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Regulatory Clarity and Transparency in Indonesia's Electronic Business Licensing System

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Abstract

Introduction: *The digitalization of business licensing through the Online Single Submission (OSS) system requires transparency of information and legal certainty. However, the recognition of the principle of transparency in regional regulations does not necessarily guarantee the availability of operational transparency mechanisms.*

Purposes of the Research: *This study aims to analyze the regulation of the principle of transparency under Palu City Regional Regulation Number 4 of 2024 concerning Investment Implementation and to assess its clarity and consistency with the national legal framework governing business licensing.*

Methods of the Research: *This normative legal research employs statutory and conceptual approaches. Primary and secondary legal materials were examined through library research and analyzed qualitatively by assessing the clarity of legal norms, consistency of regulatory provisions, and transparency obligations in electronic licensing services.*

Findings of the Research: *The analysis reveals that the recognition of the principle of transparency in Palu City Regional Regulation Number 4 of 2024 does not, in itself, establish operational standards for transparency, including access to licensing requirements, procedures, application status, grounds for rejection, and complaint mechanisms. These findings highlight the need to distinguish between legal ambiguity, regulatory gaps, and the need for regulatory harmonization, taking into account the respective authorities of each level of government. Conclusion: Strengthening transparency requires the specification of measurable information disclosure obligations and clear oversight mechanisms, while respecting the division of governmental authority and the integration of the national OSS system. This study proposes a normative evaluation framework to strengthen legal certainty and accountability in electronic business licensing.*

Keywords: Transparency; Business Licensing; Online Single Submission (OSS); Clarity of Legal Norms; Administrative Law.

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INTRODUCTION

The development of the local economy and the increase in investment attractiveness are greatly influenced by business licensing services. The quality of licensing services in fact, is often an important measure to evaluate how well the government operates, especially in terms of providing legal certainty to business actors. Therefore, the Indonesian government is implementing an electronic-based system to reform its public services. The Online Single Submission (OSS) system is one of the integrated business licensing systems throughout the country.[1]

Indonesia provides electronic-based business licensing services through a nationally integrated Online Single Submission (OSS) system. The implementation of this system aims to simplify administrative procedures, improve service efficiency, and realize transparency

[1] Agus Dwiyanto, *Mewujudkan Good Governance Melalui Pelayanan Publik* (Yogyakarta: Gadjah Mada University Press, 2008).

in the business licensing process through the provision of clear information on the requirements and status of applications.

Juridically, the implementation of OSS was previously regulated in Government Regulation Number 5 of 2021, which was later revoked and replaced by Government Regulation Number 28 of 2025 concerning the Implementation of Risk-Based Business Licensing. This regulation is the basis for the implementation of risk-based business licensing through an electronically integrated system. Thus, transparency in OSS is not only realized through ease of access to services, but also through information disclosure, clarity of procedures, and accountability in the implementation of business licensing.

According to Ridwan HR, one of the general principles of good governance is transparency, which means that the government must provide information to the public honestly and non-discriminate.[2] Philip M. Hadjon stated that openness is a way to strengthen the legitimacy of the government in carrying out public service functions and prevent abuse of authority.[3] The principle of transparency has a strong legal basis in the Indonesian legal system. According to Law Number 14 of 2008 concerning Public Information Disclosure, every public body is required to provide information that is accurate, correct, and easily accessible to the public. Law Number 25 of 2009 concerning Public Services also requires the provision of services to provide clear information about procedures, time, and service costs. Meanwhile, Law Number 30 of 2014 concerning Government Administration states that administrative decisions and actions must be made openly and accountable.

The principle of transparency in electronic-based business licensing services is highly dependent on how the system is designed and regulated. Studies show that implementing OSS as part of e-government can improve the quality of public services, but this requires clear regulatory support to ensure transparency.[4] This shows that the existence of an electronic system without a clear transparency mechanism is not enough. The principle of transparency ensures that authority is implemented in a transparent, accountable, and efficient manner, as well as providing legal security to the public. Therefore, the implementation of electronic-based business licensing services does not only depend on the existence of a digital system, but also on clear arrangements and regulations that establish the principle of transparency as part of good governance.[5]

The risk-based Online Single Submission (OSS) system is intended to implement e-government in the field of licensing in Indonesia. Government Regulation Number 5 of 2021 concerning the Implementation of Risk-Based Business Licensing regulates this system with the aim of improving efficient and transparent licensing services. Article 3 states that the implementation of licensing aims to create accountable and transparent supervision.

In addition, Article 7 paragraph (3) of Government Regulation Number 5 of 2021 states that business licensing risk analysis must be carried out in a transparent, accountable, and data-based manner. This provision shows that transparency is a principle inherent in all stages of the risk-based licensing process. Government Regulation Number 28 of 2025 then emphasizes that an integrated electronic system (OSS) must be used for all licensing

[2] Ridwan HR, *Hukum Administrasi Negara* (Jakarta: RajaGrafindo Persada, 2016).

