

## THE DOMINO EFFECT OF OSS-RBA: WHEN A SINGLE PLATFORM DETERMINES THE FUTURE OF THOUSANDS OF MSMEs

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### ABSTRACT

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*This study aims to evaluate the impact of the Online Single Submission – Risk-Based Approach (OSS-RBA) policy on the formalization and legal licensing of Micro, Small, and Medium Enterprises (MSMEs) in Indonesia. Employing a qualitative-descriptive method and relying entirely on secondary data, the study focuses on assessing the effectiveness, efficiency, and responsiveness of OSS-RBA using a policy evaluation framework. The findings reveal systemic challenges in system integration, digital literacy gaps, and inconsistencies in local implementation. The study concludes that while OSS-RBA holds transformative potential, its execution poses barriers that may hinder MSME growth if not addressed. Recommendations include a phased digital transition, localized training, and improved system interoperability.*

**Keywords:** OSS-RBA, policy evaluation, UMKM, digital bureaucracy, formalization

### INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) have long been regarded as the backbone of Indonesia's economy. They contribute over 60% to the national GDP and absorb more than 97% of the workforce, making them a critical pillar for inclusive economic development (Firdaus et al., 2023). Yet, despite their pivotal role, MSMEs continue to struggle with complex regulatory barriers, particularly in formalizing their businesses and securing the required licenses. The process has historically been plagued by excessive bureaucracy, redundancy in documentation, lack of transparency, and protracted timelines (Maulana et al., 2023).

In an effort to resolve these issues and create a more business-friendly ecosystem, the Indonesian government introduced the *Online Single Submission – Risk-Based Approach (OSS-RBA)* system. This digital platform aims to simplify the licensing process by classifying business risks and automating approvals accordingly. Integrated under the broader umbrella of the *Omnibus Law on Job Creation (UU Cipta Kerja)*, OSS-RBA is positioned as a cornerstone of Indonesia's digital governance reform agenda (Novikasari et al., 2021).

The OSS-RBA system offers a radical departure from the traditional, paper-based licensing model. Businesses are now required to submit applications digitally, and the system algorithmically determines the necessary licenses based on the enterprise's level of risk, ranging from low to high. In theory, this should reduce red tape, increase transparency, and accelerate the ease of doing business (Rahmadani et al., 2024). However, the implementation has been far from seamless.

A growing body of research has documented various challenges associated with OSS-RBA's rollout. Technical glitches, weak interoperability among agencies, lack of readiness among local governments, and limited digital literacy among MSME actors are frequently cited issues (Anggunsuri, 2023; Rokhman et al., 2024). These implementation gaps raise questions about the system's actual ability to deliver on its promises, especially for the vulnerable MSME sector.

Beyond technical issues, deeper structural concerns have emerged. Many MSMEs in rural or underdeveloped regions do not have the same access to digital infrastructure or administrative support as

their urban counterparts. This has created a "*digital divide*" in licensing, whereby only tech-savvy or well-connected businesses are able to navigate OSS-RBA effectively (Abdul Rahman et al., 2024). Furthermore, inconsistencies in how local agencies interpret or integrate OSS-RBA rules have led to confusion and mistrust among users (Damayanti et al., 2023).

The digital transformation of public services is not unique to Indonesia. E-government systems are being deployed globally as a means to improve bureaucratic efficiency and accountability. Yet, as scholars have argued, the success of such systems hinges not only on technology but also on institutional capacity, policy coherence, and user acceptance (Maulana et al., 2025; (Maulana et al., 2023). When these elements are missing, digital platforms risk becoming "*digital bureaucracies*", systems that merely replicate old inefficiencies in a new format.

In this context, *OSS-RBA becomes a valuable case study* for evaluating the real-world implications of e-government adoption in emerging economies. While the system is theoretically promising and aligns with global trends in digital governance, its operationalization in Indonesia reveals significant gaps between design and delivery.

