam Negeri Sultan Syarif Kasim Riau

Moenir, H.A.S. 2008. Manajemen Pelayanan Umum di Indonesia. Jakarta : PT Bumi Aksara

Moleong, Lexi J. 2005. Metodologi Penelitian Kualitatif. Bandung : Remaja Rosdakarya

Naditya,Dkk. 2013. Implementasi Peraturan Daerah Kota Malang Nomor 10 Tahun 2010.Jurnal Administrasi Publik (JAP), Vol 1, No 6.

Novia Sari (2019), Analisis Tingkat Kepuasan Pemohon Pelayan Online Single Submission (OSS) di Kota Bandung

Nugroho. 2014. Public Policy: Teori, Manajemen, Dinamika, Analisis, Konvergensi, dan Kinerja Kebijakan. Edisi Kelima, Revisi. Jakarta :PT Elex Media Komputindo.

Pasolong, Harbani. 2005. *Teori Administrasi Publik*. Bandung : Alfabeta

Peraturan Menteri Dalam Negeri Nomor 24 Tahun 2006 Tentang Pedoman Penyelenggaraan Pelayanan Terpadu Satu Pintu

Peraturan Menteri Pendayagunaan Aparatur Negara dan Reformasi Birokrasi Nomor 15 Tahun 2014 Tentang Standar Pelayanan

Peraturan Pemerintah Nomor 24 Tahun 2018 Tentang Pelayanan Perizinan Berusaha terintegrasi Secara Elektronik

Peraturan Menteri dalam Negeri Nomor 83 Tahnu 2014 Tentang Pedoman Pemberian Izin Usaha Mikro dan Kecil.

Peraturan Menteri Koperasi dan Usaha Kecil dan Menengah Nomor 2 Tahun 2019 tentang Perizinan Berusaha Terintegrasi Secara Elektronik Bagi Usaha Mikro dan Kecil

Peraturan Presiden Nomor 98 Tahun 2014 tentang Perizinan untuk usaha Mikro dan Kecil.

Puji Sari (2019), Analisis pemanfaatan Online Single Submission (OSS) dalam Pelayanan Perizinan Indonesia

Safri (2021), Penerapan Sistem Online Single Submission (OSS) pada pelayanan perizinan berusaha di Kabupaten Pesisir Selatan

Santos, J. dan Boote, J. 2003. *A Theoretical Exploration and Model of Consumer Expectation, Post-Purchase Affective Stages and Affective Behaviour,, Journal of Cumsumer Behaviour*, Vol. 3, No. 2, pp. 142-156

Singarimbun, M. 2006. *Metode penelitian Survei*. Jakarta. LP3ES

Sudrajat, R. K., Endah, S., & Sukanto. 2015. *Efektivitas Penyelenggaraan E- Government pada Badan Pelayanan Perizinan Terpadu Kota Malang*. Jurnal Administrasi Publik, 3(12), 2145–2151

Syahida Dkk. 2014.*Implementasi Perda Nomor 14 Tahun 2009* di Kelurahan Tanjung Pinang.

Sugiyono. 2005. *Memahami Penelitian Kualitatif*. Bandung: CV. Alfabeta. Sugiyono. 2009. *Metode Penelitian Kuantitatif, Kualitatif dan R&D*, Bandung:

Alfabeta

Sugiyono. 2010. *Metode Penelitian Pendidikan Pendekatan Kuantitatif, kualitatif, dan R&D*.

Bandung: Alfabeta

Tahir. 2014. *Kebijakan Publik dan Transparansi Penyelenggaraan Pemerintah Daerah*.Cetakan Kesatu.Bandung:Alfabeta CV

Undang-Undang Nomor 20 Tahun 2008 tentang Usaha Mikro, Kecil, dan Menengah.

Undang-Undang Nomor 25 Tahun 2009 tentang Pelayanan Publik

Waluyo. 2007. *Manajemen Publik* : (*Konsep,Aplikasi dan Implementasi dalam Pelaksanaan Otonomi Daerah*). Cetakan I. Bandung : Mandar Maju.

Wiwin Tarwini (2019), Inovasi Pelayanan Perizinan Melalui Online Single Submission (OSS) Pada Dinas Penanaman Modal dan Pelayanan Terpadu Satu Pintu Kabupaten Bekasi

Wulandari, Cici Malita. 2019. Efektivitas Penerapan E-Goverment Melalui Sistem Informasi Pelayanan Terpadu (SIPPADU) di Kabupaten Kuantan Singingi. Universitas Riau