
RESEARCH ARTICLE

Implementation Of Licensing Service Policy Small And Medium Micro Enterprises (Msmes) In One Door Integrated Services Investment Department Of Tulang Bawang Regency Lampung Province

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ABSTRACT

This study aims to analyze the implementation of the policy on Micro, Small, and Medium Enterprises (MSMEs) licensing services at the Investment and One-Stop Integrated Services Office (DPMPTSP) of Tulang Bawang Regency, identify the determinants of policy implementation, and formulate a policy implementation model for MSME licensing services in DPMPTSP Tulang Bawang Regency. The policy implementation theory referred to in this study is based on Hamdi (2014), which includes the dimensions of productivity, linearity, and efficiency. Additionally, the determinants of policy implementation include policy substance, implementer behavior, network interaction, target group participation, and resources. This research employs a qualitative descriptive method, with primary data collected through observations and interviews with informants from the Tulang Bawang Regency Government, MSME actors, and academics. The data analysis technique follows a descriptive approach, including data reduction, data presentation, and conclusion drawing. The study concludes the following: 1) The policy for licensing services for MSMEs at the DPMPTSP of Tulang Bawang Regency has not been optimally implemented, as seen from the relatively low productivity of target group achievements and the inefficiency of budget, human resources, and equipment utilization, even though the linearity of procedures, time, cost, location, and implementers are in accordance with the standards; 2) The determinants of policy implementation, based on the policy substance sub-dimensions, show a medium characteristic, with dualism and inconsistency in the issuance of MSME licenses. The behavior of the implementers has a strong determinant characteristic, with good work motivation and learning ability. The network interaction has a medium determinant characteristic, with poor coordination in cross-sectoral cooperation. The participation of the target group has a weak determinant characteristic due to low awareness and limited digital literacy among the community. Resources have a weak determinant characteristic due to budget and human resource limitations; 3) The researcher has formulated a Digital-Based Public Service Policy Implementation Model, developed from Hamdi's (2014) Policy Implementation Model. The novelty of the model lies in the addition of the dimensions of innovation and digitalization to improve and reactualize the existing policy implementation model, which can support the creation of optimal MSME licensing services in particular, and digital-based public services in general. This model can be applied in other regions with similar characteristics.

KEYWORDS

Policy Implementation, Digital-Based Public Services, MSME Licensing

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1. Background

Micro, Small, and Medium Enterprises (MSMEs) serve as the backbone of Indonesia's economy. As of 2023, this sector involves approximately 66 million entrepreneurs, contributing 61% to the Gross Domestic Product (GDP) (valued at IDR 9,580 trillion) and

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absorbing 97% of the workforce (Ayuningtyas, 2024). This contribution surpasses that of developed countries such as Germany (35%), Japan (52%), and the United States (44%), solidifying MSMEs as a driver of inclusive economic growth and social equity. However, despite their potential, Indonesian MSMEs face complex challenges, particularly in global competitiveness. Their contribution to national exports remains low at 16%, lagging behind Thailand (29%) and the Philippines (20%). Key constraints include lack of business legality, limited technological access, and low human resource capacity (pip.kemenkeu.go.id, 2024). At the regional level, Tulang Bawang Regency, Lampung Province, reflects similar challenges. The regency holds potential in agricultural, handicraft, and culinary MSMEs, yet their growth remains stagnant. Data reveals a decline in the number of MSMEs from 2022 to 2023, placing the regency at 7th position in Lampung Province (Table 1.1). More concerning, only 13.99% of MSMEs possessed a Business Identification Number (NIB) between 2022 and 2024 (Table 1.2), indicating that most operate without proper legal documentation. Consequently, 67.69% of MSME actors struggle to access formal financing and rely on loan sharks or informal financial institutions with high interest rates (pip.kemenkeu.go.id, 2024). This not only hinders business growth but also exacerbates economic vulnerability among MSMEs.

Table 1: Comparison of the Number of Micro, Small and Medium Enterprises (MSMEs) in Tulang Bawang Regency and Regions/Cities in Lampung Province, 2021-2023

Regent / City	Micro		Small		Medium		Quantity	
	2023	2022	2023	2022	2023	2022	2023	2022
Lampung Tengah Regency	60.841	60.841	4	-	3	-	60.848	60.841
Way Kanan Regency	58.001	1.100	-	-	3	-	58.004	1.100
Pringsewu Regency	45.246	24.779	401	-	36	-	45.683	24.779
Way Kanan Regency	58.001	1.100	-	-	3	-	58.004	1.100
Pesawaran Regency	43.021	7.106	278	265	31	23	43.330	7.394
Lampung Timur Regency	33.519	41.250	4	-	5	-	33.528	41.250
Tulang Bawang	31.880	35.612	494	-	54	-	32.428	35.612
City of Bandar Lampung	30.934	4.460	2	-	4	-	30.940	4.460
Lampung Province	490.521	273.120	2.202	291	263	46	492.986	273.457

Source: Indonesia Statistic Agency of Lampung Province, 2024.

Tabel 2

	MSMEs	Business Identification Number (NIB)	Percentage (%)
2022	35.612	3.418	9,60
2023	31.880	6.681	20,96
2024	38.292	4.373	11,42
Average	35.261	4.824	13,99

Source: DPMPSTP Tulang Bawang Regency, 2024

The low legality compliance among MSMEs in Tulang Bawang is closely tied to human resource limitations. Approximately 48.92% of MSME actors have only completed elementary education (Table 1.3), resulting in weak financial, managerial, and digital literacy. A study by Nazihah (2021) highlights that many MSMEs fail to separate personal and business finances, lack long-term business

planning, and struggle with digital adaptation. Data from the Tulang Bawang Regional Development Agency (2020) shows that only 20% of MSMEs utilize digital platforms for promotion, while the majority rely on conventional marketing methods. This low technological adoption limits their competitiveness in an increasingly digital market.

Tabel 3: Number of MSME Actors by Educational Attainment in Regencies/Cities of Lampung Province (Persons)

Regency/City	Did Not Complete Elementary	Elementary School	Junior High School	Senior High School	Vocational High School	Diploma I/II/III	Bachelor's Degree (S1)/Higher	Total
01. West Lampung	530	1,494	1,199	437	66	37	6	3,732
02. Tanggamus	791	1,619	2,508	2,338	1,114	37	54	8,461
03. South Lampung	1,873	2,652	2,37	2,018	55	64	288	9,32
04. East Lampung	928	4,469	2,428	2,502	320	30	559	11,236
05. Central Lampung	2,797	4,145	6,421	3,014	765	1	437	17,58
06. North Lampung	283	1,434	1,083	875	283	56	128	4,142
07. Way Kanan	427	1,331	1,014	739	51	28	101	3,691
08. Tulang Bawang	261	2	575	1,196	50	6	-	4,088
09. Pesawaran	239	1,103	1,073	760	174	42	181	3,572
10. Pringsewu	810	1,347	1,439	847	322	1	86	4,852
11. Mesuji	143	1,146	161	23	35	7	3	1,518
12. West Tulang Bawang	78	523	621	548	332	-	61	2,163
13. Pesisir Barat	455	386	1,019	513	66	8	63	2,51
71. Bandar Lampung	195	1,053	949	2,072	464	204	499	5,436
72. Metro	139	447	396	778	206	95	171	2,232
Total (Lampung)	9,949	25,149	23,256	18,66	4,303	579	2,637	84,533

Source: DPMPSTSP Tulang Bawang Regency, 2024

The government has introduced several regulations to strengthen MSMEs, such as Government Regulation No. 7 of 2021 on Ease, Protection, and Empowerment of MSMEs, and Tulang Bawang Regent Regulation No. 24 of 2022, which delegates risk-based licensing authority to the Investment and One-Stop Integrated Services Office (DPMPSTSP). However, policy implementation remains ineffective. Research by Herlambang and Maharani (2024) found that DPMPSTSP's licensing procedures are perceived as complex by MSME actors, primarily due to inadequate socialization and guidance. Additionally, interagency coordination within the integrated service network is suboptimal, leading to procedural redundancies. Nurhayati's (2020) study further confirms that the benefits of business legality are poorly communicated, discouraging MSMEs from pursuing permits due to perceived administrative burdens.