This research employs a *policy evaluation framework* to systematically assess the effectiveness, efficiency, and responsiveness of OSS-RBA in facilitating business licensing for MSMEs. Drawing exclusively *secondary data*, including government reports, academic literature, statistical releases, and user complaint databases such as *LAPOR!*, the study aims to answer the following key questions:

- To what extent has OSS-RBA succeeded in simplifying and accelerating MSME licensing?
- What challenges persist in its implementation at both national and local levels?
- How has the system affected inclusivity and legal formalization among MSMEs?
  - The evaluation framework used includes dimensions proposed by Dunn (2017) and Patton et al. (2012), such as:
- *Effectiveness*: Is OSS-RBA achieving its core objectives?
- *Efficiency*: Are resources being used optimally, and is the process streamlined?
- *Responsiveness*: Is the system addressing the needs and capacities of its users, particularly MSMEs?

By addressing these questions, this research hopes to illuminate the "*domino effect*" of digital policy implementation, where a single platform, though intended as a catalyst for reform, may generate ripple effects that either empower or marginalize key actors in the economy.

Ultimately, this study contributes to the broader discourse on *digital governance, public service reform, and bureaucratic transformation in developing countries*. It argues that while platforms like OSS-RBA symbolize progress, their impact must be continually measured and iteratively improved through evidence-based evaluation. Only then can digitalization serve as a truly inclusive tool for national development.

## METHOD

This study adopts a *qualitative descriptive design*, relying entirely on *secondary data* obtained through *documentary and literature review methods*. The research aims to provide a critical, in-depth evaluation of the *Online Single Submission – Risk-Based Approach (OSS-RBA)* system and its influence on the business licensing processes of *Micro, Small, and Medium Enterprises (MSMEs)* in Indonesia.

The focus of this study is centered around three key dimensions of policy evaluation: *effectiveness, efficiency, and responsiveness*. These dimensions are chosen due to their widespread use in evaluating e-government and regulatory reforms (Dunn, 2017; Patton et al., 2012), and their relevance to understanding the real-world implications of OSS-RBA implementation for MSMEs. By emphasizing these evaluative lenses, the study seeks to uncover both systemic strengths and procedural bottlenecks that affect Indonesia's digital bureaucracy in practice.

Given that OSS-RBA is a national policy framework embedded within the *Omnibus Law on Job Creation*, the *geographical scope* of this research is *nationwide*, with examples drawn from various provinces to reflect the diverse implementation experiences across urban and rural regions.

The *sources of data* in this study comprise:

- *Government Reports*: These include regulatory documentation and policy evaluations published by institutions such as the *Ministry of Investment/BKPM*, *Ministry of Cooperatives and SMEs (KemenKopUKM)*, and oversight findings by the *Ombudsman of the Republic of Indonesia*. These

documents offer essential insights into the regulatory intent, implementation structure, and evaluative metrics set by the government.

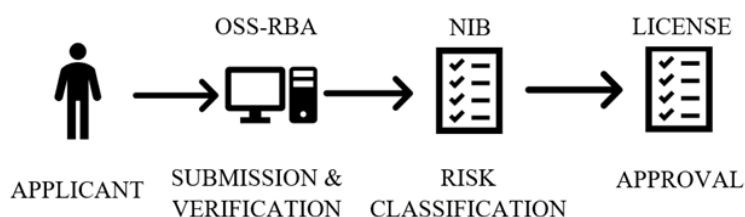
- *Academic Literature*: Peer-reviewed studies from national and international journals, particularly those indexed in *Scopus*, are utilized to frame the OSS-RBA experience within broader discourses on e-governance and public service reform. For instance, (Novikasari et al., 2021) explore the alignment of OSS-RBA with Indonesia's digital transformation goals, while Maulana et al. (2023) critically assess its practical shortcomings in terms of interoperability and user engagement.
- *Public Data Platforms*: Open data from *LAPOR!*, Indonesia's national complaint system, is analyzed to understand the volume and nature of public grievances related to OSS-RBA. Similarly, *SPBE* (*Sistem Pemerintahan Berbasis Elektronik*) performance reports are used to gauge institutional digital readiness and integration effectiveness.
- *News Media and Government Portals*: These sources help contextualize the public narrative, socio-political reception, and media portrayal of OSS-RBA, particularly during key moments of system reform or controversy.

