



BUSINESS LICENSING CHALLENGES IN WEST JAVA FROM AN ADMINISTRATIVE LAW PERSPECTIVE

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Abstract

The transformation of risk-based business licensing through the Online Single Submission (OSS) system is intended to accelerate services and strengthen legal certainty, yet digitalization does not eliminate the administrative-law dimensions of license issuance, verification, supervision, and dispute handling. This study examines business licensing problems in West Java following the enactment of Government Regulation Number 28 of 2025 and West Java Provincial Regulation Number 4 of 2025. It applies normative legal research using statutory and conceptual approaches, supported by secondary evidence from OSS-RBA implementation studies in several West Java localities. The study identifies five major problems: the need to harmonize regulations and central-local delegation instruments; an insufficiently explicit chain of accountability for digital decisions and service disruptions; uneven user and administrative capacity; challenges in data interoperability, business classification, spatial planning, and environmental requirements; and risk-based supervision that must balance easier licensing. From an administrative-law perspective, these issues directly concern the principles of legal certainty, due care, openness, non-abuse of authority, public interest, and good service. The study concludes that licensing reform in West Java should prioritize regulatory harmonization, measurable allocation of responsibilities, assisted digital services, auditable decision trails, stronger complaint and administrative-remedy mechanisms, and supervision proportionate to business risk.

Keywords: business licensing; administrative law; OSS-RBA; good governance principles; West Java

INTRODUCTION

Business licensing is one of the most concrete forms of the legal relationship between government and business actors. Through licenses, registrations, standard certificates, approvals, and other forms of legal authorization, the government not only provides access to economic activities but also performs regulatory and control functions, protects the public interest, and supervises risks arising from business activities. Accordingly, the success of licensing reform cannot be measured solely by the speed of document issuance or the increasing number of Business Identification Numbers (Nomor Induk Berusaha/NIB). Equally important measures are whether authority is exercised lawfully, procedures are predictable, decisions are traceable, inter-agency responsibilities are clear, applicants' rights are protected, and supervision actually functions after legal authorization has been issued.

Business licensing reform in Indonesia has moved from a fragmented licensing-service model toward electronic integration through Online Single Submission (OSS), and subsequently toward a risk-based approach. The literature shows that OSS has brought benefits in the form of procedural simplification, reduced face-to-face interaction, and greater transparency, while at the same time generating concerns regarding legal certainty, synchronization of authority, institutional readiness, and the quality of digital systems (Arrum, 2019; Christiawan, 2021; Fitri & Sheerleen, 2021). The risk-based approach changes the logic of administrative control: not all business activities are subject to the same licensing intensity, so facilitation at the initial stage must be balanced by accurate risk determination and effective supervision (Carlo, Bachrudin, & Firdaus, 2021; Dharmayanti & Yasa, 2022).

Recent regulatory changes require business licensing analysis to be situated within the current legal framework. Government Regulation Number 28 of 2025 on the Implementation of Risk-Based Business Licensing revoked Government Regulation Number 5 of 2021 and renewed the framework for risk-based business licensing, including basic requirements, business licensing, business licensing to support business activities, norms and

standards, OSS services, supervision, evaluation, obstacle resolution, and sanctions. At the technical level, Regulation of the Minister of Investment and Downstream Industry/Head of BKPM Number 5 of 2025 replaced several OSS implementing regulations issued in 2021. This shift is important because much of the existing research on OSS-RBA still relies on Government Regulation Number 5 of 2021 as its primary normative reference point.

West Java is a relevant setting for this study because it has a diverse economic structure, a high level of urbanization, businesses of varying scales, and significant differences in institutional capacity among regencies and cities. The West Java Provincial Government has also enacted West Java Provincial Regulation Number 4 of 2025 on Investment and Ease of Doing Business. The regulation places licensing and regulatory simplification, transparency, legal certainty, investment digitalization, guidance for regencies/cities, and monitoring and evaluation within the agenda of facilitating business activities. At the same time, West Java Governor Regulation Number 162 of 2021 on the Delegation of Authority for the Administration of Business Licensing remains recorded as being in force. This condition does not automatically create a legal conflict, but it does create a need for harmonization review because the delegation instrument was established under the previous regulatory regime.

