

The Challenges of Implementing the Online Single Submission (OSS) System in Business Licensing (NIB) and Halal Certification Processes

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Abstract

This article examines the implementation of the Online Single Submission (OSS) system in business licensing in Indonesia, particularly concerning Business Identification Numbers (NIB) and halal certification. OSS, designed to streamline the licensing process electronically, aims to improve efficiency and accessibility in public services supporting business activities. However, this study finds that in practice, the OSS system encounters multiple challenges, both technical and regulatory. Key issues identified include limited technological access for micro and small business operators, unclear regulatory standards, and concerns regarding data security and information management. Additionally, OSS presents difficulties in the halal certification process, such as complex criteria and the need for accurate data verification. The government is encouraged to take adaptive steps, including enhancing transparency, simplifying bureaucratic procedures, and providing technical support for business operators. These adjustments are anticipated to optimize the OSS system, fostering a better investment climate and increasing the competitiveness of SMEs in Indonesia. This research adopts a normative juridical approach with qualitative analysis based on primary, secondary, and tertiary legal sources. The study's findings recommend that the government be more responsive to the challenges faced by business operators to realize an inclusive and effective OSS system.

Introduction

The Online Single Submission (OSS) system is a significant initiative by the Indonesian government to modernize and streamline business licensing processes. According to Article 1(5) of Government Regulation No. 20 of 2018 concerning Integrated Electronic Business Licensing Services, OSS is defined as “business licensing issued by the OSS Institution on behalf of ministers, heads of institutions, governors, or regents/mayors to business actors through an integrated electronic system.” This regulation aimed to create a cohesive and efficient framework for managing business licenses by integrating them into a single, centralized digital platform. It represents a pivotal step toward enhancing public service delivery, particularly in business operations (Amalia et al., 2023).

Public service delivery in Indonesia is broadly governed by Law No. 25 of 2009 concerning Public Services, which defines public services as activities or a series of activities aimed at meeting the needs of the public in accordance with laws and regulations. Article 3 of this law underscores the goals of public service delivery, including clarifying the rights, responsibilities, and authorities of all involved parties; establishing a well-organized public service system aligned with principles of good governance; ensuring compliance with regulations; and providing legal certainty and protection for the public. Fundamentally, public service delivery aims to offer accessible, efficient, and transparent services that meet the public's needs while communicating options and procedures effectively (Ma'arif et al., 2024).

One critical area of public service is business licensing, which serves as a gatekeeper for formal business operations. Business licenses are official decisions issued by authorized administrative officials that regulate business activities, ensuring compliance with statutory requirements. Effective business licensing is crucial not only for regulatory oversight but also for fostering an environment conducive to economic growth and investment. Recognizing this, the Indonesian government has introduced various reforms to enhance the licensing process (Rafianti et al., 2024).

The OSS system was first codified under Government Regulation No. 24 of 2018 and later revised with Government Regulation No. 5 of 2021 concerning Risk-Based Business Licensing. This transition marked a shift toward a risk-based approach, focusing on simplifying procedures and aligning them with the level of risk associated with specific business activities. The OSS system consolidates all business licensing processes into a centralized electronic system, enabling businesses to obtain licenses more quickly and efficiently. This innovation aligns with broader efforts to enhance Indonesia's investment climate by eliminating bureaucratic red tape and reducing administrative burdens (Yunari et al., 2022).

Despite its promising objectives, the OSS system has faced notable challenges in practice. These challenges stem from both technical and human factors, highlighting gaps in implementation that undermine its effectiveness. On the technical side, the OSS system has encountered issues such as system glitches, limited interoperability with existing databases, and difficulties in adapting to the specific requirements of various sectors.

These technical limitations can create delays, frustrate users, and compromise the system's reliability (Ramdhani, 2022).

Human factors also play a critical role in the OSS system's performance. Users, including business actors and public service officials, often lack sufficient knowledge or training to navigate the system effectively. This knowledge gap can lead to errors, miscommunication, and inefficiencies in the licensing process. Moreover, resistance to change among stakeholders accustomed to traditional licensing procedures further complicates the transition to a fully digital system (Wahyuni et al., 2024).