The *data collection technique* employed is *document review*, with selective sampling based on source credibility, publication recency (2019–2024), and direct relevance to the OSS-RBA implementation. For *data analysis*, the study uses *content analysis* guided by the *policy evaluation frameworks* of (Dunn, 2017) and Patton et al. (2012). This involves coding qualitative content into thematic categories, effectiveness, efficiency, and responsiveness, then comparing these themes against stated policy objectives and outcomes. The approach allows for systematic extraction of insights from complex datasets and helps illuminate areas of congruence and divergence between policy design and implementation outcomes. Ultimately, this methodological approach ensures a *rigorous, evidence-based analysis* of OSS-RBA, while also providing room for humanistic interpretation of how policy reforms impact the lived experiences of Indonesia's MSME actors in the digital bureaucracy era.

## RESULTS

The implementation of the *Online Single Submission – Risk-Based Approach (OSS-RBA)* platform was introduced to simplify the business licensing process in Indonesia, particularly for MSMEs. While the initiative shows signs of progress, the real-world data reveals a combination of *quantitative improvements and qualitative challenges*. This section presents findings across five key areas: statistical impact, technical issues, adoption disparity, public complaints, and institutional readiness.

To provide an overview of how OSS-RBA streamlines the business licensing process, the following flowchart summarizes the main steps that applicants must follow:



**Figure 1. Simplified Flowchart of Business Licensing Process in OSS-RBA**

*Source: Ministry of Investment/BKPM Website (2023)*

As shown above, OSS-RBA relies on automated risk classification to determine the licensing pathway. Although conceptually straightforward, each stage can be complicated by technical or institutional hurdles, particularly for micro-entrepreneurs in less developed areas.

### Increase in NIB Registration Post OSS-RBA

The introduction of OSS-RBA led to a *noticeable surge in the issuance of Nomor Induk Berusaha (NIB)*, the core legal identifier for businesses in Indonesia. According to data from the Ministry of Investment/BKPM, there were over 3.5 million NIBs issued in 2022, a significant increase from the approximately 2 million recorded in 2020, prior to the OSS-RBA upgrade. A large proportion of these came

from the MSME sector, as simplified licensing for low-risk businesses was a primary policy objective (Mulyeni et al., 2024).

Studies conducted in urban clusters like Cimahi and Mataram show that OSS-RBA *improved license accessibility for digitally literate MSMEs*, especially those with prior business administration experience (Mandala et al., 2024). The NIB is now not only formal recognition but also a prerequisite for tax identification, credit access, and participation in government procurement programs.

However, a closer examination reveals that this *numerical success masks underlying disparities*, particularly in rural regions and for micro-businesses lacking digital resources.

While the rising trend in NIB registration suggests that OSS-RBA has gained traction, a breakdown of the distribution reveals concentration in specific provinces, pointing to digital inequality. The following table shows comparative registration data across selected regions:

**Table 1. Distribution of NIB Issuance by Province (2020–2022)**

Province	NIBs Issued 2020	NIBs Issued 2022	% Growth
Jakarta	183,000	421,500	130%
West Java	202,300	456,200	125%
East Java	188,000	410,000	118%
Central Java	165,500	332,400	101%
East Nusa Tenggara	15,000	27,500	83%
Papua	8,200	11,400	39%

*Source: Ministry of Investment/BKPM Report (2023)*

This data illustrates the regional disparity in OSS-RBA adoption, with more developed provinces experiencing much higher NIB growth. Rural areas like Papua still lag significantly, despite policy efforts.

### Systemic Technical Issues: Access, Login, and Data Synchronization

One of the most persistent issues raised by stakeholders is the *technical instability of the OSS-RBA system*. A study by Sani (2023) highlights frequent downtime during peak application periods, inconsistencies in user interface design, and *problems syncing user data between OSS and local government systems*. These bugs often result in duplicate data entry, mismatches in location codes, and licensing delays.

Micro-entrepreneurs, many of whom operate informally and rely on smartphone internet, report frustration navigating the multi-step, document-intensive interface. The login process, particularly for users who previously registered under OSS 1.1, often triggers errors due to incomplete data migration (Mulyeni et al., 2024).