Empirical evidence from several areas in West Java shows that licensing digitalization has not eliminated administrative friction. Research in Bekasi Regency found that OSS innovation accelerated services, but its effectiveness was still influenced by supporting facilities and implementation readiness (Robby & Tarwini, 2019). Research in Subang Regency found that public outreach and several implementation factors were not yet optimal, leaving some business actors without an NIB (Rosidi, 2022). In Sumedang Regency, OSS-RBA service quality was generally assessed positively, but the study also recorded website disruptions and 1,071 complaints received by DPMPSTP during 2018-2021, a period covering the pre-OSS-RBA and early transformation phases (Octavian, Susanti, & Bonti, 2023). A 2025 study in Cirebon City likewise showed that implementing risk-based licensing policy continued to require stronger resources and coordination (Faustina & Rusli, 2025). These findings cannot be generalized to all of West Java, but they are sufficient to indicate patterns of governance risk that warrant administrative-law analysis.

Beyond institutional issues, the relationship between licensing facilitation and the protection of public interests is also important. A study of the washing industry in Bandung Regency shows that licensing transformation in industrial activities with environmental impacts requires collaborative governance and cannot stop at simplifying formal legality (Adikancana & Santosa, 2024). Therefore, risk-based licensing design must maintain a balance between investment efficiency and the preventive function of administrative law, particularly in relation to spatial planning, environmental protection, safety, health, and the interests of surrounding communities.

The novelty of this study lies in three aspects. First, it uses the legal framework following Government Regulation Number 28 of 2025 and West Java Provincial Regulation Number 4 of 2025, rather than stopping at an evaluation of the Government Regulation Number 5 of 2021 regime. Second, it situates these changes within the structure of regional-government authority and delegation instruments in West Java. Third, digital problems in OSS are analyzed not merely as technological issues, but as questions concerning the legality of government action, the General Principles of Good Governance (Asas-Asas Umum Pemerintahan yang Baik/AUPB), accountability, public service, and administrative protection for business actors.

Based on this background, the study formulates three research questions. RQ1: how are the authority structure and administration of business licensing in West Java constructed after the enactment of Government Regulation Number 28 of 2025 and West Java Provincial Regulation Number 4 of 2025 from an administrative-law perspective? RQ2: what are the principal problems in the regulatory, institutional, digitalization, service, and supervisory aspects of business licensing in West Java? RQ3: what AUPB-based model of business licensing reform can strengthen legal certainty and service accountability? This study seeks to answer these questions while proposing operational directions for reform at both the provincial and regency/city levels.

LITERATURE REVIEW

2.1 Licensing as an Instrument of Administrative Law

In administrative law, licensing is fundamentally a legal instrument that enables government to control certain activities by establishing requirements, standards, limitations, and obligations. The function of licensing is not only constitutive, in the sense of granting a right or legal authorization to conduct an activity, but also preventive because government can ensure that planned or ongoing activities comply with requirements designed to protect the public interest. In the OSS context, forms of authorization have become increasingly digital and some processes are automated, yet the public-law nature of the authority underlying their issuance remains. Consequently, decisions or

actions produced through electronic systems must still be attributable to the government body or official who possesses the relevant legal authority and responsibility.

The shift from a license-based approach to a risk-based approach reduces the intensity of *ex ante* approval for low-risk activities, but it does not eliminate the control function. Instead, a risk-based model transfers part of the administrative burden from prior license examination toward data-based validation, compliance with standards, reporting, inspection, and enforcement after activities commence. Carlo, Bachrudin, and Firdaus (2021) emphasize that administrative readiness and public outreach are important prerequisites for risk-based policy. Dharmayanti and Yasa (2022) show that risk determination is a decisive element in determining the form of legal authorization in the industrial sector. Rokhman, Tobirin, Rokhman, and Kurniasih (2024) likewise position OSS as an administrative innovation that must be assessed not only in terms of efficiency but also transparency and openness.

Accordingly, ease of doing business must be understood as an administrative objective that remains bounded by legality. Procedural efficiency achieved through fewer documents or reduced face-to-face interaction must not diminish the level of due care required for activities that may cause significant impacts. From this perspective, licensing is the point at which freedom to conduct business meets the government's responsibility to protect society.