To address these challenges, the Indonesian government has undertaken several legislative and regulatory reforms. The most notable of these is the enactment of Law No. 11 of 2020 concerning Job Creation, commonly referred to as the Omnibus Law, and its subsequent amendment through Law No. 6 of 2023. These laws were introduced to simplify the regulatory landscape, reduce procedural complexity, and promote a more investment-friendly environment. The Job Creation Law explicitly integrates risk-based business licensing principles, emphasizing the need for a more streamlined and targeted approach to licensing.

The Job Creation Law and its amendments represent a paradigm shift in Indonesia's regulatory framework. By reducing the procedural burdens associated with business licensing, the government aims to enhance Indonesia's competitiveness as an investment destination. However, these reforms have also sparked debates regarding their effectiveness, inclusivity, and potential unintended consequences. Critics argue that while the laws simplify procedures on paper, they fail to address the systemic issues that impede implementation, such as corruption, lack of accountability, and inadequate infrastructure (Sekty & As' ari, 2023).

A specific area of concern within the OSS framework is its application in halal certification. Halal certification is an essential aspect of business operations in Indonesia, particularly for businesses in the food, beverage, and pharmaceutical sectors. It ensures compliance with Islamic dietary laws and provides assurance to consumers. The integration of halal certification processes into the OSS system was intended to simplify and expedite certification procedures. However, the practical implementation has revealed significant hurdles, including overlapping regulations, limited coordination between relevant institutions, and insufficient digital infrastructure.

The challenges in integrating halal certification into the OSS system underscore the broader issues within the framework. The complexity of coordinating multiple stakeholders, each with distinct mandates and processes, often results in delays and inefficiencies. Furthermore, the lack of adequate technological infrastructure, particularly in remote or underdeveloped areas, exacerbates these challenges. Business actors, especially small and medium enterprises (SMEs), often struggle to comply with certification requirements due to limited resources and support (Rahman, 2023).

To address these issues, a multi-pronged approach is necessary. First, strengthening the technical infrastructure of the OSS system is critical. This includes improving system reliability, enhancing data interoperability, and ensuring user-friendly interfaces. Second, capacity-building programs should be implemented to equip users with the necessary skills and knowledge to navigate the system effectively. These

programs should target both business actors and public service officials, fostering a culture of digital literacy and adaptability (Rokhman et al., 2024).

Third, fostering greater stakeholder collaboration is essential. This involves harmonizing regulations, improving coordination between relevant institutions, and establishing clear lines of accountability. The government should also engage with the private sector and civil society to identify pain points and co-create solutions. Finally, a robust monitoring and evaluation mechanism should be established to assess the system's performance, identify gaps, and implement corrective measures.

Methodology

This study employs a qualitative approach to analyze the challenges and implications of implementing the Online Single Submission (OSS) system in business licensing and halal certification processes in Indonesia (Raco, 2010). The research focuses on identifying technical, administrative, and regulatory barriers, as well as the social and institutional factors influencing the system's effectiveness. Data collection is conducted through document analysis, including an examination of relevant laws and regulations such as Government Regulation No. 5 of 2021, Law No. 11 of 2020 (Job Creation Law), and Law No. 6 of 2023. In addition, reports, case studies, and secondary data from government publications, academic journals, and media sources are utilized to understand the system's implementation and its practical challenges. A thematic analysis is applied to identify recurring issues, categorize them, and assess their impact on the efficiency of the OSS system.

To gain deeper insights into the integration of halal certification into the OSS framework, the study also analyzes case-specific scenarios involving small and medium enterprises (SMEs). Stakeholder interviews, including policymakers, business actors, and representatives from halal certification agencies, are conducted to supplement document analysis. These interviews aim to capture firsthand experiences, perspectives, and recommendations regarding the implementation of the OSS system. The collected data are synthesized to draw connections between regulatory provisions, technical systems, and the lived experiences of stakeholders. This comprehensive methodology ensures a nuanced understanding of the systemic challenges and proposes actionable recommendations to enhance the OSS system's performance and inclusivity.