Moreover, the risk-based logic that should simplify licensing for low-risk businesses sometimes misclassifies them as medium-risk due to *algorithmic errors*, thereby creating unintended licensing burdens. Technical issues reported by users vary in nature but generally affect access and progress in licensing. The following table summarizes key complaints recorded in the LAPOR! system:

**Table 2. Most Frequent Technical Complaints Submitted to LAPOR! Related to OSS-RBA**

Complaint Category	Frequency	Description
Login and authentication error	410	Users unable to log in or reset accounts
Data synchronization failure	265	OSS and local databases not aligned
System crash or downtime	198	Platform inaccessible during high traffic
Misclassification of business	175	Risk level incorrectly assigned
Lack of customer support	151	No assistance or escalation channels available

*Source: Processed from LAPOR! Reports (2022–2023)*

These complaints highlight the fragility of OSS-RBA's technical architecture, especially when scaled nationally. Without system upgrades and responsive user support, public trust may decline.

### Low Adoption Rates Among Rural and Marginalized MSMEs

Despite the growth in NIB issuance, *digital exclusion remains a barrier*. According to field reports and government outreach programs, *MSMEs in rural areas are significantly underrepresented* among OSS-RBA registrants (Mandala et al., 2024). The gap is most visible among:

- Women-led microenterprises with limited formal education.
- Home-based or informal workers with no prior exposure to business processes.
- Entrepreneurs in Eastern Indonesia with poor internet connectivity.

Lack of awareness about the OSS-RBA system, compounded by minimal local outreach and training, contributes to this divide. Some MSMEs continue to rely on informal channels or intermediaries (known as “calo”) to process registrations, undermining the transparency and efficiency goals of the reform.

The promise of democratizing access to formal markets through technology *remains elusive* without equitable infrastructure and digital capacity-building initiatives.

### Public Complaints through LAPOR! and Social Media

The National Public Complaint System *LAPOR!* has recorded hundreds of entries referencing problems with OSS-RBA. These range from *delays in NIB issuance*, inability to reach customer service, failed logins, and confusion over business classification.

Based on qualitative analysis of LAPOR! submissions and Twitter discourse, users’ express frustration with the “robotic” nature of automated approval, lack of real-time human support, and limited appeal mechanisms when applications are rejected or misrouted (Sani, 2023).

Moreover, local business associations have voiced dissatisfaction over the *inconsistent interpretations* of OSS-RBA rules across ministries and regional government units. This leads to conflicting instructions for businesses, defeating the core principle of “single window” efficiency.

### Readiness Gaps Among Local Government Officials

Another challenge in the rollout of OSS-RBA is the *limited preparedness of local government personnel*. Although the platform is centralized at the national level, effective implementation still depends on regional staff, particularly at DPMPSTP (local investment and licensing offices).

Multiple studies have flagged:

- Inadequate training of local officers in OSS-RBA procedures.
- Resistance from officials who perceive digital platforms as threats to their discretionary authority.
- Institutional delays in integrating regional regulations with the national OSS-RBA system.

(Sani, 2023) emphasize that some local governments still require physical documentation—even after digital submission, due to verification limitations. This *dual-system requirement creates friction* for MSMEs and contradicts the very spirit of seamless licensing.

Furthermore, the institutional culture within some regional offices resists the transparency introduced by OSS-RBA, as it reduces “grey areas” where informal practices once thrived.

Based on the data analysis and evaluation framework applied in this study, the following table summarizes the most relevant findings across five critical implementation dimensions. It highlights both the visible progress and the persistent barriers to OSS-RBA’s success in facilitating inclusive and efficient business licensing for MSMEs.

**Table 3. Summary of Key Findings**

Aspect	Positive Progress	Core Challenges
NIB Registration	Significant increase post-OSS-RBA	Quality of reach still urban-biased
System Performance	Real-time approval features	Login errors, sync issues, weak UX
User Inclusion	Better for educated MSMEs	Rural, micro, and low-digital users left behind
Public Feedback	Centralized reporting via LAPOR!	Complaints unresolved, customer service weak
Government Capacity	Digital framework standardized	Local resistance, low digital training

*Source: Synthesized by authors based on Damayanti et al. (2023); Mandala et al. (2024); Rafianti & Nurhayati (2024); Hapsari et al. (2024); Zia et al. (2025)*

The table illustrates a clear dichotomy: while OSS-RBA has introduced automation and increased transparency in several core functions, these benefits are not yet evenly distributed. The most critical weaknesses, system unreliability, digital exclusion, and institutional readiness—must be addressed through multi-level policy adaptation and sustained investment in local capacities.

