

Implementation of the Online Single Submission System based on Government Regulation Number 28 of 2025 in East Java: A Legal Overview

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Abstract

The reform of public services in the field of business licensing through the implementation of Government Regulation Number 28 of 2025 concerning the Implementation of Risk-Based Business Licensing has brought a significant change to legal business. This policy was established to simplify licensing bureaucracy, increase investment, provide legal certainty, and accelerate public services through the digital Online Single Submission (OSS) system. The purpose of this article is to review the application of the OSS system in facilitating business licensing in East Java Province, along with its obstacles. The article employs empirical legal research methods with a legislative and sociological approach to examine the facts of legal implementation as they exist in society. Data collection techniques were carried out through interviews with three staff members of the Investment and One-Stop Integrated Service Office located in Surabaya City, who were involved in the implementation of the OSS system. The results of the study indicate that the implementation of the OSS system in East Java still encounters a number of obstacles that significantly affect system performance. Factors contributing to the suboptimal implementation of the OSS system include technical constraints, such as frequent system errors and maintenance issues, overlapping coordination between agencies, and low public awareness, particularly among Micro, Small, and Medium Enterprises (MSMEs), regarding the use of digital-based licensing systems. Therefore, improvements in the quality of facilities and infrastructure, strengthening human resource capacity, and increasing public legal awareness are needed to ensure the OSS system can be implemented more optimally.

Keywords: *East Java; Investment; Online Single Submission*

Introduction

To improve the domestic investment climate, improvement in business licensing is a crucial aspect for the government to address. Improving business licensing can support economic growth, increase investment, create job opportunities, and provide legal certainty for business actors, thereby boosting the economy and enabling people to live a decent life. This is mandated by the 1945 Constitution, specifically Article 27, paragraph 2, which emphasizes the right of the people to

employment and a decent living. Facilitating investment licensing requires government intervention, which plays a crucial role in boosting the national economy and addressing recent social issues, particularly the high unemployment rate (Adhiem, 2025). Therefore, the government continues to undertake bureaucratic reforms to create an effective, efficient, transparent, and integrated licensing service system.

To address bureaucratic challenges and facilitate domestic investment, the government has implemented a Risk-Based Business Licensing system, as outlined in Government Regulation Number 28 of 2025 concerning the Implementation of Risk-Based Business Licensing. This regulation replaces Government Regulation Number 5 of 2021, in order to improve the Online Single Submission (OSS) system and prioritize a risk-based approach. Normatively, this regulation was enacted to address the needs of public service, the digital transformation of government, and increasing national investment competitiveness (Parikesit & Dewi, 2025). The regulation classifies business activities based on risk levels: low risk, medium-low risk, medium-high risk, and high risk. Risk levels are determined based on an analysis of health, safety, and environmental aspects, as well as resource utilization and management.

This risk classification in business licensing aims to make the licensing process more proportional, effective, and less burdensome for investors, including small businesses. This system also aims to accelerate investment by simplifying licensing bureaucracy through the Online Single Submission (OSS) system, without neglecting the oversight of high-risk business activities. The OSS system is a form of digitalization of public services in the business licensing sector, which is expected to increase the effectiveness, efficiency, transparency, and accountability of licensing services. Furthermore, the OSS system also aims to simplify business processes for licensing in an integrated manner (Widjaja, 2025).

The OSS system is expected to run smoothly, especially in East Java Province, which is one of the regions with high levels of investment and business activity in Indonesia. This situation demands fast, professional, and adaptive licensing services to national regulatory developments. In this regard, the East Java Provincial Investment and One-Stop Integrated Services Agency plays a strategic role as the agency responsible for providing business licensing services in the region.

Based on the background presented, this article aims to examine the implementation of the OSS system based on Government Regulation No. 28 of 2025 to facilitate investment in East Java. The supervision and operation of the OSS system carried out by the Investment and One-Stop Integrated Services Agency requires a review of the system's practices implemented in society, as they exist to assess whether the system is running in accordance with the objectives and functions of the OSS system based on the regulation itself. By conducting a review of this system, legal research becomes not only a normative study in the form of written regulations, but also a study of legal implementation that has an impact on society.

Research Method

This article employs an empirical legal research method, which is useful for examining the application of law in society (Sihombing & Hadita, 2022). The approach used in this study is a legislative and sociological approach to examine law not only as a written norm, but also as actual legal behavior that occurs in society (Fuady, 2018). Through this approach, the study not only analyzes laws and regulations normatively related to domestic investment, but also examines the implementation of the law in society as it is. This study was conducted by involving the staff members of the East Java Province Investment and One-Stop Integrated Services Office located in Surabaya, to obtain information regarding the implementation of investment facilitation in East Java Province. Interview technique is used in this study as a means of obtaining primary data from predetermined sources. Interviews were conducted with three staff members of the East Java Province Investment and One-Stop Integrated Services Office as the

primary data source in this study. Three staff members in this research are Junior Expert Licensing Administrators:

- a. Akhmad Irham Faujik
- b. Asri Lestari
- c. Asri Rosyidi

The interviews conducted in this study have been authorized and approved by the university in accordance with applicable procedures. The entire data collection process was carried out with the knowledge and support of the relevant institutions, while adhering to the principles of research ethics, confidentiality of information, and participant rights. Therefore, this study does not create any conflicts of interest that could affect the objectivity, integrity, or results of the study.