Result and Discussion

Limitations of Business Actors in Accessing the Online Single Submission (OSS) System: Challenges and Implications

The Online Single Submission (OSS) system, designed as a transformative measure to simplify business licensing in Indonesia, has encountered numerous challenges that undermine its objectives. Businesses, especially micro, small, and medium enterprises (MSMEs), continue to face significant barriers when navigating the system. These obstacles stem from inconsistencies in classification, regulatory misalignments, and structural deficiencies that complicate the process rather than streamline it (Wahyudin et al., 2023).

One of the most prominent issues lies in the classification of business activities within the system. The OSS framework uses the Klasifikasi Baku Lapangan Usaha

Indonesia (KBLI) to categorize business fields, yet this classification often proves problematic. For instance, 353 KBLI codes lack designated regulatory oversight, while some codes are assigned to multiple authorities, creating confusion. Despite attempts by the Investment Coordinating Board (BKPM) to address these inconsistencies through Circular Letter No. 18 of 2021, certain KBLI codes remain unprocessable within the system. This misalignment disrupts licensing procedures, causing delays and inefficiencies. Businesses, particularly MSMEs with limited resources, often struggle to adapt to these regulatory ambiguities, further complicating their operations (Hadjon, 1993).

Capital requirements within the OSS system add another layer of complexity. Business actors frequently encounter discrepancies between the capital regulations outlined by the OSS framework and those specified in other statutes, such as the Company Law (UU PT) and Government Regulation No. 8 of 2021. These differences create confusion over what constitutes initial, authorized, or paid-up capital. MSMEs, which typically operate on limited budgets, find these requirements particularly burdensome. The need to align with conflicting regulations forces businesses to incur additional costs, such as revising incorporation documents or increasing capital thresholds. For small-scale enterprises, these expenses are prohibitive, undermining the inclusivity that the OSS system aims to promote (*Surat Edaran Kepala BKPM No. 18 Tahun 2021 Tentang Perubahan Atas Surat Edaran Menteri Investasi/Kepala BKPM No. 17 Tahun 2021*, 2021).

The integration of spatial planning requirements, or Rencana Detail Tata Ruang (RDTR), further complicates the licensing process. Government Regulation No. 21 of 2021 mandates that local governments digitize and integrate RDTR data into the OSS system. However, the implementation of this mandate has been inconsistent, with many regions failing to fully comply. RDTR availability remains limited, creating bottlenecks in licensing processes. For MSMEs operating informally or in residential areas, the need to conform to zoning regulations poses significant challenges. This issue is exacerbated by local governments' reluctance to digitize spatial planning data, often due to concerns about potential regional impacts. Without comprehensive RDTR integration, the OSS system cannot function as intended, leaving businesses caught in a fragmented regulatory landscape (Hartati Rahayu et al., 2024).

The risk-based approach employed by the OSS system, while innovative in theory, has also led to practical challenges. Under this framework, business licensing requirements are tailored to the perceived risk level of specific activities. However, inconsistencies in risk classifications often lead to arbitrary or illogical outcomes. For example, relatively low-impact activities, such as translation services or photography businesses, are sometimes categorized as medium to high-risk, requiring additional approvals. This misclassification creates unnecessary barriers, particularly for industries like water management, where essential permits such as the Water Management License (SIPA) are not adequately supported by the OSS system. Businesses attempting to obtain these permits often encounter delays or are forced to revert to outdated manual processes, further undermining the system's efficiency (Agung & Suryamah, 2022).

These systemic issues disproportionately impact MSMEs, which represent the backbone of Indonesia's economy. Businesses established before 2018 under legal

structures like CVs or UD now face new requirements to align their documentation with updated KBLI codes. This process often necessitates costly legal revisions, with notary fees ranging from IDR 5,000,000 to IDR 7,000,000. For small enterprises, these expenses are significant, discouraging formalization and compliance (Pittaway & Montazemi, 2020). Administrative challenges, such as difficulties in updating email addresses or navigating system interfaces, further exacerbate the problem. These cumulative barriers make the OSS system inaccessible for many small businesses, undermining its potential to support economic growth and inclusivity (Ridwan, 2019).