[3] Philipus M. Hadjon, *Pengantar Hukum Administrasi Indonesia* (Yogyakarta: Gadjah Mada University Press, 2011).

[4] Sitti Mardiana dkk., "Transparansi Pelayanan Publik di Kantor Desa Lampasio Kecamatan Lampasio Kabupaten Tolitoli," *Jurnal Sektor Publik* 2, no. 2 (2024): 45, https://doi.org/10.56630/jsp.v2i2.1383.

[5] Andi Iskandar dan Gunawan Arifin, "Politik Hukum Pendelegasian Kewenangan Perizinan Berusaha Penambangan Pasir Dan Batuan Dalam Perspektif Otonomi Daerah," *El-Iqthisady: Jurnal Hukum Ekonomi Syariah* 7, no. 2 (2025): 1217–33.

processes, including checking business locations and issuing approvals automatically through the system. Therefore, transparency is not only related to information disclosure, but also to the incorporation of systems that allow business people to see the licensing process directly.

Although the transparency of electronic-based licensing at the regional level has been explicitly regulated in government regulations, there are still many obstacles to overcome. In addition, previous research has shown that digital-based public services are still lacking in transparency, especially in terms of access to information and clarity of procedures. In addition, it was found that one of the main problems in implementing the OSS system is the insynchronization between central and regional regulations.[6]

Palu City Regional Regulation Number 4 of 2024 concerning the Implementation of Investment was made by the Palu City Government to implement national policies. Article 2 states that the implementation of the implementation of investment is based on the principles of openness, accountability, and legal certainty. Normatively, this statement indicates that the principle of transparency has been incorporated into regional regulations. However, further examination shows that the provisions in Article 2 only mention the principle of openness as a whole and do not provide further explanation of the meaning, criteria, and ways of implementing openness in electronic-based licensing services. This condition indicates that the regulated norms are unclear about how the principle of transparency should be applied in practice.

Compared to the provisions of Government Regulation Number 5 of 2021, especially Article 7 paragraph (3) and 6 paragraph (8), which stipulate transparency in risk analysis, respectively, this difference shows that the Regional Regulation has not fully adopted government regulations, which leads to vertical disagreements. In addition, Palu City Regulation Number 4 of 2024 does not explain in detail how the OSS system, which is the main tool for business licensing services, is used. In fact, Government Regulation Number 28 of 2025 states that the integrated system runs the entire licensing process electronically. The existence of this regulation shows that there is a gap in norms or legal gaps at the regional level regarding the technical aspects of transparency of electronic-based services.

Furthermore, there are no clear regulations on the obligation of local governments to provide access to information in real-time, such as information on requirements, licensing status, and information on licensing. Transparency in practice, should ensure that everyone can have access to information. However, since the Regional Regulation is unclear, there are possible different interpretations of how this is done. Therefore, it can be concluded that, although the principle of transparency is stipulated in Palu City Regional Regulation Number 4 of 2024, the regulation has not provided adequate standards for electronic-based business licensing services. Therefore, this study is important to analyze the regulation of transparency principles in the Regional Regulation and assess the clarity of the standards in electronic-based public service practices.

METHODS OF THE RESEARCH

This research is a normative legal research that focuses on the clarity of norms and consistency of the regulation of transparency principles in electronic-based business licensing services. The approaches used include a statutory approach and a *conceptual*

[6] Sari, "Transparansi Pelayanan Publik Berbasis Digital," *Jurnal Administrasi Publik*, Advance Online Publication, 2022, https://doi.org/10.31289/jap.v10i2.1234.

approach. Primary legal materials include Palu City Regional Regulation Number 4 of 2024 as well as national regulations relevant to information disclosure, public services, government administration, and risk-based business licensing. Secondary legal materials include books and scientific articles on transparency, legal certainty, state administrative law, and digital governance. Tertiary legal materials are used to assist in the exploration and explanation of legal terminology. The collection of legal materials is carried out through literature studies. The analysis was carried out qualitatively by identifying relevant norms, comparing the scope and substance of their regulation, and assessing the clarity of the transparency obligation based on the parameters of access to information, clarity of procedures, application status, reasons for rejection, and complaint mechanism. Temporal analysis was used to distinguish the consistency of regulations at the time of the formation of the Regional Regulation from the need for adjustment after changes in national regulations. The results of the analysis were used to formulate recommendations for strengthening norms in accordance with the division of government authority.

