

## Enhancement the Competitiveness of Serang MSME's Through Legality Analysis of The Role of Public Policy

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### Abstract

*Licensing is one of the main things that must be owned by people who want to establish MSMEs in Indonesia. There are several types of licensing that must be taken according to the type of MSME you want to establish. More and more detailed permits are usually owned by food and cosmetic MSMEs because they are directly related to consumer health. Meanwhile, for small and medium enterprises (SMEs) permits can only be issued by districts or cities and must submit a Taxpayer Identification Number (NPWP). It is hoped that this regulation will provide the business community with protection, legal certainty, assistance, and ease of access to financing through banking and non-banks. Since 2018, the implementation of the Online Single Submission System (OSS) still often encounters various obstacles, for example from the number of business actors who come to apply for permits, not all of them have completed obtaining business and commercial permits. Some who register only get a Business Identification Number (NIB), a study on the role of legality on the competitiveness of MSME's and the policies that support it are very important to do, especially in cities or districts that still lack knowledge of these problems, for this reason this research was carried out by taking 30 saturated samples from the agribusiness SME community in the city of Serang, Banten province. Quantitative analysis was performed using the PLS method. The results show that legibility does have an effect on increasing the competitiveness of SMEs by 34.07%.*

### Keywords

MSME's; Serang city; Banten; legality; competitiveness



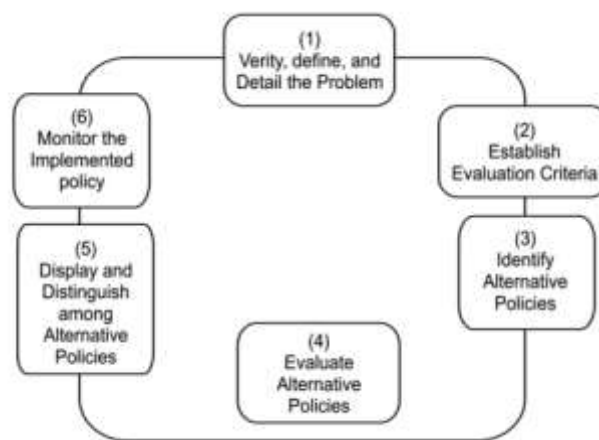
### I. Introduction

Since 2018, the Indonesian government through the DPMPTSP has provided many work programs related to licensing, such as the OSS application programs. Due to the article 7 paragraph 1 (one) states that local governments are welcome to make a policy or regulation according to the aspects described in Article 7 according to the business climate in the area. In addition to the mandate of Law Number 20 of 2008, Law Number 9 of 2015 concerning Regional Government in terms of the division of government affairs states that cooperatives, small and medium enterprises are concurrent affairs which are mandatory affairs of the authority of regional governments both provincial and district / city (Article 11 and 12). After the enactment of Presidential Regulation Number 91 of 2017 concerning the Acceleration of Business Implementation, the government issued a policy to speed up and facilitate business services by using information technology through the Electronically Integrated Business Licensing System (Online Single Submission). One of the policy agendas is to reform business licensing regulations. In reforming these regulations, every central and regional government must understand the concept of licensing regulatory reform, how the basic principles of policies to accelerate business implementation and the

concept of evaluating regulations related to the implementation of the business licensing process, so that an integrated business implementation system can be created in Indonesia.

The implementation of risk-based business licensing through the OSS system is also the implementation of Law Number 11 of 2020 concerning Job Creation. Risk-based OSS must be used by business actors, Ministries/Agencies, Regional Governments, Special Economic Zone Administrators (KEK), and Free Port Free Trade Zones (KPBPB). Based on Government Regulation Number 5 of 2021, 1,702 business activities consist of 1,349 Indonesian Standard Classifications of Business (KBLI) implemented in the Risk-Based OSS System. Meanwhile, 353 KBLI that have not been regulated in Government Regulation Number 5 of 2021 will be implemented in the system no later than the end of August 2021. According to a statement from the Special Staff of the Minister of Investment/BKPM Tina Talisa quoted on Thursday, August 12, 2021, Risk-Based OSS provides services for business actors who are divided into two large groups, namely Micro, Small, and Medium Enterprises (UMK) and non-UMK. To take advantage of the Risk-Based OSS system, business actors must have access rights. Meanwhile, business actors are required to replace access rights for actors who already have access rights in the OSS 1.1 system.