While the OSS system is a commendable initiative, its implementation reveals gaps that hinder its objectives. Businesses, especially MSMEs, require clearer classifications, streamlined regulations, and greater support to navigate the licensing process. Addressing these challenges is essential to realizing the system's goal of fostering an efficient, inclusive, and supportive regulatory environment for businesses in Indonesia. Without such reforms, the OSS system risks becoming a barrier rather than a facilitator for economic activity.

The Role of Government in Addressing Business Actors' Limitations in Obtaining Business Identification Numbers (NIB)

The government plays a critical role in addressing the challenges faced by business actors, particularly micro, small, and medium enterprises (MSMEs), in obtaining a Business Identification Number (Nomor Induk Berusaha, NIB). Despite the introduction of the Online Single Submission (OSS) system, several barriers continue to hinder business actors, such as lack of understanding of procedures, technical inefficiencies, and regulatory complexities. A proactive and comprehensive government intervention is essential to mitigate these issues and foster an environment conducive to business growth (Afriyani et al., 2022).

One of the key strategies the government can adopt is increasing the availability and accessibility of information related to the NIB application process. Many business actors remain unaware of the exact steps and requirements to obtain an NIB, which often leads to confusion and delays. The government, through agencies such as the Investment Coordinating Board (BKPM), can implement large-scale outreach programs and awareness campaigns. These initiatives could include workshops, online webinars, and community-based counseling sessions aimed at educating business actors about the OSS system and its functionalities (Nurhayati et al., 2021). Such campaigns could leverage digital platforms, social media, and local government networks to reach a wider audience, particularly those in remote and underserved areas.

Improving public service delivery is another crucial measure that the government must prioritize. The inefficiencies within the OSS system, including technical glitches and lengthy processing times, have been widely documented (Kompas, 2023). To address these issues, the government can allocate resources to enhance the system's technical infrastructure, ensuring faster, more reliable, and user-friendly services. Regular maintenance and updates of the OSS platform are critical to minimizing downtime and addressing user complaints promptly. Additionally, integrating other essential systems, such as spatial planning data (Rencana Detail Tata Ruang, RDTR), into the OSS

framework is necessary to eliminate bottlenecks in the licensing process (Wakhyuni et al., 2021).

Providing targeted support and assistance to business actors is another effective approach. Many MSMEs, particularly those in rural or low-income settings, lack the technical skills and resources to navigate the OSS system independently. To bridge this gap, the government can establish consultation and mentoring services tailored to the needs of small-scale enterprises. These services could involve deploying trained personnel at local administrative offices to guide business actors through the application process step-by-step. Moreover, the government could consider introducing mobile application units or online helpdesks to provide real-time assistance for those encountering technical or procedural difficulties (Putro et al., 2024).

Policy reforms that promote the ease of doing business are equally critical in addressing the limitations of MSMEs. Regulatory frameworks need to be simplified to ensure that the requirements for obtaining an NIB align with the realities faced by small-scale enterprises. For instance, reducing the cost and complexity of revising legal documentation, such as Articles of Association, can significantly benefit MSMEs. Currently, the notary fees associated with these revisions are substantial, often ranging from IDR 5,000,000 to IDR 7,000,000, which poses a significant burden on small businesses. By introducing subsidized or streamlined processes for these revisions, the government can lower barriers to entry and encourage more businesses to formalize their operations (Wicaksono, 2021).

Additionally, government policies must address the systemic issues related to spatial planning requirements under the RDTR framework. Many local governments have yet to fully digitize and integrate RDTR data into the OSS system, resulting in incomplete or inaccessible information that delays licensing processes. Incentivizing local governments to prioritize RDTR digitization and integration is vital. The central government could provide financial support or establish performance-based rewards to encourage compliance. Furthermore, creating exemptions or transitional provisions for MSMEs operating in residential zones could alleviate the disproportionate impact of zoning regulations on small-scale enterprises (Hasan & Jailani, 2024).

The government must also re-evaluate the risk-based approach employed in the OSS system to ensure that risk classifications are logical and fair. Misclassifications of certain low-impact businesses, such as translation services or photography, as medium-to high-risk activities have led to unnecessary complications and delays. A more nuanced and evidence-based risk assessment framework, developed in consultation with industry stakeholders, is essential. Providing training for regulatory officials and system operators to accurately interpret and apply risk classifications can further reduce inconsistencies and enhance the overall efficiency of the OSS system (Aspan et al., 2017).