2.2 Authority, Delegation, and Government Accountability

The validity of governmental action depends on the legal basis of authority, procedure, and substance. Law Number 30 of 2014 on Government Administration places authority and AUPB at the foundation of governmental decisions and/or actions. In regional business licensing, Government Regulation Number 6 of 2021 regulates the delegation of regional-government authority to the head of the Investment and One-Stop Integrated Services Office (Dinas Penanaman Modal dan Pelayanan Terpadu Satu Pintu/DPMPTSP) so that services can be administered in an integrated manner. In West Java, this principle is operationalized, among other instruments, through Governor Regulation Number 162 of 2021.

Problems arise when digital architecture disperses decision-making stages. The OSS system is administered nationally, norms and standards are determined across ministries/agencies, certain verifications are performed by regional authorities or technical agencies, and final outputs may be issued electronically. Hasibuan (2022) shows that unclear boundaries of central-regional authority and responsibility may create issues of competence and accountability. Assegaf, Juliani, and Sa'adah (2019) also demonstrate the importance of institutional synchronization in accelerating OSS implementation at the regional level. When applicants face data errors, verification delays, or system rejection, the relevant legal question is not merely who operates the application, but which body or official must provide reasons, correct the error, and bear the administrative consequences.

Proper delegation therefore requires a chain of responsibility that service users can understand. Each stage should have a process owner, service time standard, duty to provide reasons, escalation mechanism, and clear channels for complaints and administrative remedies. Digitalization must not create a situation in which no administrative actor can be held accountable simply because the decision was processed through a system.

2.3 AUPB, Legal Certainty, and Digital Public Services

Article 10 of Law Number 30 of 2014 sets out the General Principles of Good Governance (AUPB), including legal certainty, utility, impartiality, due care, non-abuse of authority, openness, public interest, and good service. In digital licensing, these principles can be translated into operational requirements: the legal basis and authority must be clear; the data underlying a decision must be accurate; applicants must be treated consistently; reasons for rejection or requests for correction must be understandable; process histories must be traceable; and service access must remain available to users facing technological barriers.

Kusdarini (2017) positions AUPB as a standard that should be embedded in regional-government investment-licensing regulations and services. Erlina and Krisnanto (2022) likewise emphasize the role of legal principles in achieving the objectives of licensing through OSS. In relation to legal certainty, Arrum (2019) warns that electronic integration can create problems when legal norms and systems are not synchronized. Nurhayati, Rustyono, Farid, and Suryadi's (2025) study of the positive fictive policy shows that the design of deadlines and the legal consequences of electronic decisions are directly related to certainty for business actors.

Law Number 25 of 2009 on Public Services adds a service dimension that public providers must fulfill. Electronic systems can expand access and accelerate services, but public-service principles require service standards, complaint management, non-discriminatory access, and protection against abuse of authority. For this reason, assisted digital service is not a retreat from digitalization but an instrument of inclusion, ensuring that channel

migration does not eliminate the rights of users who face limitations in digital literacy, devices, networks, or accessibility needs.

2.4 OSS-RBA and Implementation Findings

National studies show a relatively consistent tendency: OSS-RBA provides benefits in speed and simplification, but its effectiveness depends on the quality of regulation, data, infrastructure, coordination, and user capability. Purnawan and Adillah (2020) place business legality through OSS within the effort to improve the competitiveness of micro, small, and medium enterprises (MSMEs). Fitri and Sheerleen (2021) regard electronic integration as an important reform but stress the need for policy consistency. Wiranti (2023) links the dynamic OSS system to requirements of transparency, accountability, and legal certainty. Duri, Hidayat, and Sinaga (2024) identify OSS-RBA as an important innovation for micro and small businesses in urban areas, while El Fajri and Astuti (2024) demonstrate its relevance to MSME development at the regency level.

Recurring obstacles include incorrect selection of the Indonesian Standard Industrial Classification (Klasifikasi Baku Lapangan Usaha Indonesia/KBLI), misunderstanding of requirements, insufficient outreach, limited digital capability, system incompatibility, and differences in institutional readiness. Spaltani and Zuliyah (2024) specifically identify procedural difficulties faced by business actors and emphasize the need for technical guidance. Namiroh, Lituhayu, and Setianingsih (2024) find that OSS-RBA implementation in Semarang Regency still faces gaps in MSME legal compliance and other implementation factors. Safitri, Hendrayady, and Poti (2023), Lestari and Zulkarnaini (2023), and Milta and Mayarni (2023) similarly show that the quality of regional OSS services depends substantially on administrative support and assistance channels.