To dissect these issues, Hamdi's (2014) policy implementation theory offers a comprehensive analytical framework. According to Hamdi, successful policy implementation hinges on three dimensions: productivity (achieving targeted outputs), linearity (procedural consistency), and efficiency (optimal resource utilization), alongside five determinants: (1) policy substance, (2) implementer behavior, (3) institutional networking, (4) target group participation, and (5) resource availability. In the context of Tulang Bawang's DPMPSTSP, the low NIB adoption rate may stem from weak linearity (cumbersome procedures), low target group participation due to limited literacy, and insufficient resources such as budget and staff capacity. This theory provides a structured approach to identify critical gaps in the licensing service process.

This study holds substantial theoretical and practical relevance. Theoretically, it examines the applicability of Hamdi's (2014) model in local public service contexts while refining it by incorporating contextual variables, such as MSME actors' human resource characteristics and local bureaucratic dynamics. Practically, the recommendations aim to guide DPMPTSP Tulang Bawang in streamlining licensing procedures, enhancing interagency collaboration, and strengthening mentorship programs for MSMEs. By translating policy into actionable measures, this research seeks to improve MSME legal compliance and foster sustainable, inclusive economic growth in the regency.

2. Literature Review

2.1 Previous Research

The Indonesian government has implemented various policies to support the growth of Micro, Small, and Medium Enterprises (MSMEs), as regulated in Government Regulation No. 7 of 2021 on the Facilitation, Protection, and Empowerment of Cooperatives and MSMEs. This regulation classifies MSMEs based on business capital or annual sales revenue, which serve as the foundation for business establishment and registration. Furthermore, the government plays a strategic role in fostering a conducive business environment, as outlined in Law No. 20 of 2008, Article 7, which covers critical aspects such as funding, infrastructure, business information, partnerships, licensing, and institutional development. The success of MSME policy implementation depends on the effectiveness of these elements in facilitating business operations and ensuring sustainable growth.

Several previous studies have examined public policy implementation, particularly in MSME licensing services. Fauzy (2024) identified challenges in the implementation of digital health service policies in Cianjur, where resource and infrastructure limitations hindered the effectiveness of the program. Similarly, Sumardi (2022) investigated the implementation of population administration policies in Makassar, revealing issues related to coordination and human resource capacity. Milwan (2018) analyzed primary education policies in Serang and found that policy disharmony and low public participation were significant barriers to successful implementation. These studies highlight the complexities of policy execution, where structural, human resource, and infrastructural factors play a crucial role in determining outcomes.

Beyond domestic research, international studies also provide valuable perspectives on MSME licensing policy implementation. A study on Licensing of MSME Business through Online Single Submission Risk-Based Approach found that the risk-based licensing system (OSS-RBA) faces technical challenges, including legal uncertainties and system incompatibility. Another study conducted in Ethiopia on Micro and Small Enterprises' Development revealed that ineffective regulatory support remains a major hindrance to MSME growth, particularly in the construction sector. These findings indicate that policy implementation issues are not unique to Indonesia but are also prevalent in other developing economies, where regulatory frameworks often fail to effectively support small businesses.

An analysis of previous studies reveals several research gaps that need to be addressed. From a theoretical perspective, most studies on policy implementation refer to the models of Edwards III (1980), Grindle (1980), and Matland (1995), whereas research utilizing Hamdi's policy implementation model (2014) remains limited. Hamdi's model provides a comprehensive framework by emphasizing three key dimensions: productivity, linearity, and efficiency, which offer a more holistic understanding of policy execution. From a methodological standpoint, most previous studies are descriptive and do not generate implementation models that can serve as policy recommendations. The predominance of qualitative approaches further limits the development of empirically grounded policy implementation models, as studies integrating quantitative and qualitative methodologies remain scarce. This presents an opportunity for further research that combines empirical analysis with a systematic policy framework to enhance implementation effectiveness.

From an empirical perspective, most studies focus on urban areas, such as Bandung, Makassar, and Manado, while research on MSME licensing policy implementation in geographically distinct regions, such as Tulang Bawang Regency, is still rare. Additionally, no study has explicitly formulated a policy implementation model based on Regent Regulation No. 24 of 2022 on the Delegation of Licensing Service Authority in Tulang Bawang Regency. This gap highlights the need for localized research that examines the implementation of MSME licensing policies in diverse geographical settings, considering factors such as local governance capacity, institutional arrangements, and economic conditions. Addressing these gaps can contribute to a more contextualized understanding of policy implementation and provide practical insights for improving MSME governance at both regional and national levels.

2.2 Public Policy Implementation

Policy implementation is one of the crucial aspects of the entire policy process. Udoji (Wahab, 2004) stated that "the execution of policies is as important if not more important than policy-making. Policies will remain dreams or blueprint file jackets unless they are implemented." This illustrates that policy implementation is essential, perhaps even more important than policymaking itself.

Various policies would merely remain as well-designed plans stored in archives if they are not implemented or merely serve as collections.

Mazmanian and Sabatier, as cited in Widodo (2010:87), explained the meaning of implementation by stating: "To understand what actually happens after a program is enacted or formulated is the subject of policy implementation. Those events and activities that occur after the issuing of authoritative public policy directives, which include both the effort to administer and the substantive impacts on the people and events." Therefore, Joko Widodo (2010:88) concluded that implementation is a process involving various resources, including human resources, funding, and organizational capabilities, carried out by both government and private entities (individuals or groups).

This process is conducted to achieve the objectives established by policymakers. A policy implementation involving multiple organizations and bureaucratic levels can be analyzed from various perspectives. According to Wahab (2004:63), policy implementation can be viewed from three perspectives: (1) policymakers, (2) field implementers, and (3) target groups. The primary concern of policymakers, according to Wahab (2005:63), focuses on "to what extent the policy has been achieved and what factors contribute to its success or failure." From the implementers' perspective, Wahab (2005:64) stated that implementation focuses on "the actions of officials and institutions in the field to achieve program success." Meanwhile, from the target groups' perspective, Wahab (2004:64) highlighted that implementation is centered on whether the policy implementation genuinely changes their way of life and has a long-term positive impact on improving their quality of life, including their income. Implementation is considered the main form and a critical stage in the policy process (Ripley and Franklin, 1986). This view is reinforced by Edwards III (1980), who argued that without effective implementation, policymakers' decisions will not be successfully executed. Policy implementation is an observable activity following the issuance of legitimate policy directives, which include efforts to manage inputs to produce outputs or outcomes for society.

According to Purwanto and Sulistyastuti, "implementation is essentially the activity of delivering policy output performed by implementers to the target group as an effort to realize the policy" (Purwanto and Sulistyastuti, 2012). Similarly, it is stated that implementation is a dynamic process in which policy implementers engage in activities that ultimately lead to results aligned with the policy's objectives or targets (Agustino, 2017).

Ripley and Franklin (in Winarno, 2014) stated that implementation refers to what happens after a law is enacted, granting program authority, policy, benefits, or tangible outputs. Implementation includes actions by various actors, especially bureaucrats, aimed at making the program operational (Ripley and Franklin, 1986). Likewise, Grindle (1980) defined implementation as the process of creating linkages that facilitate the realization of policy objectives as an outcome of government actions.

Public policy implementation is the subsequent stage after policy formulation. The formulation stage establishes policy strategies and objectives, while actions to achieve these objectives are carried out during the implementation stage. According to Nugroho, in practice, policy objectives essentially involve intervention; therefore, policy implementation is, in fact, the action resulting from this intervention. In developed countries, policies are typically debated during the formulation stage in parliament because the public is involved. Consequently, once a policy is enacted, there are no further debates in society. In contrast, in developing countries, debates often arise during implementation because the public is not involved in parliamentary discussions (Nugroho, 2016).