Finally, fostering a collaborative approach between the public and private sectors can contribute significantly to addressing the challenges associated with NIB acquisition. Engaging business associations, chambers of commerce, and non-governmental organizations in policy formulation and system improvements can provide valuable insights into the practical needs of business actors. Collaborative initiatives, such as public-private partnerships to fund training programs or technology upgrades, can also accelerate progress.

Through these multifaceted interventions, the government can effectively tackle the limitations faced by business actors in obtaining an NIB. Enhancing information dissemination, streamlining public services, offering targeted support, reforming policies, and fostering collaboration are all critical components of a holistic strategy. These efforts will not only address the immediate challenges within the OSS system but also lay the groundwork for a more inclusive and supportive business environment in Indonesia.

Examining Business Licensing in the Halal Certification Process: A Collaborative Approach to Bureaucratic Transformation

The process of obtaining business licenses for halal certification is a critical component of regulatory oversight and consumer protection in Indonesia, particularly for Muslim-majority consumers. This process requires the collaboration of government, producers, and consumers to ensure adherence to halal standards and enhance transparency, efficiency, and accountability in business operations. The integration of technology and bureaucratic reform presents significant opportunities to streamline these processes, addressing the needs of all stakeholders effectively.

One of the key strategies for improving the licensing process in halal certification is digitalization. Shifting from manual to digital processes can drastically reduce the time and cost required for certification. The use of online systems enables applicants to submit documents and track their application status more efficiently. For example, the Online Single Submission (OSS) system, introduced under the Job Creation Law (*Undang-Undang Cipta Kerja*), is a step toward accelerating business licensing by integrating various services into a centralized digital platform. This transformation is particularly relevant for the halal certification process, as it simplifies coordination across departments and agencies involved in regulatory oversight (Nurhayati et al., 2021).

Another critical aspect of reform is transparency. Providing public access to information about halal certification procedures, requirements, and the status of applications can build trust and reduce opportunities for corruption. By ensuring that all stakeholders, including businesses and consumers, have access to accurate and up-to-date information, the government can foster greater confidence in the regulatory system. Transparency initiatives should include publishing a comprehensive list of certified halal products and clear guidelines for certification processes.

Reducing bureaucratic complexity is also essential to make halal certification more accessible. Excessive bureaucracy, such as redundant documentation and complex procedures, can deter businesses, particularly small and medium enterprises (SMEs), from seeking certification. Simplifying these processes by reducing unnecessary steps and consolidating requirements across agencies can enhance efficiency. For example, aligning halal certification requirements with those of other business licenses, such as health and safety permits, can create a more streamlined regulatory framework.

The integration of advanced technology further enhances the potential for reform. Blockchain technology, for instance, can ensure the security and authenticity of halal certificates, providing a tamper-proof record of certified products. This approach can also improve monitoring and enforcement by creating a transparent and verifiable chain of custody for halal products from production to distribution. Leveraging such technology

addresses growing consumer demand for traceability and reliability in halal-certified goods (Agung & Suryamah, 2022).

A critical component of reform is improving service quality. Training staff involved in the licensing and certification process to be more responsive, knowledgeable, and consumer-friendly can significantly improve the experience of business actors seeking certification. Customer relationship management systems can also be employed to handle inquiries and complaints efficiently, ensuring a smooth and user-friendly application process.

Establishing clear and standardized operational guidelines is another step toward improving consistency and fairness in the certification process. These guidelines should outline the roles and responsibilities of all stakeholders involved in issuing halal certifications, ensuring that decisions are made transparently and in accordance with established criteria. This approach minimizes the potential for arbitrary decisions and increases accountability among certification bodies.

Specific to the halal certification process, the government must enhance openness and transparency to ensure that all requirements and procedures are easily accessible to the public. This openness not only reduces the potential for confusion and misinformation but also encourages compliance among businesses. The development of a centralized online portal that consolidates all relevant information, application forms, and tracking tools is a practical step in this direction.