At the normative level, Musthafa, Putrazta, Edwinarta, and Fitriani (2023) discuss the legal validity of OSS-RBA within the evolving Job Creation Law framework. Their study remains important as a historical basis, but the legal framework has subsequently developed through Government Regulation Number 28 of 2025. Meanwhile, Abigail Praise, Rompis, and Nurzaman (2022), Wulandari, Rahmah, and Nurmianti (2023), Damayanti, Jeddawi, Arsyad, and Sahyana (2023), and Sinulingga, Satoto, and Sirait (2023) demonstrate that risk-based licensing reform must be understood as a combination of regulatory reform and service reform. Its success therefore cannot be entrusted to an application alone.

RESEARCH METHOD

This study is normative legal research, or doctrinal legal research, with a prescriptive-analytical character. It employs statutory and conceptual approaches. The statutory approach is used to examine the relationship and consistency among the frameworks of government administration, public services, risk-based business licensing, regional licensing administration, and West Java provincial regulations. The conceptual approach is used to analyze authority, delegation, governmental accountability, legal certainty, AUPB, and the characteristics of administrative decisions generated through electronic systems.

Primary legal materials include Law Number 25 of 2009 on Public Services; Law Number 30 of 2014 on Government Administration, as amended through the Job Creation legal regime; Law Number 6 of 2023; Government Regulation Number 6 of 2021 on the Administration of Business Licensing in the Regions; Government Regulation Number 28 of 2025 on the Implementation of Risk-Based Business Licensing; Regulation of the Minister of Investment and Downstream Industry/Head of BKPM Number 5 of 2025; West Java Provincial Regulation Number 4 of 2025; and West Java Governor Regulation Number 162 of 2021. Secondary materials consist of journal articles on OSS, risk-based business licensing, AUPB, digital public services, and regional licensing implementation, with particular attention to studies concerning Bekasi, Subang, Sumedang, Cirebon, and Bandung Regency.

Legal materials and literature were collected through library research and searches of official documents. The analysis was qualitative, using systematic and teleological interpretation. First, the study mapped the structure of authority and the relationship between central and regional norms. Second, implementation findings in the literature were classified into regulatory, institutional, digitalization, service, and supervisory issues. Third, each issue was tested against the principle of legality and AUPB to determine its administrative-law consequences. Fourth, the study formulated prescriptive recommendations that take into account regulatory changes in 2025-2026. Because this study did not employ surveys or direct interviews, empirical findings are treated as secondary materials and are not generalized to all regencies and cities in West Java.

RESULTS AND DISCUSSION

Reconstructing the Legal Framework for Business Licensing in West Java after 2025

Government Regulation Number 28 of 2025 marks a new phase of risk-based business licensing by revoking Government Regulation Number 5 of 2021. From an administrative-law perspective, this change is important because the sources of norms determining forms of legal authorization, OSS procedures, supervision, and obstacle resolution have been renewed. Any regional procedure that still operationally refers to the previous provisions must be interpreted through the *lex posterior* principle and regulatory harmonization, while taking account of transitional provisions that preserve the validity of lawful actions or authorizations already issued. The purpose of the transition is not to repeat the entire licensing process, but to ensure that authority and procedures currently applied have an up-to-date and accountable legal basis.

At the regional level, Government Regulation Number 6 of 2021 remains the framework for administering business licensing in the regions and confirms DPMPTSP's role as the integrated service hub through delegation of authority by the head of the regional government. In practice, this structure creates a layered administrative model: the system and part of the standards are determined nationally, while the exercise of regional authority, certain technical verifications, guidance, and supervision involve DPMPTSP and technical regional agencies. This layered structure is reasonable because it maintains national standardization while preserving regional-government functions, but it demands a very clear division of authority.

West Java Provincial Regulation Number 4 of 2025 strengthens the regional framework through objectives that include licensing and regulatory simplification, transparency, legal certainty, and investment digitalization. It also provides room for guidance to regency/city governments and for supervision through monitoring and evaluation. From an administrative-law perspective, this direction indicates that the province's role is not limited to issuing legal authorizations within its own jurisdiction, but also includes coordinating and strengthening the service ecosystem across the province.