Policy implementation involves interactions between goal-setting and action mechanisms to achieve those goals, or the ability to establish causal links between objectives and means to achieve them (Pressman and Wildavsky, 1973). Another definition of policy implementation is understanding what actually happens after a program is enacted or formulated. Policy implementation focuses on events and activities occurring after the approval of public policy directives, including administrative efforts and the resultant impacts (Wahab, 2004).

From a stage-based perspective, policy implementation serves as the link between policy formation and the consequences or effects of the policy on the affected target groups (Winarno, 2014). Another perspective relates to the actors involved, where policy implementation involves actions carried out by individuals, groups, and both government and private entities aimed at achieving the goals and priorities outlined in policy decisions (Meter and Horn, 1975).

This means that after a public policy has its strategies and objectives set during the formulation stage, the next and more crucial step is the action taken to achieve those objectives. One measure of policy success lies in its implementation. This is supported by the statement, "without effective implementation, the decisions of policymakers will not be carried out successfully" (Edwards III, 1980). However, policy implementation is not merely about translating political decisions into bureaucratic procedures; it also involves conflicts, decisions, and the allocation of policy benefits. In the context of implementation, various factors influence the process, including power, interests, strategies of involved actors, institutional characteristics, governance structures, compliance, and responsiveness (Nugroho, 2016).

Policy implementation is not merely a mechanism for translating policy objectives into routine procedures and techniques. Instead, it involves multiple factors, including resources, inter-organizational relationships, bureaucratic levels, and political factions that may oppose the policy (Koswara, 2001). Similarly, policy implementation analysis attempts to study the causes of policy success or failure by examining factors such as leadership and political interactions among implementers (Santoso, 1998).

Several factors must be considered for successful policy implementation (Hamdi, 2014):

1. Implementation should be based on a suitable theory that links changes in target behavior to policy objectives.
2. There should be clarity in policy direction and structure.
3. Implementing units should have adequate technical and managerial skills.
4. The policy should receive appropriate support and participation.
5. Relationships and conflicts among participants should not diminish the importance of the policy being implemented.

From the above discussion, the key question is: from which perspective should the policy implementation process be analyzed? In policy implementation, particularly in programs involving multiple organizations or government agencies, it can be viewed from three perspectives (Wahab, 2004):

1. The policymakers or initiators (the center).
2. The field implementers (the periphery).
3. The individual actors outside government institutions targeted by the program (the target group).

From the central perspective, implementation analysis focuses on the efforts of central officials or institutions to ensure compliance from lower-level officials or agencies in delivering services or changing target group behaviors. From the field implementers' perspective, implementation focuses on their actions and responses to challenges in their operational areas caused by external factors. Meanwhile, from the target group's perspective, attention is given to whether the services provided by the government have truly transformed their lives and delivered positive impacts.

Deep understanding of target group perceptions is essential for central policymakers as it allows them to anticipate political feedback and behavioral assumptions underlying program design. Political feedback is crucial for government sustainability. According to Surbakti, legitimacy is vital for government leaders for two reasons: first, legitimacy brings political stability and potential for social change. Second, it allows governments to expand and enhance public welfare (Ramlan Surbakti, 1992).

Charles O. Jones (1996) identified three main activities in policy implementation:

1. Organization – Establishing or restructuring resources, units, and methods required for program execution.
2. Interpretation – Ensuring program interpretations are clear, accepted, and implementable.
3. Application – Carrying out activities, including the provision of goods and services.

Thus, in the implementation of a public policy, three key elements are required: interpretation, which involves translating the program's meaning into an arrangement that is acceptable and executable; organization, which serves as the unit or framework for placing programs into impact; and application, which relates to routine provisions for services, wages, and other operational aspects.

There are three essential elements that support the success of policy implementation (Hoogerwerf, 1983):

1. The existence of a policy or program to be implemented.
2. A target group or community that is expected to benefit from and experience changes and improvements.
3. Implementing entities, both organizational and individual, responsible for managing, executing, and supervising the implementation.

If a policy is appropriately designed to address a particular problem, it may still fail despite being implemented effectively. Even a well-designed policy may fail to achieve its objectives if its implementation is inadequate. Policy implementation carries the risk of failure. Hogwood and Gunn, as cited in Wahab (2004), categorize policy failure into two types: non-implementation and unsuccessful implementation. Non-implementation refers to policies that are not carried out as planned, whereas unsuccessful implementation occurs when external factors are unfavorable. Policies that are at risk of failure typically result from poor execution (bad execution), flawed policy design (bad policy), or unfortunate circumstances (bad luck).

On the other hand, a policy may be implemented effectively but fail to yield substantial impact due to poor policy formulation or other external factors. Policy implementation is merely one stage within the broader public policy process, meaning it is only one of several critical variables influencing a policy's success in addressing public issues.

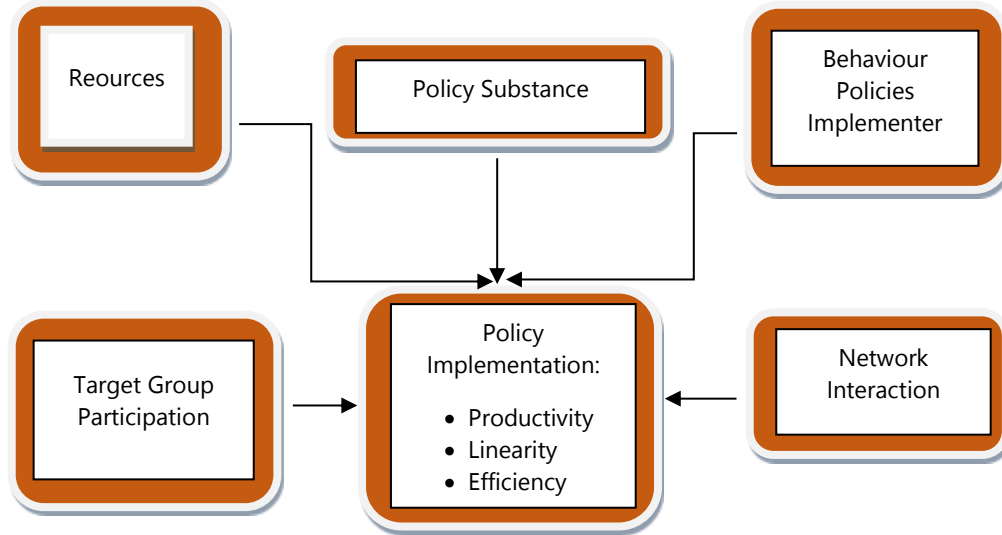
Therefore, the issue of public policy implementation is not limited to the mere execution of a policy. Policymakers not only want to see that a policy is implemented but also assess how far it has yielded positive and negative consequences for society. Policies are not made for the benefit of policymakers but for the greater public interest. The duties and responsibilities of officials and government bodies are not only limited to formulating state policies but also ensuring their effective implementation. Both aspects are equally important.

A lack of attention from officials or government agencies in implementing policies may lead to ineffective execution, causing policymakers to perceive implementers as incompetent. Conversely, implementers may argue that unfavorable external conditions hinder effective implementation, making it unreasonable to assign blame. In such cases, the policy fails due to circumstances beyond control. Another reason for policy failure, often not openly disclosed to the public, is that the policy itself was flawed from the outset—either due to careless formulation, lack of supporting information, or unrealistic assumptions and expectations.

Policy implementation is a segment of the policymaking process that involves efforts to transform policy targets into outcomes, where these targets represent the actualization of predefined policy objectives, which are further broken down into programs, sub-programs, and activities (Hamdi, 2014).

In conclusion, the study of policy implementation consistently presents two key dimensions: indicators and determinants. According to Hamdi, policy implementation can be briefly illustrated as follows:

Figure 5: Dimensions and Determinants of Policy Implementation



Source: Muchlis Hamdi, 2014

In the illustration, policy implementation can be briefly explained through three dimensions:

1. Productivity Dimension, measured by the indicator of the number of target group achievements;
2. Linearity Dimension, with indicators of the degree of compliance with standards (procedures, time, cost, location, and implementers); and
3. Efficiency Dimension, measured by the level of resource utilization (implementers, assets, funds, and technology).