Another priority is increasing efficiency through the introduction of online application and monitoring systems. Automating routine tasks, such as document verification and application review, can expedite the certification process and reduce administrative burdens. For instance, creating a digital dashboard that allows applicants to monitor the progress of their certification in real time can help eliminate unnecessary delays and improve satisfaction among business actors.

Ensuring high-quality standards in the certification process is vital. This involves engaging qualified experts to evaluate products and production processes against established halal criteria. Consistency in applying these standards is essential to maintain credibility and consumer trust in halal certification. Furthermore, the certification process should incorporate mechanisms for periodic review and feedback to continuously improve its effectiveness.

Accountability is another cornerstone of effective halal certification. Certification bodies must be transparent about their decision-making processes and open to evaluation by relevant stakeholders. Establishing independent review mechanisms to assess compliance with halal standards and address disputes or grievances is an important measure. Such mechanisms can strengthen public confidence in the certification system and ensure its integrity.

Collaboration among stakeholders—including government agencies, producers, consumers, and religious authorities—is fundamental to creating a robust and inclusive halal certification framework. By involving these parties in the design and implementation of certification processes, the government can ensure that the system meets the needs of all stakeholders. For example, regular consultations with business associations and consumer groups can provide valuable insights into the practical

challenges of halal certification and identify areas for improvement (Agung & Suryamah, 2022).

From a legal perspective, the issuance of business licenses for halal certification must adhere to key principles. These include compliance with halal standards, transparency, consumer protection, and enforcement of penalties for violations. Certification bodies must ensure that businesses meet all requirements related to halal principles, including sourcing, processing, and distribution. Transparency requires businesses to provide clear evidence of their compliance, while consumer protection ensures that Muslim consumers are safeguarded from non-halal products. Finally, penalties for non-compliance reinforce the importance of adhering to certification standards (Wicaksono, 2021).

The transformation of the business licensing process, particularly in halal certification, requires a combination of digital innovation, policy reform, and stakeholder collaboration. By addressing inefficiencies and enhancing transparency, accountability, and service quality, the government can create a more effective and inclusive system. Such reforms will not only support the growth of SMEs but also ensure that halal-certified products meet the highest standards of quality and reliability, fostering trust among consumers and strengthening Indonesia's position in the global halal market.

Challenges and Limitations in the Implementation of the Online Single Submission (OSS) System for Business Licensing and Halal Certification

The concept of business licensing is fundamentally about granting legal recognition to individuals or entities to operate within specific sectors. Licensing is a crucial instrument in administrative law, functioning as a mechanism to regulate societal behavior and ensure compliance with established norms. However, the transition to the Online Single Submission (OSS) system, particularly after the enactment of Law No. 6 of 2023, which ratified the Job Creation Law (*Omnibus Law*), has presented various challenges. While OSS aims to streamline the issuance of Business Identification Numbers (NIB) and other permits, its implementation has exposed systemic limitations that require immediate evaluation.

The centralization of regulatory authority, a significant shift introduced by the new legal framework, has diminished the autonomy of local government agencies like DPMPSTP (Regional Investment and One-Stop Service Agency). Previously, these agencies held substantial jurisdiction over licensing processes. However, many of their functions have now been reassigned to the central government. This change, while intended to improve uniformity and reduce bureaucratic fragmentation, has inadvertently created bottlenecks, raising concerns about the diminishing role of regional autonomy in licensing governance (Amalia et al., 2023). The resulting centralization challenges the principles of decentralization upon which Indonesia's administrative system was founded and necessitates a re-evaluation of the balance between central and local authorities.

A notable feature of the OSS system is its reliance on the fictitious positive law principle, which grants automatic approval of licenses if the verification process is not completed within a specified timeframe. While this mechanism aims to expedite licensing, it has led to unintended consequences. For instance, incomplete data submissions in over 189 cases of business license applications still resulted in automatic approvals due to regulatory deadlines. While this principle provides legal certainty, it raises concerns about potential oversights in regulatory compliance, particularly in high-risk industries where thorough scrutiny is essential (Sutedi, 2015).