Results and Discussion

1. Implementation of Risk-Based Approach in Online Single Submission System

The Online Single Submission (OSS) system is essentially implemented based on a risk-based approach to assess the potential hazards and impacts that may arise from business activities before issuing permits. The higher the level of business risk, the more licensing requirements must be met by business actors. This approach is used to create a more effective, expeditious, and business-specific licensing process. The legal basis for implementing a risk-based approach in the OSS is primarily regulated in Government Regulation Number 28 of 2025 concerning the Implementation of Risk-Based Business Licensing (Hanifah & Heryanto, 2026).

The implementation of a risk-based approach in the OSS system is primarily aimed at improving the investment ecosystem and business activities in Indonesia. This objective is explicitly stipulated in Article 3 of Government Regulation Number 28 of 2025 (Hanifah & Heryanto, 2026). The article explains that the implementation of risk-based licensing is carried out through more effective and simplified licensing processes. Furthermore, this system also aims to create transparent, structured, and accountable oversight of business activities in accordance with statutory provisions. With a risk-based approach, the government can focus supervision on business activities with a higher level of risk. Businesses with lower risks also benefit from convenience because they only need to meet certain basic requirements to operate their businesses. Therefore, the risk-based approach in the OSS is expected to improve the ease of doing business while maintaining public security, health, and safety (Mirozul et al., 2025).

Referring to Article 128 of Government Regulation No. 28 of 2025, the grouping of business activity risk levels is broadly divided into three levels as follows:

- a. Low-risk levels of business activities;
- b. Medium-risk level of business activities (divided into medium low and medium high);
- c. High-risk level of business activities.

Risk levels are determined based on an analysis of health, safety, and environmental aspects, as well as resource utilization and management (Khomeini & Atmoko, 2025). Each risk level has different legal requirements and licensing requirements.

In low-risk business activities, business actors are only required to have a Business Identification Number (BIN), which serves as the business actor's identity and legality to carry out business activities without requiring additional permits (Khomeini & Atmoko, 2025). In low-medium risk business

activities, business actors are required to have a Business Identification Number and a Standard Certificate obtained through a self-declaration to demonstrate that the business actor has met the business standards set by the government. Furthermore, in medium-high risk business activities, business actors are required to have a Business Identification Number and a Standard Certificate, which must first be verified by the central or regional government before the business can operate fully. Finally, in high-risk business activities, business actors are required to have a Business Identification Number and a Business Permit issued by the government after all administrative and technical requirements have been met. High-risk business activities generally have a significant impact on health, safety, the environment, and resource management (Faustina & Rusli, 2025).

Based on the results of interviews with Rosyidi, it was found that the implementation of the OSS system in East Java has so far been carried out in its entirety based on the regulations that have been ratified, namely Government Regulation No. 28 of 2025. Staff have also been given training and understanding regarding the implementation of the one-stop OSS to facilitate the investment climate in East Java. However, several obstacles are still encountered within the scope of official duties that significantly impact the effectiveness of the implementation of OSS.

2. Obstacles to the Application of the Online Single Submission System in East Java Province

Although the OSS system is intended to simplify the bureaucratic processes for investment and business licensing, it still faces several challenges. Faujik explained some of the obstacles encountered in implementing the OSS system in East Java, as follows:

- a. Numerous technical errors occurred in the implementation of the OSS. Technical disruptions to the OSS, such as server errors, system maintenance, slow data synchronization, and regulatory changes, required adjustments to the service system. This situation resulted in delays in the issuance of business permits and created uncertainty in the service delivery process for businesses.
- b. In terms of licensing, there is a problem of overlapping authority between agencies carried out by various public service agencies. In practice, although licensing services have been centralized through the Investment and One-Stop Integrated Services Agency, as the primary authority for the implementation of OSS, some types of business permits still require technical recommendations from other regional government agencies, such as the Environmental Agency, Health Agency, Human Settlements Agency, and certain vertical agencies. This situation often results in lengthy service processes due to differing interpretations of regulations, suboptimal inter-agency coordination, and delays in issuing technical recommendations. This overlapping of authority is primarily caused by differences in legal interpretation between agencies, both within and between regional agencies and the central government. In some cases, there is a lack of synchronization between the central government and the regional government.
- c. Many Micro, Small, and Medium Enterprises (MSMEs) in East Java still face difficulties understanding business risk classifications and using the digital-based OSS system. Many business owners don't understand the difference between a Business Identification Number (BIN), a Standard Certificate, and a risk-based business permit, leading to errors in submitting permit documents. This leads to lengthy verification processes and delays in business operations.