The determinants of policy implementation consist of five factors:

1. Policy Substance, with indicators of consistency in policy derivation/specification and alignment with other policies;
2. Implementers' Task Behavior, with indicators such as work motivation, tendencies of authority misuse, and learning capabilities;
3. Work Network Interaction, measured through cooperation among implementers and authority relations across government levels;
4. Target Group Participation, indicated by the level of acceptance of program benefits and the ability to contribute according to existing procedures;
5. Resources, with indicators of funding adequacy, availability of implementers, sufficiency of implementers, availability of information, and appropriateness of technology.

3. Methodology

This study employs a qualitative descriptive research method, aiming to reach conclusions that cannot be derived through conventional statistical techniques or other measurable approaches. Through this method, a deeper understanding can be gained regarding the impact of various institutions and social groups on the lives of their members, as well as other social phenomena. As is common in qualitative research, this study requires diverse data sources, categorized into two main types: informants and documents. Informants are individuals who provide data through their speech and actions, making their words and behavior the primary pillar of data collection, while other elements serve as reinforcements or complementary sources.

In conducting this research, two main types of data are collected: primary data and secondary data. Primary data refers to information obtained directly from its source through direct interaction with research subjects. The collection of primary data can be conducted through interviews and direct observation. This type of data may take the form of audio recordings, video recordings, or photographs, which are directly produced by the researcher. Since primary data is collected firsthand, it is new and relevant to the latest developments in the research context.

On the other hand, secondary data refers to information that is not directly obtained from its original source but rather gathered through pre-existing documents or records. This type of data includes written manuscripts, archived photographs, and statistical data compiled by other institutions. The management of secondary data requires a collection method tailored to its unique characteristics, ensuring that the data can be optimally utilized as a supporting component for analysis in this research.

The selection of informants in this study follows a non-probability sampling technique, a method that does not provide equal opportunities for all elements or members of the population to be selected as samples. Specifically, this study employs purposive sampling, where informants are chosen based on specific criteria relevant to the research objectives. This approach ensures that data collected is rich, contextually significant, and aligned with the study's analytical framework.

Table 3: List of Informan

No	Informant	Quantity
1	2	3
	I. Pembuat kebijakan	
1.	Regent of Tulang Bawang	1
2	Regency Secretary of Tulang Bawang	1
3	Regional Development Planning Agency of Tulang Bawang Regency	1
3	Member of Commission A of the Regional House of Representatives of Tulang Bawang Regency	1
	II. Pelaksana Kebijakan	
4	Investment and One-Stop Integrated Service Office (DPMPTSP) of Tulang Bawang Regency	4
5	Head of Sub Districts in Tulang Bawang Regency	4
	III. Sasaran kebijakan dan Informan Pendukung	
6	Micro, Small, and Medium Enterprises (MSME) Actors	4
7	Leaders of the Community, Religion, Tradition, and Youth	2
8	<i>Civil society</i>	2
9	Private Sectors	2
10	Academician	2
	Total	24

This study employs a combination of primary and secondary data collection techniques to ensure a comprehensive and well-rounded approach in analyzing collaborative governance in food security implementation. The primary data collection relies on in-depth interviews, allowing informants to express their insights, arguments, and perspectives freely. A structured interview guide is used as a reference, but questions are further developed during the conversation to gather deeper insights. Informants include representatives from provincial and local governments, regional legislative councils (DPRD), community leaders, and academics. In addition to interviews, the study also applies non-participant observation, ensuring that the researcher does not interfere in the observed activities. This method is chosen to maintain objectivity and preserve the natural setting of the subjects, avoiding external influences. The observations are conducted on-site in food security program locations, with an observation guide used to ensure consistency in data collection. Furthermore, the documentary study is utilized to collect reports, news articles, official documents, and academic literature relevant to collaborative governance in achieving regional resilience through food security programs in West Java Province. By combining these three methods, this research ensures data validity and reliability, providing a comprehensive perspective on governance, policy implementation, and stakeholder engagement in food security efforts. In this qualitative study, data collection and analysis are conducted interactively, following the framework outlined by Huberman and Miles (2009: 20). The analysis process consists of four key stages, beginning with data collection, where information is

systematically gathered from the field while maintaining a clear research focus. Following this, data condensation is carried out, involving the selection, simplification, abstraction, and transformation of raw data, including field notes, interview transcripts, and documents, to enhance clarity and organization. The next stage, data display, structures and organizes information to facilitate interpretation, deduction, and decision-making, with visual representation aiding in further analysis or intervention. Finally, conclusion drawing involves identifying patterns, causal relationships, and hypotheses, ensuring that findings are well-supported by empirical evidence.

To guarantee data validity and reliability, a rigorous verification process is applied through data representation and classification. This study employs triangulation, a technique that cross-checks findings using multiple sources and analytical methods to strengthen the credibility of the conclusions. Source triangulation is conducted by verifying data obtained from various stakeholders involved in Implementation of the Micro, Small and Medium Enterprises (MSMEs) Licensing Service Policy in Tulang Bawang Regency. By incorporating multiple validation techniques, this study ensures that data integrity is maintained, reinforcing the accuracy and trustworthiness of the research findings..

4. Result and Discussion

4.1 Implementation of the Micro, Small and Medium Enterprises (MSMEs) Licensing Service Policy at the One-Stop Integrated Service Investment Office of Tulang Bawang Regency, Lampung Province

4.1.1 Face-to-Face Dialogue

Based on interviews with key informants and field observations, the implementation of the MSME licensing policy at the Investment and One-Stop Integrated Service Office of Tulang Bawang Regency, Lampung Province, reveals suboptimal productivity outcomes. Quantitatively, the number of MSMEs in Tulang Bawang Regency increased to 38,292 by the end of 2023 and early 2024. However, the achievement of Business Identification Number (NIB) ownership—the primary productivity indicator—remains low, with only 55.27% of the 10,000 MSME target met. This indicates a gap between MSME growth and the formalization of business legality.

The primary factors contributing to low productivity include limited understanding among MSME actors about the urgency of NIB. Most business owners perceive NIB as mere administrative formalities, overlooking its benefits in accessing financing, expanding market reach, and participating in government programs. Additionally, technological accessibility barriers pose significant challenges, particularly in remote areas with uneven internet infrastructure. Digital licensing processes are perceived as complex for MSMEs with low technological literacy, hindering their participation.

Institutional limitations, such as insufficient human resources (HR) within the relevant agency, further impact productivity. With only 53 personnel, the office struggles to provide intensive mentoring to thousands of MSMEs. The lack of technical experts and inter-agency coordination results in inadequate socialization and technical assistance. Field observations also highlight that the absence of concrete incentives for NIB-registered MSMEs reduces business actors' motivation. For instance, access to business loans or marketing programs remains poorly integrated with NIB ownership, diminishing its perceived immediate benefits.

These findings align with Hamdi's (2014) productivity theory, which emphasizes the correlation between target group achievement and policy effectiveness. The low NIB ownership rate reflects the policy's inability to accelerate MSME formalization, despite quantitative growth in business actors. To enhance productivity, multidimensional interventions are required, such as simplifying digital procedures, strengthening HR capacity for mentoring, and reinforcing incentives tailored to MSME needs. By addressing these gaps, the policy can achieve productivity targets aligned with regional economic development goals, fostering a sustainable and inclusive business ecosystem in Tulang Bawang Regency.

4.1.2 Linearity

Based on informant interviews and field observations, the implementation of the MSME licensing policy at the Investment and One-Stop Integrated Service Office (DPMPSTP) of Tulang Bawang Regency, Lampung Province, demonstrates a high degree of linearity, as defined by Hamdi (2014). Linearity, in this context, refers to the alignment of implementation processes with established standards for procedures, timelines, costs, locations, and executors.

In terms of procedural compliance, the licensing process adheres strictly to the guidelines outlined in Tulang Bawang Regent Regulation No. 24 of 2022. Applicants are required to register online via the OSS system (<http://oss.go.id>) or mobile apps, with technical assistance provided by DPMPSTP staff for those unfamiliar with digital processes. Field verification and technical recommendations are systematically conducted by designated teams, ensuring transparency. However, the lack of public signage detailing these Standard Operating Procedures (SOPs) at service centers limits community awareness, particularly for remote or technologically disconnected applicants.