A transitional issue is visible in West Java Governor Regulation Number 162 of 2021, which remains recorded as being in force. The regulation was enacted to delegate the governor's licensing authority to the head of DPMPTSP and aims to provide services that are fast, affordable, integrated, transparent, effective, efficient, and accountable. However, because it predates Government Regulation Number 28 of 2025 and Provincial Regulation Number 4 of 2025, a regulatory review is required to ensure that its schedules of authority, terminology, process flows, normative references, and reporting mechanisms remain synchronized. The need for harmonization does not mean that the Governor Regulation is automatically invalid; what is required is a regulatory review to prevent a gap between the new legal basis and the older delegation instrument.

Regulation of the Minister of Investment and Downstream Industry/Head of BKPM Number 5 of 2025 is also important because it replaced three BKPM regulations issued in 2021 that had previously governed the OSS-RBA system, services, and supervision. Consequently, DPMPTSP operational standards must refer to the latest guidance. If application updates, standard operating procedures, and regional regulations develop at different speeds, applicants may receive inconsistent information. Under the principles of legal certainty and due care, service providers must control the risk of such regulatory lag by updating their knowledge bases, SOPs, consultation channels, and transitional guidance.

Problems of Central-Regional Authority and Accountability

The first problem is the fragmentation of responsibility behind a single digital interface. From the user's perspective, OSS appears as one system. Legally, however, decisions produced through the system may depend on data and actions from multiple institutions: the Ministry of Investment and Downstream Industry/BKPM, sectoral ministries, the provincial government, regency/city governments, DPMPTSP, technical regional agencies, and other database systems. This situation can create an accountability gap when applicants do not know which institution is responsible for a particular failure or delay.

Hasibuan (2022) identifies conflict or uncertainty in central-regional authority as an important issue in OSS-RBA. The issue becomes even more relevant when automated systems conduct validation or issue outputs without direct interaction with an official. Administrative law does not recognize the disappearance of responsibility merely because a digital tool is used. The body or official whose authority forms the basis of a decision must remain identifiable. If an error originates in data controlled by another sector, the service system should provide a clear correction mechanism rather than requiring applicants to move from one agency to another in search of a solution. The principle of legal certainty requires applicants to know who has authority, what standards are applied, and when a decision must be made. The principle of openness requires access to process status and reasons for obstacles. The

principle of due care requires cross-system data to be verified before it is used as the basis for an adverse action. Meanwhile, the prohibition on abuse of authority requires every verification, rejection, suspension, or sanction to have a proper legal basis and purpose. A digital one-stop design should therefore be followed by one accountable chain, rather than merely one interface.

The required reform is a responsibility matrix for each type of process. At a minimum, the matrix should identify the institution responsible for the applicable norm, the institution responsible for data, the verifying official or unit, the decision issuer, the supervisory authority, the complaint handler, and the official responsible for deciding objections or other administrative remedies. The matrix should be translated into SOPs and the OSS interface so that applicants receive information not only about document status but also about the responsible unit and the applicable completion deadline.

Digitalization, Data Interoperability, and Business Classification Problems

The second problem is the dependence of decision quality on the quality of systems and data. Digitalization accelerates processes when databases are consistent, services are stable, and legal rules can be accurately translated into system logic. Conversely, integration failures can produce obstacles that are difficult for applicants to understand. Octavian, Susanti, and Bonti (2023) recorded website errors in OSS-RBA services in Sumedang. Studies in other regions also repeatedly identify issues involving system reliability, assistance, and user support (Lestari & Zulkarnaini, 2023; Milta & Mayarni, 2023; Namiroh, Lituhayu, & Setianingsih, 2024).

In administrative law, a technical disruption is not necessarily a legal problem. It becomes a legal problem, however, when it causes an applicant to lose a procedural right, miss a deadline, become unable to fulfill an obligation, or receive a decision based on inaccurate data. Licensing systems therefore need mechanisms for recording disruption periods, business continuity procedures, alternative channels, and electronic evidence that applicants can use to demonstrate that a failure to comply was caused by the system.