## DISCUSSION

The implementation of the OSS-RBA (Online Single Submission – Risk-Based Approach) system represents a major leap in Indonesia's ambition to digitalize its public services and streamline the licensing process for MSMEs. However, translating policy into meaningful outcomes is rarely linear. As this study has revealed, the policy's execution exposes multiple gaps between intention and impact—most notably in terms of effectiveness, efficiency, and responsiveness.

### Effectiveness: Partial Success in Business Formalization

OSS-RBA has succeeded in *formalizing a significant number of MSMEs*, particularly those located in urban centers or those already familiar with digital processes. The issuance of over 3.5 million NIBs (Nomor Induk Berusaha) by 2022 is a testament to this progress (Firdaus et al., 2023). However, this number alone does not reflect the nuanced reality. Studies such as those by Anggunsuri (2023) and Ahmad Zia et al. (2025) indicate that *the majority of new registrants are concentrated in regions with better internet access, local technical assistance, and established institutional frameworks*.

In rural or underserved areas, business owners often lack the digital literacy or infrastructure to take advantage of the system. Consequently, OSS-RBA's effectiveness is limited by socio-geographic inequalities that skew participation in favor of the digitally privileged (Octavian et al., 2023). From a policy evaluation standpoint, the *effectiveness criterion* as defined by Dunn (2017), “the degree to which objectives are met”, is only partially fulfilled.

### Efficiency: Technological Promise Meets Systemic Friction

At a conceptual level, OSS-RBA was designed to reduce transaction costs, eliminate red tape, and accelerate the licensing process. While the *automation of risk-based classifications* has expedited approvals for some low-risk businesses, overall efficiency is marred by *persistent technical issues*.

Numerous reports (Sani, 2023; Yunianto Hapsari et al., 2024) have highlighted recurrent problems including:

- Login failures.
- Server downtimes during peak periods.
- Incompatibility of OSS-RBA data structures with regional databases.
- Repeated requests for physical documentation despite digital submission.

Such frictions reduce user trust and *diminish the perceived gains of digital transformation*. According to Firdaus et al. (2023), these inefficiencies contradict the very ethos of a seamless e-government experience and discourage users from relying on digital platforms in the future.

In the framework of Patton et al. (2012), efficiency involves comparing benefits with costs—not only monetary but also time and effort. OSS-RBA, though conceptually streamlined, has not delivered on its efficiency potential due to implementation flaws.

### Responsiveness: Low Engagement and Feedback Mechanisms

One of the most important metrics in evaluating public service digitalization is *responsiveness*, the system's ability to meet user expectations and adapt to their needs. Here, OSS-RBA fares poorly. User complaints have flooded platforms such as *LAPOR!* and social media, reflecting dissatisfaction with error-prone interfaces and the lack of accessible support (Damayanti et al., 2023).

Many MSME owners, especially those less technologically adept, report that *when errors occur in the system, they are left in a bureaucratic limbo* with no clear way to escalate issues or receive real-time support (Pangkey & Dilapanga, 2023). This undermines the core idea of a user-centered service and reflects an alarming gap *between digital access and digital comprehension*.

The *theory of policy responsiveness* demands adaptive systems capable of learning from feedback loops. In contrast, OSS-RBA's *static and centralized architecture has limited its flexibility* to local contexts or user behavior (Sili, 2025).

According to the criteria from Patton et al. (2012), a policy's success can be judged on multiple dimensions. The following table provides a synthesis of OSS-RBA's performance evaluation:

**Table 4. Policy Evaluation Summary: OSS-RBA Across Three Dimensions**

Dimension	Strengths	Limitations
Effectiveness	Rapid NIB growth in major cities	Low outreach in remote/rural MSME clusters
Efficiency	Algorithm-based classification, reduced paperwork	Login failures, slow service integration
Responsiveness	Centralized complaint system via LAPOR!	Delayed resolution, inaccessible help for digital newcomers

*Source: Synthesized by authors from Dunn (2018); Patton & Sawicki (2013); Damayanti et al. (2023); Rafianti & Nurhayati (2024); Hapsari et al. (2024)*

Although the platform has yielded tangible benefits, these must be weighed against persistent operational gaps. Future iterations of OSS-RBA must address not only access but also reliability and user responsiveness.