RESULTS AND DISCUSSION

A. Regulation of Transparency Principles in Electronic-Based Business Licensing Services Based on Palu City Regional Regulation Number 4 of 2024 concerning the Implementation of Investment

The principle of transparency is one of the fundamental principles in the implementation of government and public services that function to ensure information disclosure, accountability, and legal certainty for the community, in the context of electronic-based business licensing services, transparency is not only interpreted as open access to information, but also requires clear regulations regarding procedures, requirements, completion periods, application status, and supervision mechanisms for the service process. The clarity of these regulations is a prerequisite for realizing effective, accountable, and oriented public services to protect the rights of business actors.[7]

Based on this framework, the regulation of the principle of transparency in Palu City Regional Regulation Number 4 of 2024 needs to be analyzed to assess its suitability with higher laws and regulations. Article 2 of Palu City Regional Regulation Number 4 of 2024 has included the principle of openness as one of the principles in the implementation of investment. However, this provision is still general because it only mentions the principle of openness without clearly describing how transparency is implemented in each stage of electronic-based business licensing services. Therefore, the article has not provided an adequate explanation of the information disclosure mechanism and the process that must be passed in electronic-based business licensing services. In fact, Law Number 25 of 2009 concerning Public Services, Government Regulation Number 5 of 2021, and Government Regulation Number 28 of 2025 requires the disclosure of information regarding requirements, procedures, duration, costs, and service status through electronic systems.

The government has a duty and responsibility to realize the welfare of the community. Therefore, the government must be active and not just wait. Every activity that requires a permit must go through the procedures that have been set.[8] The incompleteness of the regulation shows that the principle of transparency in Palu City Regional Regulation

[7] Meyske Adriani Metanila *et al*., "Penerapan Prinsip Kehati-hatian Pada Data Nasabah Pinjaman Secara Online," *TATOHI: Jurnal Ilmu Hukum* 3, no. 11 (2024): 1109, https://doi.org/10.47268/tatohi.v3i11.2102.

[8] . Awaluddin dkk., "Implementation of Mapasilaga Tedong Licensing in Tana Toraja District Based on Laws and Regulations," *Law and Humanities Quarterly Reviews* 3, no. 2 (2024), https://doi.org/10.31014/aior.1996.03.02.118.

Number 4 of 2024 has not been implemented normatively in the form of operational provisions. As a result, the regulation regarding transparency in electronic-based business licensing services still depends on the provisions of the laws and regulations above, so that the goal of providing transparent, accountable, and legal certainty services has not been fully achieved.

B. Clarity of Norms of the Principle of Transparency in Electronic-Based Business Licensing Services Based on Palu City Regional Regulation Number 4 of 2024 concerning the Implementation of Investment.

The regulation on the principle of transparency in Palu City Regional Regulation Number 4 of 2024 has not specifically outlined the rights of business actors to obtain information on the implementation of electronic-based business licensing services through the OSS system.[9] This can be seen from the lack of clear provisions regarding the type of information that must be available, procedures for accessing information, and deadlines for submitting and updating information. As a result, business actors have the potential to experience difficulties in obtaining information related to licensing requirements, service stages, application development, and reasons for refusal of permits.

The results of the study show that the provisions regarding the principle of transparency in Palu City Regional Regulation Number 4 of 2024 still cause vague *norms,* especially related to the obligation of local governments in providing access to information to business actors. Therefore, more detailed arrangements are needed regarding the right to obtain information, procedures for submitting requests for information, deadlines for submitting information, and complaint mechanisms if information is not accessible. These clear and measurable arrangements are needed so that the implementation of the principle of transparency can run optimally and provide legal certainty guarantees in the implementation of electronic-based business licensing services. In fact, Government Regulation Number 28 of 2025 requires that all service processes be carried out openly, integrated, and can be monitored by business actors through electronic systems.

CONCLUSION

This study shows that the recognition of the principle of openness in Palu City Regional Regulation Number 4 of 2024 concerning the Implementation of Investment has not by itself guaranteed the clarity of transparency obligations in electronic-based business licensing services. The legal problem lies in the need to connect the principle of openness with information standards, clarity of procedures, application status, notification of decisions, and accountability and supervision mechanisms. Assessment of the adequacy of norms must be carried out by comparing the provisions of the Regional Regulation with relevant national regulations, paying attention to the time of its validity, and identifying the division of authority between the central and regional governments. Therefore, the absence of technical details in the Regional Regulation does not automatically prove a lack of norms or disharmonization, especially if the material has been regulated in national regulations or the OSS system. The difference between the ambiguity of norms, regulatory vacancies, and the need for regulatory adjustments needs to be proven through an analysis of specific provisions. As a recommendation, the Palu City Government needs to evaluate the adequacy of transparency regulations and determine improvement instruments that are in

[9] Aminuddin Kasim Et Al., "Mining Businees Licensing in Indonesia: Perspective Administrative Law After Therevision of The Mineral and Coal Law," *Russian Law Journal* 11, noo. 3 (2023), https://doi.org/10.52783/rlj.v11i3.1538.

accordance with its authority. The strengthening can be directed at the clarity of information standards, access to application developments, notification of decisions, complaint mechanisms, and service accountability, without duplicating or contradicting national regulations. Thus, the main contribution of this research is a normative evaluation framework to assess transparency, legal certainty, and regulatory consistency in the implementation of electronic-based business licensing.

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Philipus M. Hadjon, *Pengantar Hukum Administrasi Indonesia*, Yogyakarta: Gadjah Mada University Press, 2011.

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