The Indonesian Standard Industrial Classification (KBLI) provides an important example. Incorrect KBLI selection may alter the applicable risk level, basic requirements, sectoral licensing requirements, environmental obligations, or scope of business activities. Spaltani and Zuliyah (2024) emphasize the need for technical guidance in selecting and determining KBLI codes and obtaining an NIB. In 2025, Statistics Indonesia (BPS) updated the classification to KBLI 2025. During the 2026 transition period, the government clarified that a change in KBLI does not by itself require a new license for businesses that already possess lawful authorization; adjustments may be made through conversion or amendment where there is a substantive change in business activities. This transitional policy is important to prevent legal uncertainty and unnecessary compliance costs.

For West Java, the KBLI update requires provincial and regency/city DPMPTSP offices to strengthen classification-consultation functions. The technical guidance activity on OSS-RBA, Investment Activity Reports (LKPM), and KBLI 2025 organized by Bandung City DPMPTSP on 6 July 2026 demonstrates that adaptation to new regulations and classifications remains an operational agenda. The activity is a positive response, but it also shows that changes in codes and procedures require systematic public communication. Outreach should not be limited to periodic seminars; an always-updated knowledge base, case examples, simple decision trees, and assistance officers capable of recording and escalating classification problems are also required.

Interoperability also concerns the relationship between OSS and data on legal entities, spatial planning, the environment, taxation, and sectoral matters. The principle of due care requires that inconsistencies among government databases not automatically be imposed on applicants. When two government databases are not synchronized, service providers should have reconciliation protocols and an audit trail. Every material data change should be recorded: who made the change, on the basis of which document, when it occurred, and how it affected the license. An audit trail is a concrete form of digital accountability.

Capacity Gaps, Access, and Service Quality

The third problem is the gap between system design and user capacity. OSS is designed for self-service, but not all business actors possess sufficient digital literacy, legal understanding, or the ability to translate their business activities into KBLI codes and sectoral requirements. Rosidi (2022) identifies insufficient outreach as one reason why some business actors in Subang had not obtained an NIB. Robby and Tarwini (2019) identify supporting facilities as an obstacle to OSS innovation in Bekasi. These findings are consistent with Safitri, Hendrayady, and Poti (2023) and Duri, Hidayat, and Sinaga (2024), who position assistance as an important factor in the effectiveness of legalizing micro and small businesses.

From a public-service perspective, a digital-by-default policy must not become digital-only in a way that closes off substantive access. The principle of good service requires providers to offer facilities proportionate to users' circumstances. These may include help desks, scheduled consultation services, computer facilities at Public Service Malls or DPMPSTP offices, assistance for business groups, easy-to-understand visual materials, and dedicated channels for persons with disabilities. The role of service officers is not to replace applicants' obligations, but to ensure that applicants understand what they must do and do not lose their rights because of technical barriers.

Service quality must also be measured more broadly than by the number of licenses issued. Indicators more relevant to administrative law include the percentage of applications completed within the applicable service standard, the number of corrections caused by government-data errors, the average time required to resolve complaints, the number of cases escalated across institutions, the clarity of reasons for rejection, the effectiveness of assistance channels, and compliance with outcomes of administrative remedies. Using such indicators, government can distinguish between a system that rapidly issues documents and one that actually provides good administrative service.

Risk-Based Supervision, Spatial Planning, and Environmental Protection

The fourth problem is the potential imbalance between simplified issuance of legal authorization and supervisory capacity. Risk-based licensing makes the intensity of control correspond to the level of risk. Low-risk activities may obtain legal authorization through simplified procedures, while medium- or high-risk activities require compliance with standards, verification, or stronger forms of licensing. This logic works only when risk classification is accurate and post-licensing supervision is carried out according to priority.

Adikancana and Santosa (2024), through their study of the washing industry in Bandung Regency, show that licensing changes affecting environmentally significant industrial activities require collaboration among government, business actors, and communities. Wijayanti, Fadlan, Washliaty, and Parohha (2023) also demonstrate the relationship between OSS and the effectiveness of environmental protection. In West Java, which contains dense industrial areas and faces substantial spatial-planning pressures, OSS facilitation must be integrated with requirements concerning conformity with spatial utilization and environmental instruments. The rapid issuance of an NIB must not be interpreted as a guarantee that all substantive requirements have been fulfilled where the law still requires additional compliance according to the applicable risk level.