Timeliness is maintained as services are completed within the stipulated deadlines. Applicants must submit physical documents within seven days of online registration, and technical team reviews are promptly coordinated. Despite this, delays occasionally occur due to third-party involvement in document preparation, which falls outside institutional control. Cost compliance is fully achieved, as no fees are charged for licensing services at DPMPSTP or the Public Service Mall (MPP), aligning with the government's commitment to free MSME facilitation.

Location standards are met through centralized services at DPMPTSP offices and the MPP. However, geographic accessibility remains a challenge for MSMEs in remote areas, as physical visits are still mandatory for document submission. Executor compliance is ensured by delegating authority to DPMPTSP under Regent Regulation No. 24/2022, with staff roles clearly defined. Nevertheless, inconsistencies in service friendliness and occasional procedural errors highlight the need for regular competency-based training.

While the policy implementation largely aligns with linearity standards, gaps persist in equitable access for remote communities and procedural transparency. Recommendations include expanding service units to sub-district levels, enhancing public communication through SOP signage, and strengthening staff capacity to ensure consistent adherence to protocols. These measures would further optimize linearity, fostering trust and efficiency in MSME licensing processes.

4.1.3 Efficiency

According to Hamdi (2014), efficiency in policy implementation relates to the optimal utilization of resources, including personnel, assets, funds, and technology. Findings from interviews and observations reveal that the implementation of the MSME licensing policy at the Investment and One-Stop Integrated Service Office (DPMPTSP) of Tulang Bawang Regency faces challenges in achieving full efficiency.

Human Resource Utilization remains suboptimal due to a shortage of competent personnel. With only 53 staff members, the agency struggles to provide adequate mentoring and technical assistance to thousands of MSMEs. Informants highlighted that limited training and capacity-building programs further hinder staff effectiveness, aligning with Edwards III's (1980) assertion that insufficient or inadequately skilled personnel undermine policy outcomes.

Asset Utilization is constrained by outdated equipment and infrastructure, exacerbated by budget limitations. While basic tools are available, technological upgrades—such as advanced computers or integrated data systems—are delayed due to funding shortages. This affects service speed and quality, particularly in remote areas where digital infrastructure is already weak.

Financial Resource Allocation is a critical bottleneck. Despite free licensing services, the agency's budget is insufficient to cover operational needs, including staff welfare, technology upgrades, and outreach programs. This financial gap has led to reliance on third-party intermediaries, occasionally resulting in unauthorized service fees that burden MSMEs. Edwards III (1980) emphasizes that limited funding disrupts policy execution, as seen here in delayed asset maintenance and reduced staff motivation.

Technology Utilization is partially effective. While the Online Single Submission (OSS) system is operational, its full potential is untapped due to low digital literacy among MSME actors and insufficient tech support from staff. The absence of regular training on OSS updates or data management tools further limits efficiency gains.

In conclusion, efficiency in MSME licensing implementation in Tulang Bawang is hampered by interrelated resource constraints, with budgetary limitations as the root cause. Addressing these gaps requires strategic investments in staff capacity, technology modernization, and equitable fund allocation to align with Hamdi's (2014) efficiency framework and Edwards III's (1980) resource adequacy principles. Without such measures, the policy risks perpetuating disparities in service quality and accessibility, particularly for rural and technologically marginalized MSMEs.

4.2 Determinants of Supporting and Hindering the Implementation of Micro, Small and Medium Enterprises (MSMEs) Licensing Service Policy at the One-Stop Integrated Service Investment Office, Tulang Bawang Regency, Lampung Province

4.2.1 Substance of the Policy

The implementation of licensing services for Micro, Small, and Medium Enterprises (MSMEs) in the One-Stop Integrated Investment and Licensing Service Agency (DPMPTSP) of Tulang Bawang Regency is influenced by the substance of the policy as one of its key determinants. Based on the findings from informants and field observations, the consistency of the policy content and its alignment with other regulations play a crucial role in determining the success or failure of policy implementation. The Regent Regulation (Perbup) No. 24 of 2022, which delegates licensing and non-licensing authority to the Head of DPMPTSP, serves as a fundamental framework for the licensing of MSMEs. The consistency of this regulation in establishing a structured and standardized process for business permits has been recognized as a supportive factor in policy implementation.

However, an inconsistency arises with the Regent Regulation (Perbup) No. 22 of 2017, which legally remains in effect and has not been formally repealed. This previous regulation delegates the authority to issue MSME business permits to sub-district heads (*Camat*) within Tulang Bawang Regency. As a result, MSME licensing is still being issued at the sub-district level under the supervision of the Department of Cooperatives and MSMEs, leading to regulatory dualism. This lack of clarity in the execution of licensing policies has created confusion among stakeholders and could potentially foster negative perceptions among the public regarding government services.

Furthermore, although the Online Single Submission (OSS) system has been adopted to facilitate a more efficient and transparent licensing process, synchronization issues between the local and provincial Department of Cooperatives and MSMEs persist. This misalignment hampers the effectiveness of coordinated programs and delays the realization of an integrated licensing framework. Some informants stated that the current licensing policy aligns with the regional government's vision to ease the MSME licensing process and enhance community welfare. However, the lack of policy harmonization between local and higher-level regulations remains an obstacle to fully achieving these objectives.

In conclusion, while Perbup No. 24 of 2022 provides a solid regulatory basis for MSME licensing in Tulang Bawang Regency, the coexistence of Perbup No. 22 of 2017 creates legal and administrative inconsistencies. The failure to formally revoke the outdated regulation has resulted in overlapping responsibilities between DPMPTSP and sub-district authorities. To ensure a more effective implementation of MSME licensing policies, further coordination and harmonization efforts are needed to eliminate bureaucratic redundancy and create a coherent regulatory environment that supports business growth and local economic development.

4.2.2 Behavior of Policy Implementers

The implementation of MSME licensing policies in the One-Stop Integrated Investment and Licensing Service Agency (DPMPTSP) of Tulang Bawang Regency is significantly influenced by the behavior of policy implementers, which encompasses work motivation, tendencies of authority misuse, and learning capability. Based on findings from informants and field observations, it was found that work motivation among policy implementers is generally high. The existence of a merit-based system and performance allowance incentives serves as a driving factor, encouraging officials to provide licensing services efficiently and in accordance with established regulations. Additionally, the free licensing service program at the Public Service Mall has facilitated MSME actors in securing business legality, further motivating officers to execute policies optimally.

Regarding the tendency of authority misuse, the risk of abuse is relatively low due to the digital-based service system and structured procedures that regulate the licensing process. However, there have been indications of misconduct by certain individuals acting as middlemen (brokers) in licensing matters, potentially leading to corrupt practices (KKN). The lack of strict supervision and discipline among some personnel opens the possibility for unauthorized facilitation of licensing services, which could undermine the integrity of public service delivery.

In terms of learning capability, policy implementers exhibit a relatively strong capacity for learning and adaptation. Regular training programs and technical guidance are conducted to enhance their competence in delivering licensing services. Moreover, educational support for MSME actors, both through online and offline platforms, has been implemented to help entrepreneurs understand relevant regulations and utilize digital technology to develop their businesses. However, more intensive mentoring is still needed, particularly to assist MSMEs in navigating regulatory frameworks and leveraging digital platforms effectively.

The support for information and complaint services has been established through various channels, including online platforms, telephone hotlines, email, and complaint submission boxes. Complaint handling follows standard operating procedures, with resolutions categorized based on urgency levels.

The findings align with Edwards III's (2013) theory, which asserts that policy implementation success is not only determined by implementers' knowledge and capabilities but also by their commitment and strong disposition toward the policy. Similarly, Quade (1984) emphasizes that implementation involves actions, interactions, and reactions among policy actors, target groups, and environmental factors, which generate pressure followed by bargaining or transactional actions. These transactions provide feedback that policymakers can use as input for future policy formulation. Furthermore, Subarsono (2008) argues that the quality of policy implementation is influenced by the attributes of the actors involved, such as education level, field competence, work experience, and moral integrity. Edwards III also highlights that the characteristics of implementers, including commitment, honesty, and democratic values, play a crucial role in determining implementation success.