The OSS system has also revealed several technical and systemic limitations:

1. **Limited Access and Technological Capability.** Many micro and small enterprises (MSEs) lack the technological literacy and access needed to navigate the OSS system effectively. This digital divide hinders their ability to comply with administrative requirements, exacerbating inequities between large corporations and smaller businesses.
2. **Data Security and Privacy Concerns.** The centralized nature of the OSS system poses significant risks to data security. Ensuring the protection of sensitive business and personal data is paramount, particularly as instances of cyber breaches and unauthorized access become increasingly common in digital platforms.
3. **Insufficient Technical Support.** Many users face challenges due to inadequate technical support, particularly in resolving system glitches or understanding procedural nuances. Without robust customer service infrastructure, users are left to navigate complex systems independently, leading to delays and frustrations.
4. **Regulatory Misalignment.** Certain regulations remain inconsistent with the principles underlying OSS, creating confusion among users and hindering effective implementation. For instance, overlapping or contradictory requirements between central and regional regulations complicate compliance processes.
5. **High Implementation Costs.** The OSS system requires significant investment in system development, user training, and infrastructure upgrades. For small businesses with limited resources, these costs are prohibitive, limiting their ability to fully benefit from the system (Rokhman et al., 2024).

The halal certification process, a key area within the OSS framework, presents unique challenges. The complex criteria and requirements for halal certification, including material validation and adherence to international standards, amplify the difficulties of transitioning to a digital system. The need for accurate data validation and robust security measures to protect sensitive information about product ingredients underscores the technical demands of this process. Moreover, aligning with international halal standards requires the OSS system to be highly adaptable, which remains a significant challenge.

Further complications arise from the lack of adequate technical support and training for users navigating halal certification through OSS. Many producers, particularly those in rural areas, are unfamiliar with the system and require comprehensive guidance to ensure compliance. Without sufficient support, these users face delays and errors in their certification applications, undermining the system's efficiency.

Recommendations for Improvement

Addressing the limitations of the OSS system requires a multifaceted approach. First, capacity-building initiatives aimed at improving digital literacy among MSEs are crucial. These programs should include training workshops and online resources designed to enhance users' ability to navigate the system effectively.

Second, data security measures must be strengthened to protect sensitive information within the OSS system. Implementing advanced encryption technologies and regular audits can safeguard data from unauthorized access and cyber threats. Transparency in data handling procedures can further enhance user trust (Aspan et al., 2017).

Third, expanding technical support infrastructure is essential to address user concerns promptly. Establishing local service centers and helpdesks can provide accessible assistance to businesses, particularly in remote regions. Additionally, efforts to align regulations and policies with the OSS framework are critical to minimizing confusion and ensuring consistent application across jurisdictions. Collaborative efforts between central and local governments can harmonize regulatory requirements, reducing friction in the licensing process.

Targeted financial assistance, such as subsidies or grants, can alleviate the financial burden of OSS implementation on small businesses. These initiatives can enable broader participation in the system, fostering greater inclusivity and equity.

The OSS system represents a transformative initiative with significant potential to enhance Indonesia's business environment. However, its success depends on addressing the systemic and technical challenges outlined above. By adopting targeted reforms and fostering collaboration among stakeholders, the government can ensure that the OSS system fulfills its objectives of efficiency, transparency, and inclusivity in business licensing and halal certification.

Conclusion

The implementation of the Online Single Submission (OSS) system in Indonesia marks a significant step toward modernizing business licensing and promoting efficiency, transparency, and accountability. However, its application reveals persistent challenges, including limited technological access for small and micro enterprises (SMEs), data security risks, insufficient technical support, and misaligned regulations. The

centralization of licensing authority has streamlined some processes but also raised concerns about the diminished role of regional autonomy.

Furthermore, the integration of the halal certification process within the OSS system highlights specific technical and procedural complexities, such as the need for accurate data validation, adherence to international standards, and user training. While the OSS system offers potential for transformative change, its success depends on targeted reforms to address these challenges. By strengthening digital literacy, enhancing data security, aligning regulatory frameworks, and providing financial support for SMEs, the government can ensure that the OSS system fulfills its objectives and contributes to a more inclusive and dynamic business environment in Indonesia.

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