### Policy Implementation vs. Practice: Theoretical Tension

The shortcomings observed in OSS-RBA echo into a broader problem in public administration: the gap between *policy design and policy implementation*. The *top-down nature* of OSS-RBA's rollout, anchored in the Omnibus Law, left little room for contextual adaptation. This is a common pitfall described by implementation scholars like Sabatier and Mazmanian, who argue that success depends not only on a clear mandate but also on resource availability, institutional coordination, and implementer commitment.

In the case of OSS-RBA, local government offices, especially DPMPTSP units, were not uniformly prepared. Training levels varied, resistance was palpable in regions where *manual discretion had historically granted informal power*, and coordination between central and local IT systems was weak (Falah et al., 2024).

This aligns with the findings of Yunianto Hapsari et al. (2024) in South Jakarta and (Ahmad Zia et al., 2025) in Tulang Bawang, who observed that *the digital tool was introduced before the human system was ready to adapt to it*.

### Digital Governance Meets Structural and Cultural Realities

Digital governance theories stress the importance of interconnectivity, transparency, and decentralization (UNDP, 2020). While OSS-RBA aims to embody these principles, its real-world adaptation reveals two critical barriers:

- *Structural barriers*: Inadequate internet infrastructure, fragmented databases, and overlapping regulatory authorities hinder OSS-RBA's ability to function as an integrated "single window" system (Firdaus et al., 2023).
- *Cultural barriers*: Many public officials remain skeptical or resistant toward digital systems. In some cases, resistance is passive (e.g., slow adoption), while in others it is active (e.g., adding redundant verification steps). MSMEs, too, often harbor *distrust toward automated processes*, fearing that digital errors might lead to legal complications or tax liabilities (Ratih, 2024).

These *cultural resistances reflect deeper administrative norms*, where personal interaction and informal negotiation still dominate public service delivery in many localities (Damayanti et al., 2023).

### Toward a Learning Bureaucracy: What Can Be Done?

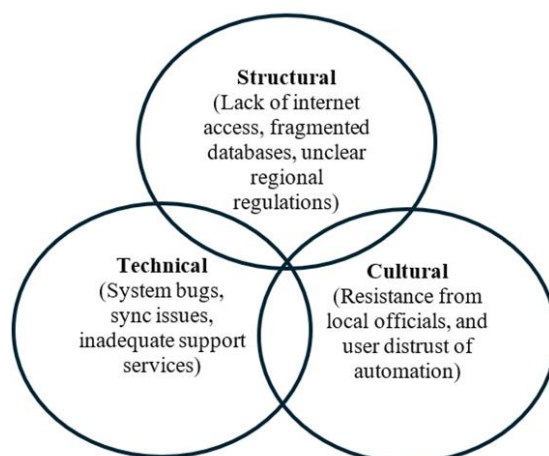
For OSS-RBA to fulfill its potential, *incremental improvement and adaptive learning* are crucial. The government must treat the system not as a static solution but as a dynamic process that evolves through continuous feedback. Recommendations include:

- Institutionalizing *user experience research* within OSS governance.
- Providing *localized digital literacy training* for MSMEs.
- Ensuring *interoperability of databases* across ministries and local governments.

- Establishing *hybrid models* where digital systems are complemented by assisted services for marginalized users.

Only through such integrative approaches can Indonesia transition from merely *digitizing bureaucracy to transforming governance*.

The challenges experienced in OSS-RBA implementation can be grouped into structural, technical, and cultural categories. The following diagram visualizes these intertwined factors:



**Figure 2. Key Barriers to OSS-RBA Implementation in Indonesia**

Source: Author's elaboration based on Maulana et al. (2023); Ratih (2024); Firdaus et al. (2023)

This illustration reinforces the idea that OSS-RBA reform cannot succeed through technical upgrades alone. While digital platforms are crucial tools, their effectiveness is contingent on the broader ecosystem in which they operate.