In conclusion, the implementation of MSME licensing policies in Tulang Bawang Regency is supported by high work motivation and strong learning capabilities among implementers, facilitated by structured training and a merit-based incentive system. However, the tendency for abuse of authority remains a concern, particularly regarding unauthorized middlemen facilitating permits for personal gain. Strengthening supervisory mechanisms and ensuring stricter enforcement of ethical guidelines is essential to prevent malpractice and enhance service transparency. Moreover, providing more structured mentorship for MSME actors is necessary to optimize their understanding of regulations and digital business management. Through improved oversight and continuous skill development, policy implementation can be more effective, fostering a transparent, efficient, and business-friendly licensing environment.

4.2.3 Network interaction,

Network interaction, as conceptualized by Hamdi (2014), plays a pivotal role in the implementation of MSME licensing policies in Tulang Bawang Regency. This dimension emphasizes collaboration among implementers and hierarchical authority relations across government levels. Findings reveal that while intergovernmental authority relations function adequately, inter-agency cooperation faces significant challenges due to sectoral egoism.

Informants acknowledged that hierarchical coordination between central and regional governments operates smoothly, with clear delegation of authority under Regent Regulation No. 24/2022. However, cross-sectoral collaboration among local agencies—such as the Investment and One-Stop Service Office (DPMPTSP), the Cooperatives and SMEs Office, and the Communications and Informatics Office—remains fragmented. Sectoral egoism and ambiguous task divisions hinder synergy, leading to duplicated efforts and bureaucratic inefficiencies. For instance, poor communication between DPMPTSP and the Communications Office has resulted in unresolved technical issues within the Online Single Submission (OSS) system, delaying digital licensing processes for MSMEs.

Field observations further indicate that lack of integrated data systems and inconsistent procedural understanding across agencies exacerbate administrative bottlenecks. MSME actors often receive conflicting information, forcing them to navigate multiple offices to resolve issues. Despite efforts to improve coordination through cross-sectoral meetings and integrated forums, these initiatives lack enforcement mechanisms to ensure accountability.

To address these gaps, stakeholders emphasize the need for stronger institutional commitment and standardized coordination protocols. Strengthening inter-agency communication, clarifying roles, and integrating digital platforms could mitigate sectoral conflicts and enhance service delivery. Aligning with Hamdi's (2014) framework, such measures would optimize network interaction, ensuring that authority relations and collaborative efforts collectively advance MSME licensing efficiency in Tulang Bawang.

4.2.4 Target Group Participation

Target group participation, as a critical determinant, reflects the extent to which MSME actors accept and engage with the licensing policy's benefits and procedures. Based on informant interviews and field observations, MSMEs in Tulang Bawang Regency generally acknowledge the advantages of formalizing their businesses through the Online Single Submission (OSS) system, particularly in accessing loans, partnerships, and market opportunities. This awareness has driven increased participation, evidenced by rising numbers of licensing applications. The Investment and One-Stop Integrated Service Office (DPMPTSP) has further facilitated this through socialization campaigns and technical mentoring, aligning with Hamdi's (2014) emphasis on perceived benefits as a participation driver.

However, challenges persist. Many MSME actors, particularly in rural areas, lack comprehensive understanding of OSS procedures and the long-term benefits of legalization, resulting in hesitancy to engage. Informants noted that while government-led workshops have improved literacy, gaps remain in translating awareness into action. Additionally, unequal access to resources—such as digital infrastructure and financial capital—limits participation among marginalized groups. For instance, MSMEs in remote areas struggle with inconsistent internet connectivity and limited banking access, hindering their ability to comply with OSS requirements. These barriers resonate with Kenny's (1994) assertion that effective participation necessitates equitable access to resources and decision-making channels.

To address these issues, stakeholders recommend enhancing participatory frameworks through decentralized outreach programs and simplified procedural guides tailored to low-literacy audiences. Strengthening partnerships with local cooperatives and financial institutions could also bridge resource gaps, fostering inclusive participation. Such measures, as Ndraha (1990) and Etzioni (1964) suggest, would empower MSMEs to not only adopt licensing protocols but also contribute to policy refinement, ensuring the implementation aligns with grassroots needs and sustains regional economic growth.

4.2.5 Resources

Resource adequacy, encompassing financial, human, technological, and infrastructural aspects, significantly influences the effectiveness of MSME licensing policy implementation in Tulang Bawang Regency. Interviews and observations reveal that budgetary constraints are the primary barrier, limiting investments in digital infrastructure, staff training, and decentralized service units. While funds are allocated for basic operational needs—such as permit processing and system maintenance—innovations like mobile applications or integrated platforms remain underdeveloped due to insufficient financial support. This aligns with Edwards III's (1980) assertion that inadequate funding disrupts policy execution, as seen in the delayed upgrades of outdated hardware and recurring technical issues, such as slow server speeds and system downtime, which prolong licensing processes.

Human resource limitations further exacerbate challenges. Despite administrative staffing sufficiency, the lack of IT expertise among personnel hinders effective management of the Online Single Submission (OSS) system. Dependency on third-party vendors for system maintenance increases costs and delays problem resolution, undermining service autonomy. Purwanto and Sulistyastuti (2015) emphasize that workforce size and technological proficiency must align with policy complexity, a criterion unmet in Tulang Bawang. Additionally, competition with the private sector for skilled IT professionals exacerbates staffing gaps, necessitating non-financial incentives or partnerships with universities to build local capacity.

Technological and infrastructural shortcomings are equally critical. Outdated computers, unstable internet connectivity, and limited mobile service units restrict accessibility for remote MSMEs. Centralized services at the Public Service Mall (MPP) disadvantage rural entrepreneurs, while reliance on external vendors for system updates stifles flexibility and innovation. Edwards III (1980) highlights that insufficient facilities impede accountability and service accuracy, evident in Tulang Bawang's fragmented data management and procedural delays.

To address these gaps, strategic investments in local IT capacity, decentralized service hubs, and collaborative partnerships with academic institutions are essential. Enhancing resource allocation and staff competency would align implementation with Hamdi's (2014) efficiency framework, ensuring sustainable and equitable MSME growth in the region.

4.3 Model of Implementation of MSME Licensing Service Policy at the One-Stop Integrated Service Investment Office, Tulang Bawang Regency, Lampung Province.

Based on the policy implementation model analysis proposed by Hamdi (2014), the existing conditions indicate that the implemented policy has not yet functioned optimally. This can be observed from the productivity dimension, where the target group's achievements remain low, and the efficiency of policy implementation is still lacking, as seen in the utilization of human resources, equipment, budget, and technology.

Furthermore, in the determinants of policy implementation, the findings from the determinant analysis indicate that most aspects within the dimensions of policy implementation determinants are not fully supporting the implementation process. Although policy implementation is supported by content consistency in the policy substance dimension, work motivation in the executor's task behavior dimension, authority relationships between government levels in the work network interaction dimension, and technology accuracy in the resource dimension, the implementation of the policy faces numerous inhibiting determinants. The identified inhibiting determinants include the alignment of policy content with other policies, tendencies of authority abuse, cooperation among implementers, low participation of target groups, and resource constraints such as limited human resources, budget, and equipment.

From the perspective of policy implementation dimensions and determinants, various efforts undertaken by local governments have not yet had a significant impact on improving the quality of public services in MSME licensing. In terms of productivity, the implemented policy has not been able to achieve optimal output in supporting service efficiency and effectiveness. The licensing process still encounters obstacles, both in terms of completion time and procedural smoothness. The established service time standards are often unmet, indicating that policy linearity has not been effectively implemented.