The problem of supervision is not merely a question of the number of inspections. Risk-based supervision should use data to set priorities based on environmental impact, health and safety, compliance history, public complaints, and changes in business scale. OSS data, LKPM data, complaints, and findings from technical agencies should be connected to generate dynamic risk profiles. In this way, *ex ante* facilitation can be balanced by more precise *ex post* supervision.

Within the AUPB framework, supervision must also be proportionate and non-discriminatory. Business actors with comparable risk profiles and compliance levels should receive consistent treatment. Sanctions must be evidence-based, reasoned, and accompanied by opportunities for correction or administrative remedies as provided by law. Supervision that is too weak harms the public interest, while supervision that is not properly calibrated may recreate the bureaucratic burden that OSS reform was intended to reduce.

Administrative Protection, Complaints, and Electronic Decision Trails

The fifth problem concerns administrative protection when applicants are harmed by a process or decision. The Government Administration Law provides a framework for administrative remedies and establishes AUPB as a standard for governmental action. In digital services, this protection must be translated into features that are easy to use. Applicants should be able to distinguish among technical complaints, data correction requests, requests for clarification, objections to substantive determinations, and administrative remedies against decisions.

This distinction is important because a technical help center cannot replace legal mechanisms. A system-disruption ticket addresses application errors, whereas an objection to a licensing refusal requires examination by an authorized official. Conversely, applicants should not be forced to submit a formal objection merely to correct a simple data-synchronization error. Service design must direct each matter to the appropriate channel and record the entire process as part of the administrative record.

Nurhayati, Rustyono, Farid, and Suryadi (2025) show the importance of certainty regarding time limits and legal consequences in electronic licensing. In practice, such certainty requires verifiable timestamps, unambiguous status information, reasons when processing time is suspended while awaiting action by the applicant, and official notifications when requirements change. This electronic trail protects both applicants and officials because the

decision-making process can be reconstructed if a dispute later arises. Regional governments should also publish aggregated complaint dashboards that do not disclose personal data. Information such as the most frequent types of disruption, average resolution times, responsible units, and system improvements would promote openness while enabling policy evaluation. Complaint data should not be regarded solely as an indicator of failure; in modern administration, complaints are also a source of information for improving service design.

An AUPB-Based Reform Model

Based on the analysis above, reform of business licensing in West Java should not be pursued by adding new requirements, but by strengthening administrative quality at points where uncertainty and accountability risks are greatest. The following matrix summarizes the relationship among the identified problems, their administrative-law implications, and possible directions for reform.

Table 1. Matrix of Business Licensing Problems in West Java from an Administrative Law Perspective

Problem	Indication / Risk Point	Administrative Law and AUPB Implications	Direction for Reform
Regulatory harmonization	Government Regulation 28/2025 and West Java Provincial Regulation 4/2025 changed the framework, while the 2021 delegation instrument remains in force.	Legal certainty, due care, legality of authority.	Conduct a regulatory audit and update the Governor Regulation/SOPs/schedules of authority with clear transitional provisions.
Fragmented responsibility	A single OSS process involves the national system, DPMPTSP, and technical agencies.	Openness, legal certainty, prohibition on abuse of authority.	Establish a responsibility matrix for each stage, an escalation unit, deadlines, and a clearly identified decision owner.
System and data disruptions	Errors, inconsistencies between systems, and unclear process status.	Due care, good service, protection of procedural rights.	Provide audit trails, downtime records, alternative channels, and data-correction and reconciliation protocols.
KBLI and user literacy	Classification errors and limited understanding among business actors.	Good service, utility, impartiality.	Provide help desks, assisted digital services, KBLI decision trees, and KBLI 2025 transition materials.
Capacity and service access	Unequal digital literacy, device/network access, and institutional readiness.	Good service, public interest, non-discrimination.	Provide inclusive service channels, Public Service Mall/DPMPTSP facilities, targeted assistance, and accessibility support.
Supervision and administrative protection	Simplified issuance can outpace risk-based supervision; complaint and remedy channels may be unclear.	Public interest, proportionality, legal certainty, openness.	Integrate risk-profile supervision, reasoned electronic decisions, complaint dashboards, and clear administrative-remedy channels.