*Structural barriers*, such as unequal internet access, fragmented administrative databases, and inconsistencies in regional regulations, often undermine the promise of centralized digital services. *Technical obstacles*, including persistent system bugs, database synchronization errors, and insufficient support infrastructure, frustrate users and deter repeat engagement. Meanwhile, *cultural factors*, like bureaucratic resistance among local officials or public mistrust toward automated decision-making, remain deeply rooted and resistant to quick resolution.

The intersection of these three domains illustrates that the challenges of OSS-RBA implementation are *not siloed*, but interdependent. For example, weak technical infrastructure in rural regions (a structural limitation) often amplifies user confusion (a cultural issue), which in turn generates complaints that overwhelm the system (a technical failure).

Therefore, the success of OSS-RBA cannot rely on technological innovation in isolation. A truly effective transformation demands a *multi-dimensional approach*, one that combines digital system enhancement with organizational behavior reform, policy coherence, and grassroots capacity building. Only then can the reform deliver equitable, efficient, and user-responsive licensing for all Indonesian MSMEs.

## CONCLUSION

The implementation of the OSS-RBA system marks a significant stride toward digitalizing Indonesia's public service delivery, particularly in the realm of business licensing. Positioned as a flagship reform under the Job Creation Law, OSS-RBA holds transformative potential to reshape the bureaucracy into a more agile, transparent, and user-oriented structure. For many Micro, Small, and Medium Enterprises (MSMEs), especially in urban areas, the platform has opened new pathways to formalization and regulatory clarity.

However, this promise is accompanied by *persistent structural and technical challenges* that threaten to undermine the policy's original intent. Issues such as inconsistent system performance, data synchronization failures, insufficient training of local officers, and low adoption rates among digitally marginalized groups reflect a deeper disconnect between digital policy design and ground-level readiness.



Moreover, the *one-size-fits-all nature* of OSS-RBA has often failed to accommodate Indonesia's diverse socio-economic and geographic realities. For MSMEs operating in rural or informal settings, digital transformation is not merely a question of internet access, it involves overcoming behavioral, institutional, and cultural barriers that have long defined their interaction with the state.

What is urgently needed is a *phased and adaptive approach* to reform. Rather than pushing a uniform digital model, the government should invest in localized training, hybrid service models (combining digital and manual assistance), and regular user-centered evaluations. This would allow the OSS-RBA system to evolve responsively and inclusively ensuring that its benefits are not confined to the digitally literate elite but reach the broad spectrum of MSMEs across Indonesia.

In conclusion, OSS-RBA is not just a tool of bureaucracy; it is a test of how well technology can be aligned with the lived realities of citizens. Its success will depend not only on code and servers, but on empathy, responsiveness, and policy learning.

## RECOMMENDATIONS FOR DEVELOPMENT

To ensure that the OSS-RBA system realizes its full potential as a driver of inclusive economic growth, several strategic improvements must be made. First and foremost, the platform itself must evolve into a more *interoperable and user-friendly system*. Seamless integration across ministries, local governments, and external databases is essential to prevent duplication, reduce errors, and accelerate approval processes. At the same time, the user interface must be intuitive enough to accommodate users with varying levels of digital proficiency.

Secondly, the government should prioritize *digital literacy training*, not just for MSME actors, but also for public officials who serve as frontline facilitators of the licensing process. Many implementations gap stem from knowledge asymmetries and discomfort with digital tools. By equipping both sides of the interaction with adequate digital skills, the OSS-RBA system can function more efficiently and equitably.

Third, a robust system of *periodic, data-driven evaluation* should be institutionalized. Metrics such as complaint trends, licensing timeframes, drop-off rates, and regional disparities must be monitored in real-time to inform policy adjustments. These evaluations should be made publicly available to foster transparency and accountability.

Finally, the OSS-RBA initiative must recognize that not all entrepreneurs are ready, or able, to fully embrace digital systems. Therefore, the development of *hybrid service channels*, where digital applications are supported by physical assistance centers or mobile outreach teams, is critical. This ensures that no business is left behind simply because of digital barriers.

Taken together, these recommendations point toward a more empathetic, inclusive, and adaptive public service system, one that sees technology not as a rigid solution, but as a tool that must continuously evolve in tandem with the people it is meant to serve.

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