Moreover, policy implementation remains suboptimal in resource utilization. Some major constraints hindering policy execution include:

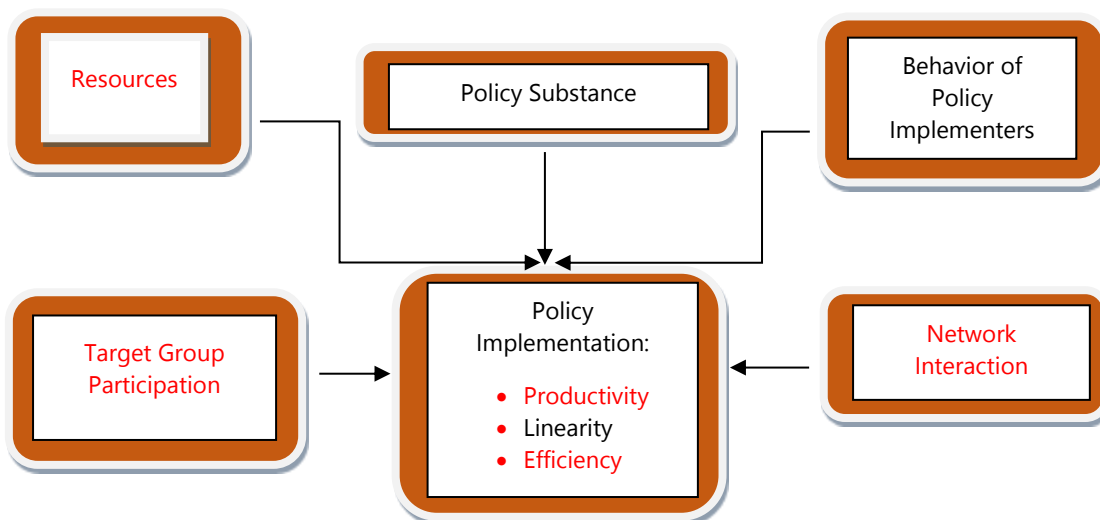
1. The available funding allocation is still primarily used for basic operations rather than for innovation and the development of a more modern licensing service system. Consequently, various initiatives to enhance service digitalization, procure new infrastructure, and improve human resource capacity have not been optimally realized.
2. Available human resources remain limited, particularly in information technology (IT). While the current licensing system is digital-based, only a few implementing personnel possess expertise in this field. This results in a high dependency on external parties for system maintenance and management, leading to higher operational costs and limited flexibility in service innovation development.
3. The equipment used in licensing services is still outdated, both in terms of quantity and technical specifications. Computers, servers, and other supporting devices still use obsolete technology, often causing technical issues such as slow system performance, frequent downtime, and a lack of integration with other digital services.

Beyond resource factors, another inhibiting determinant affecting the effectiveness of policy implementation is the institutional aspect and coordination among stakeholders. There remains a tendency for authority abuse in licensing services, both in the form of non-transparent procedures and the potential for inefficient bureaucratic practices. Additionally, cooperation among stakeholders within the MSME licensing ecosystem has not been well-established, hindering coordination and synergy in policy implementation.

On the other hand, the understanding of the benefits of licensing services and the level of participation of target groups also remain low. This is due to the low levels of digital literacy and managerial literacy among MSME actors, making them less proactive in utilizing the available digital services. The lack of socialization and education regarding the benefits of licensing and ease of access further exacerbates the situation, leading many MSME actors to be reluctant or struggle to independently process their business permits.

Reflecting on the policy implementation outcomes and policy implementation determinants, it can be concluded that policy implementation, according to Hamdi's (2014) policy implementation model, has not yet reached an optimal level, as illustrated in the diagram below, where the dimensions marked in red indicate the weakest aspects in policy implementation.

Figure 3: Existing Model of MSME Licensing Service Policy Implementation in Tulang Bawang Regency



It can be stated that the red text in the boxes within the image represents the weak aspects and the numerous inhibiting determinants of policy implementation in MSME licensing services in Tulang Bawang Regency. Additionally, it can be argued that a limitation of Hamdi's (2014) policy implementation model is that it has yet to accommodate the contemporary context of MSME licensing administration in the current era of digital technology disruption. Therefore, it is necessary to develop a policy implementation model for MSME licensing services that is more aligned with the context of digital online licensing service policies. This model aims to complement or refine the existing policy implementation theories, particularly Hamdi's (2014) policy implementation model, by adapting it to the challenges faced by the Regional Investment and One-Stop Integrated Services Agency (DPMPTSP).

Theoretically, this model is expected to contribute to the development of policy implementation theory, particularly in the context of public services at the regional level. Meanwhile, in practical terms, this model will focus on improving and optimizing the implementation of MSME licensing policies with strategies that are more adaptive to resource conditions, technology, and existing regulatory dynamics.

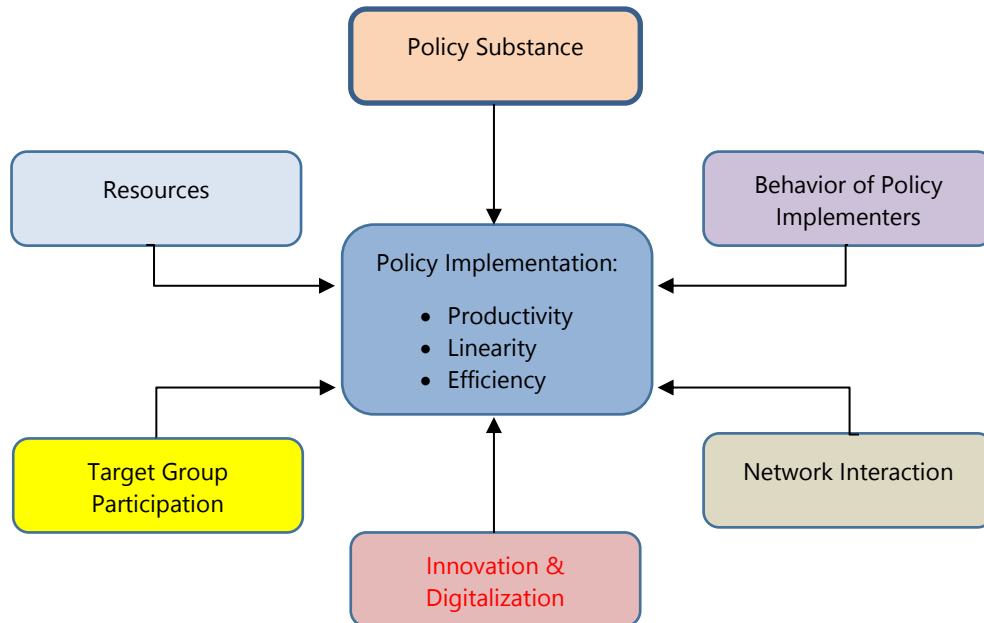
Based on the analysis of policy implementation and its determinants, the direction for model development includes:

1. Strengthening the Resource Dimension
 - a. Increasing budget allocation for licensing service digitalization and technology-based system development.
 - b. Enhancing human resource capacity through training and recruiting experts in information technology.
 - c. Modernizing equipment and technological infrastructure to support faster and more efficient licensing services.
2. Enhancing Efficiency and Service Integration
 - a. Ensuring compliance with time standards in the licensing process.
 - b. Developing a more flexible licensing system that integrates with other services, such as the OSS (Online Single Submission) system and population administration systems.
 - c. Strengthening monitoring and evaluation mechanisms for policy implementation to reduce potential abuses of authority.
3. Increasing MSME Participation and Literacy
 - a. Expanding awareness campaigns on the benefits of licensing through digital media and community-based education programs.
 - b. Encouraging MSME actors to adopt digital technology through specialized training and mentoring.
 - c. Providing assistance services for MSMEs facing challenges in obtaining licenses, especially for those with limited digital literacy.
4. Strengthening Coordination Among Stakeholders
 - a. Enhancing collaboration between local governments, businesses, academia, and community organizations to develop more innovative licensing services.
 - b. Establishing partnerships with universities to create a learning ecosystem that allows students and local experts to be involved in managing digital licensing systems.
 - c. Optimizing the role of MSME forums or business associations in the policy formulation and evaluation process.