Source: Compiled by the author from legislation, official documents, and literature (2026).

First, the West Java Provincial Government should conduct a regulatory stocktake of all governor regulations, governor decisions, SOPs, and delegation lists related to business licensing. The stocktake should

identify revoked references, changed procedures, and categories of authority that need to be reaffirmed following Government Regulation Number 28 of 2025 and Regulation of the Minister of Investment and Downstream Industry/Head of BKPM Number 5 of 2025. Regency/city governments can apply the same model to their local regulations.

Second, a service-accountability architecture should be established. Every OSS service requiring regional-government action should have a service owner, data owner, verifier, decision owner, complaint owner, and supervisory owner. These categories need not be displayed to the public in technical terminology, but the system must be able to direct users to the appropriate unit. This allocation will also assist dispute resolution because the administrative record can identify the body or official responsible for each action.

Third, DPMPTSP should adopt assisted digital service as a minimum standard. The model should include KBLI consultation, access assistance, self-service facilities, and support for vulnerable groups without altering the substance of legal requirements. Assistance should be recorded so that recurring points of confusion can be identified and analyzed. If hundreds of users repeatedly need assistance at the same stage, the long-term solution is to improve system or information design rather than merely adding more officers.

Fourth, supervision should be treated as equally important as the issuance of legal authorization. Licensing data, investment activity reports, spatial-planning data, environmental information, and complaints should be used to set supervisory priorities. The provincial government can develop cross-regency/city indicators to assess compliance and supervisory capacity without assuming authority it does not possess. In this way, the province's guidance function, as directed by Provincial Regulation Number 4 of 2025, can produce measurable improvements.

Fifth, every electronic decision that may adversely affect an applicant should contain a reasonability layer: a sufficient explanation of the legal basis, the factual circumstances or data used, the requirements that remain unfulfilled, the responsible unit, and the available steps for correction or objection. This principle is a practical translation of openness, due care, and good service. Understandable decisions reduce disputes, whereas decisions that display only an error code or unexplained status shift the administrative burden onto citizens.

Sixth, performance evaluation should use legal-administrative indicators. The number of NIBs issued may continue to be used as an output indicator, but it is insufficient to assess quality. Additional indicators should include compliance with service-time standards, complaint-resolution rates, frequency of decision corrections, consistency in the application of standards, effectiveness of risk-based supervision, and user satisfaction with process clarity. This approach would bring the ease-of-doing-business agenda closer to the objectives of good governance.

CONCLUSION

Business licensing in West Java after the 2025 regulatory changes should be understood as an integrated system of legal administration, not merely as a digital application. Government Regulation Number 28 of 2025 renewed the national risk-based business licensing regime, while West Java Provincial Regulation Number 4 of 2025 strengthened the provincial agenda of ease of doing business, legal certainty, transparency, digitalization, guidance, and evaluation. Within this structure, DPMPTSP retains an important position as the regional service hub based on delegated authority. Delegation instruments established in 2021 should be reviewed and harmonized with the 2025 framework so that their references, terminology, allocation of processes, and responsibilities remain current.

The principal problems can be grouped into five areas: regulatory harmonization; fragmentation of authority and accountability; system reliability, data interoperability, and KBLI classification; gaps in capacity and service access; and supervision and administrative protection. From an administrative-law perspective, all of these areas relate to AUPB, particularly legal certainty, due care, openness, non-abuse of authority, public interest, and good service. Digitalization can accelerate services, but it does not transfer legal responsibility from government bodies or officials to an application.

The practical implications of this study are the need for a regulatory stocktake and updated delegation rules, a central-regional accountability matrix, assisted digital services, audit trails and data-correction protocols, risk-profile-based supervision, and clear channels for complaints and administrative remedies. These reforms can strengthen ease of doing business without reducing environmental protection, spatial-planning safeguards, safety requirements, or the procedural rights of business actors. A limitation of this study is its reliance on secondary empirical materials from several localities, which do not represent all of West Java. Future research should conduct comparative empirical studies of provincial and regency/city DPMPTSP offices after full implementation of Government Regulation Number 28 of 2025 and KBLI 2025, particularly to measure certainty of processing times, the quality of electronic decisions, supervisory effectiveness, and complaint resolution.

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