Faujik's statement is supported by Lestari's opinion, which states that the problems faced by government agencies that affect the implementation of the OSS are generally technical constraints, overlapping authorities between agencies, and relatively low public awareness. These technical constraints must be addressed by providing maintenance and development of existing facilities and infrastructure. Furthermore, a more incentive education for must be provided not only to government agencies; it should also be provided intensively to the public, especially those wishing to open MSMEs.

These conditions have resulted in the licensing service process not being able to run optimally and efficiently in accordance with the objectives of the OSS implementation.

3. Theoretical Analysis of the Use of the Online Single Submission System to Increase Investment

The problems that arise in the practice of applying the OSS system at the Investment and One-Stop Integrated Services Agency (DPMPTSP) basically indicate the difficulties experienced by staff in implementing this system. To examine the implementation of law enforcement in more depth, the theory of legal effectiveness by Indonesian scholar, Soerjono Soekanto, will serve as a relevant analytical tool in this article.

Following Soekanto's framework, the success of legal implementation is influenced by several interrelated factors. According to Soekanto, there are five main elements that determine the effectiveness of a law. The first element is the legal factor itself, namely the quality of the substance or content of the legislation. The second element is the law enforcement factor, which relates to the apparatus or institutions that implement and oversee the law. Furthermore, there are factors such as facilities and infrastructure, community factors, and cultural factors that influence the level of compliance and implementation of the law in social life. These five elements are interconnected and serve as an important basis for assessing whether a legal system is operating effectively (Munauwarah & Bachri, 2025).

Judging from the paradigm of these five elements, the law has been substantively written and designed well in sufficient detail. Government Regulation No. 28 of 2025 encompasses all instructions and norms regarding what must be done to implement the OSS system, adjusted to its risk level. These provisions demonstrate that the written legal factor, as one of the elements of legal effectiveness, has essentially been fulfilled. Although the legal substance has been systematically structured, its implementation still depends on the integration of all other supporting elements.

Problems in the implementation of the OSS system can also be found in its implementation by government agencies. In practice, there is still overlapping coordination between agencies, resulting in ineffective service delivery and enforcement. Furthermore, Government Regulation Number 28 of 2025 is a relatively new regulation, making its implementation still requires adjustments across various government sectors. This overlapping authority between agencies means that the implementation of administrative and technical tasks is not yet optimal. As a result, the business licensing process often experiences delays and differing interpretations between relevant agencies. Therefore, improving the quality of human resources through training and outreach is a crucial step to support the effective implementation of the OSS system (Alfian et al., 2025).

In terms of facilities and infrastructure, the OSS system still frequently experiences various technical issues related to server and network stability. These disruptions cause the system to frequently experience errors when used by the public and government agencies. Furthermore, the OSS system also frequently undergoes maintenance, hampering the service process for electronic business licensing applications and verification. It is not uncommon for the public to experience delays in service due to the system's inability to operate optimally. Therefore, improving the quality of technological infrastructure and strengthening server capacity are crucial to support better implementation of the OSS system, considering that facilities and infrastructure are one indicator of successful law enforcement (Jackson, 2025).

Low public awareness of the use of the OSS system also poses a challenge in implementing business licensing. This situation often causes obstacles in the permit application and verification process, especially in the MSMEs sector, which complicates the process for government agencies. Many business actors still do not understand the procedures or the importance of processing permits independently and in

an orderly manner through the OSS system. Public outreach and education efforts by government agencies must be intensified to increase public understanding of the OSS system. Increased public awareness is expected to foster a more progressive legal culture and support legal effectiveness in the implementation of business licensing (Haumahu et al., 2025).

Conclusion

Based on the analysis that has been done, this article concludes that the implementation of the OSS system in East Java, based on Government Regulation Number 28 of 2025, still faces various obstacles. Although the OSS system was established with the primary objective of simplifying the bureaucratic processes for investment and business licensing, its implementation in the field shows that various obstacles significantly affect the implementation of established regulations. The main problems identified include inadequate facilities and infrastructure, particularly the system that still frequently experiences errors and maintenance issues, which hampers licensing services. In addition, there are still some cases of overlapping authority between agencies because this new regulation is interpreted differently by the relevant agencies. Furthermore, low public awareness of the importance of business licensing through the OSS, particularly in the MSMEs sector, also slows down the administrative and licensing verification processes. Therefore, comprehensive improvements are needed, both in terms of technological facilities and infrastructure, improving the quality of human resources, and strengthening public outreach regarding the use of the OSS system. With these improvements, it is hoped that the OSS system can run more effectively and be able to realize the goal of implementing fast, transparent and efficient business licensing.

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