With a more systematic and adaptive approach, the developed policy implementation model is expected to overcome various obstacles that have hindered MSME licensing services in Tulang Bawang Regency. Additionally, this model can serve as a reference

for other regions in designing more effective policy implementation strategies to support MSME development and enhance regional economic competitiveness.

Figure 4: Digital-Based Public Service Policy Implementation Model



Resources: Processed by the Author. 2025

The model illustrated above explains that the MSME licensing service policy implementation model at the Regional Investment and One-Stop Integrated Services Agency (DPMPSTP) of Tulang Bawang Regency is a development of Hamdi's (2014) policy implementation model. Essentially, Hamdi's (2014) model is sufficiently representative as a dimension or perspective for analyzing the implementation of public service policies, particularly in the context of MSME licensing at DPMPSTP Tulang Bawang. However, the existing conditions indicate that this model has not yet fully addressed the issues in MSME licensing services and has not optimized policy implementation to enhance service effectiveness and efficiency. Therefore, Hamdi's model requires the addition of innovation and digitalization dimensions to align it with the current context of digitalized public service delivery. The addition of these dimensions is based on the consideration that MSME licensing policy implementation at DPMPSTP lacks innovative approaches in overcoming existing barriers and requires strengthening various aspects of digitalization in public services.

The newly added dimensions in this digital public service implementation model focus on innovation and digitalization within the determinants of policy implementation. The policy implementation dimension retains the sub-dimensions from Hamdi's (2014) model, including productivity, linearity, and efficiency. Meanwhile, the policy implementation determinants dimension consists of the following sub-dimensions: (1) policy substance, (2) task behavior of policy implementers, (3) work network interaction, (4) target group participation, (5) resources—all of which are fully adopted from Hamdi's (2014) model. In addition, a new sub-dimension, innovation and digitalization, has been introduced, encompassing various aspects to enhance policy implementation.

I. Technical and Non-Technical Innovation

Successful digital transformation in the public sector is inseparable from the ability to innovate. As stated in the OECD (2014) report, an effective public sector must continuously innovate to address challenges and seize emerging opportunities, particularly in improving the quality of public services. Innovation in this context extends beyond technological advancements to include changes in business processes, management, and human resource capacity development. Digital transformation requires not only the adoption of new technologies but also profound changes in how organizations serve the public and execute their functions.

Mulgan and Albury (2003) emphasize that innovation in the public sector is crucial for enhancing efficiency, effectiveness, and responsiveness in service delivery. In a rapidly evolving world where citizens demand faster, more transparent, and easily accessible services, innovation becomes a key driver. Public sector innovation can take various forms, from process redesign,

adoption of new technologies, to the development of service models that adapt to the dynamic needs of society. However, as noted by Mulgan and Albury, innovation must also involve changes in work methods, administrative procedures, and effective management. Without organizational adaptation, even the most advanced technologies will be ineffective.

Everett Rogers (1983) highlights the importance of adopting and diffusing innovation to ensure successful policy implementation across various stakeholders. Rogers identifies five stages of innovation adoption: knowledge, persuasion, decision, implementation, and confirmation. Each stage requires a different approach in public policy, emphasizing the need for comprehensive communication, inclusive participation, and mutual understanding. Without widespread dissemination and acceptance among key actors, innovation in public policy will struggle to be effectively applied.

Osborne and Brown (2011) argue that public sector innovation is not limited to technological adoption but also involves cultural and organizational changes, as well as cross-sector collaboration. A collaborative and open approach is necessary to create greater public value. Strengthening partnerships between the government, private sector, and civil society is essential to develop more effective and beneficial solutions. Moreover, fostering an innovative organizational culture—one that embraces new ideas, experimentation, and continuous learning—is vital to overcoming bureaucratic rigidity and resistance to change.

Bekkers et al. (2011) identify major challenges in implementing innovation in the public sector, including technological advancements, increasingly complex societal demands, and resource constraints. Effective innovation requires strategic management of resources and collaboration with private and non-governmental sectors. Governments must optimize existing resources and foster partnerships that support digital transformation initiatives.

Overall, innovation in public policy implementation is a necessity to ensure that public services meet evolving societal needs. This includes leveraging efficient technology, redesigning business processes for enhanced efficiency and effectiveness, and strengthening human capital to address emerging challenges. Governments that successfully implement innovation-based policies must adopt an inclusive, adaptive, and evidence-based approach to maximize public value creation.

II. Digital Literacy

Another crucial aspect of digitalization is digital literacy, which plays a significant role in improving public service quality and MSME sustainability. Both public officials and MSME actors often lack adequate digital skills, creating a significant barrier to efficient, transparent, and responsive public service delivery. Enhancing digital literacy is vital for improving governance efficiency, public accessibility to services, and economic competitiveness.

Cordella and Bonina (2012) emphasize that effective e-government systems rely heavily on the digital competence of public officials. Dunleavy et al. (2006) further argue that digital proficiency among public service providers enhances inter-agency collaboration, facilitates smoother data integration, and improves data-driven decision-making. However, as van Deursen and van Dijk (2014) highlight, the digital divide exists not only among citizens but also within public service institutions. This disparity in digital competency hampers the optimization of technological resources in administrative processes, leading to inefficiencies in service delivery.

Janowski (2015) stresses that digital competency is critical for increasing policy implementation efficiency, transparency, and accountability. Without adequate digital literacy, public sector digital transformation efforts will be hindered, reducing the quality of services provided. Mergel et al. (2019) warn that poor digital competency among public officials slows down technology adoption, widening gaps between governments and citizens, and hindering the implementation of smart governance frameworks.

Digital literacy encompasses various competencies, from basic IT skills to cybersecurity awareness and data-driven decision-making. Public officials and MSME actors must be capable of navigating digital platforms, utilizing online business management tools, and safeguarding data privacy. Moreover, fostering a culture of digital inclusivity through public awareness campaigns, training programs, and technology access initiatives will be crucial in ensuring that digital transformation efforts reach all segments of society.

III. Proposed MSME Licensing Service Model

The proposed model for improving MSME licensing services, particularly in obtaining business legality or NIB (Business Identification Number), integrates key elements aimed at simplifying processes, increasing accessibility, leveraging technology, and providing comprehensive assistance. The model seeks to significantly increase the number of MSMEs obtaining business licenses by addressing existing challenges through the following strategies:

1. **Simplification of Licensing Processes**
Complex and time-consuming licensing procedures often deter MSMEs from obtaining NIBs. Simplifying administrative flows, providing clear guidelines, and streamlining services will enable more MSMEs to acquire legal status without unnecessary burdens.
2. **Enhancing Digital Access and Literacy**
Given the low digital literacy among MSME actors, the model incorporates training and outreach initiatives to facilitate online licensing applications. Digital literacy programs will empower MSMEs to navigate e-licensing platforms, reducing geographical and financial barriers associated with manual application processes.
3. **Comprehensive Assistance and Mentorship**
Many MSMEs lack awareness of the importance of business licensing and the procedures involved. Structured

assistance—through DPMPSTP offices or partnerships with financial institutions and NGOs—will provide personalized guidance, whether through face-to-face consultations or virtual mentorship sessions.

4. Collaboration with Financial Institutions

Limited access to financing remains a major barrier for MSMEs. Establishing partnerships with banks and microfinance institutions will facilitate access to affordable financing options for newly licensed MSMEs, ensuring that financial support is aligned with their business development needs.

5. Technology Integration for Process Automation

Implementing digital systems for automated verification, document processing, and permit issuance will accelerate licensing procedures. Utilizing big data analytics will further optimize service efficiency by identifying patterns and bottlenecks in business licensing administration.

If effectively implemented, this model will significantly increase the number of MSMEs obtaining business licenses or NIBs. MSME actors will gain a clearer understanding of the importance of legal business status, feel more empowered through improved service accessibility, and benefit from enhanced support mechanisms. By addressing key challenges in MSME licensing, this model will contribute to regional economic growth and competitiveness, serving as a scalable reference for other regions seeking to enhance their public service frameworks.

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