At the beginning of the program planning, the Serang City Investment and One-Stop Integrated Service (DPMPTSP) targeted that services would be easier to facilitate the needs of the community so that quality and online-based licensing services were realized. Based on the policy analysis approach according to Milewicz and Sawicky (2013) there are six stages to state problems in a policy, the following is a description of the stages in policy:



**Figure 1.** Stage of Implementation Program

(Source: Milewicz & Sawicki, 2013)

The problems with managing permits with the online system in the OSS application are:

1. How can the licensing system through online applications increase the competitiveness of MSMEs in the city of Serang?
2. How is the effectiveness of the implementation of the OSS policy program in the city of Serang?

This policy was born from the dynamics of business development, both from the micro, small and medium sectors, and seen from the evaluation of business implementation with the service conditions that are still not optimal. The inhibiting factors as mentioned above have become one of the government's footholds for self-improvement, evaluating various sectors to increase the ease of doing business targeted by Indonesia. This

discussion is limited to the main problems of implementing ineffective and inefficient socialization programs.

This is in line with the results of Zuhail's research (2013) which states that the government has established a policy of accelerating business implementation as stipulated in the Presidential Regulation on the Acceleration of Business Implementation in which there is an obligation for ministers/heads, governors, and regents/majors to carry out the acceleration of business implementation as regulated in the Presidential Regulation. For this reason, the government needs a good and thorough understanding of the concept of accelerating the ease of doing business, how the basic principles of the existing policies for accelerating the implementation of business are juxtaposed with and the concepts of evaluating business licensing. To evaluate the implementation of the program, it can be done by referring to several stages in implementation, one of which is the stage of socialization. Sutaryo (2014) states that socialization is how to introduce a system to someone and how that person determines their responses and reactions.

According to Soedarsono (2017) to be accepted by the program target, information in the socialization process must include fundamental contributions to people's lives, namely: 1) Providing the basis or conditions for individuals to create effective participation in society According to Soedarsono (2017) to be accepted by program targets, information in the socialization process must include fundamental contributions to people's lives, namely: 1) Providing the basis or conditions for individuals to create effective participation in society. 2) Allows the sustainability of society because without socialization there will only be one generation so that the sustainability of the community will be greatly disrupted. In addition to environmental factors, there are other factors that influence socialization, including what is socialized, which is a form of information that will be given to the community in the form of values, norms, and roles, how to socialize, involves the learning process, who socializes, institutions, mass media, individuals and groups. Agents of socialization are a major role in the success of the socialization process to spread or instill values and norms that are located in the material of socialization. 2) Allows the sustainability of society because without socialization there will only be one generation so that the sustainability of the community will be greatly disrupted. In addition to environmental factors, there are other factors that influence socialization, including what is socialized, is a form of information that will be given to the community in the form of values, norms, and roles, how to socialize, involves the learning process, who socializes, institutions, mass media, individuals and groups. Agents of socialization are a major role in the success of the socialization process to spread or instill values and norms that are located in the material of socialization.

## **II. Review of Literature**

### **2.1 Implementation OSS Program**

The next stage of defining the problem in the policy analysis framework according to Milewicz & Sawicki (2013) is collecting facts, this discussion is a type of policy analysis in the form of ex facto, meaning that it is carried out after the policy is implemented. Susanto (2015) states that the success of socialization can be determined by a planned mechanism and is described in a good pattern of socialization processes. If these processes can be structured, then the dissemination of information regarding socialization materials can be accurately conveyed to the target of socialization. Socialization according to the Big Indonesian Dictionary means an effort to socialize something so that it becomes known, understood, internalized by the community or correctional. Zanden (2011) defines

socialization as a process of social interaction in which people acquire knowledge, attitudes, values, and behaviors essential for effective participation in society. Vembriarto (2004:106) policy socialization is "the accommodation process in which individuals hold back, change their inner impulses, and adopt the way of life or culture of their community. Public policy was meant as state wisdom, a decision meant to overcome certain problem, to conduct certain activity, or to achieve certain activity, which was done by the authorized institution as part of implementation of state's task and development (Syakur, et al. 2020).

The success of implementation can be influenced by factors that are related to each other. There are many influencing factors, including communication during program socialization, Subarsono (2011: 90) argues that the success factors of policy implementation consist of communication, resources, disposition, and bureaucratic structure. These factors are not only independent but also interrelated. Policy targets must be informed about the policies to be implemented starting from the goals and objectives. Therefore, policy socialization is needed to support the success of policy implementation.

To evaluate the implementation of the OSS socialization policy, a communication theory approach is used, the socialization will be realized well if there are factors that make the communication work well. There are three indicators that can be used to measure socialization (Agustino, 2006:150-151):

1) Transmission

Channeling good communication will produce good communication as well.

2) Clarity

The communication received by implementing the policy must be clear and easy to understand so that it is easy to take action.

3) Consistency

The order given for the implementation of a policy must remain in the initial position and be clear.

4) Resources

In addition to information that is able to make the policy successful are the resources owned by the implementer. Supporting resources can be in the form of human resources, namely the competence of the implementor and financial resources. Without resources, policies will not work properly. Even the policy will be a document only.

5) Disposition

Disposition is the attitude of policy implementers, if policy implementers want to be effective then policy implementers must not only know what to do but also have the ability to implement so that in practice there is no bias.

## **2.2 Program for the Acceleration of Increasing the Competitiveness of MSMEs in Serang City through OSS**

The OSS program certainly requires a supervisory role in its implementation, effective or not, efficiency is very important in its implementation, this application program is targeted to help 80% of the 4,400 MSMEs have legality. In evaluating, the theoretical approach of Dunn (2000) is used which states that evaluation is related to the results of information about the value and provides an overview of the benefits of a policy. The term evaluation is close to interpretation, scoring, and scoring.

In the course of its implementation until now, the efficiency and effectiveness of the program have not been seen. According to Dunn (2000), evaluation aims to determine whether the program has achieved the expected goals or not, evaluation emphasizes the aspect of the results achieved (output). Dunn (2003) developed five indicators or evaluation criteria including the following:

- 1) Effectiveness, with regard to whether a policy achieves the desired results expected or achieves the goal of holding the action.
- 2) Efficiency, with respect to the amount of effort required to produce a certain level of effectiveness. The measures used in the efficiency criteria are the time period for implementing the policy, empowered human resources to implement the policy,
- 3) Adequacy, with respect to how far a level of effectiveness satisfies the needs, values , or opportunities that cause problems.
- 4) Equality, or equity, is closely related to legal and social rationality and refers to the distribution of results and efforts between different groups in society.
- 5) Responsiveness, with regard to how far a policy can satisfy the needs, preferences, or values of certain community groups.
- 6) Appropriateness, Accuracy refers to the value or price of the policy objectives and to the strength of the assumptions underlying these goals.

### **III. Research Methods**

In this research, prospective quantitative evaluation analysis is used, aiming to provide information about the key factors that play a role in the system based on the needs of the stakeholders involved in the system. The determination of these key factors and strategic objectives is important and is entirely the opinion of the competent parties as stakeholders (the policy implementers and the MSME community). This opinion was obtained through the help of a questionnaire with in-depth interviews in the study area (Trayer 2000), the processed questionnaire was tested using the partial least squares (PLS) data test technique.

### **IV. Results and Discussion**

Questionnaires were distributed via the google form link to prevent face-to-face meetings due to the current pandemic, 30 MSMEs were randomly selected as respondents. The results of filling out the questionnaire were processed through the determination of a Likert scale of 1-5 (1 strongly disagree, 5 strongly agree), the next process was coding the respondents' answers into numbers that represented the answers after the coding process continued data processing for hypothesis testing with XLSTAT software. The next process is to test the coding data on the XLSTAT software, this software was chosen because there is a mediating variable (intervening) statistical test analysis using Partial least squares, the results of hypothesis testing have a significant and positive effect between variables, the variable of Legality proven to have an effect In increasing the competitiveness Serang MSME's, the value that is an indicator of acceptance of this policy recommendation is seen from the value of the regression path coefficient from public service satisfaction to interest in having 53.91% greater than the effect of policy implementation on MSME's Competitiveness 34,07%. This means that recommendations by including service improvements that satisfy MSMEs in managing permits until the permit is issued have more influence on the interest in having legality, the combination of the two recommendations has a better chance.



## V. Conclusion

The Role of the OSS Application Policy Program in Increasing the Influence of MSME Competitiveness in the City of Serang, meaning that the acceleration of having legality is the goal of this policy, so the community satisfaction factor with the OSS application must be increased. Socialization without improving the service features of the application itself will not result in an effective increase in the legality of MSME ownership. Key factors that must be improved are seen from the variable indicators that have the least value contributing to the variable, including:

In the implementation of socialization, namely the ability to communicate and costs. In service satisfaction variables, namely conformity to task specifications and aesthetics in serving MSMEs. In interest has legality, namely cognition. Recommendation: Increase the factors that make little contribution to the interest in owning legality, keep the key factors that make the biggest contribution.

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