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DOI: <https://doi.org/10.32631/pb.2025.1.12>**SYAHNA NABILA RACHMANIA,***Master of Law,**Brawijaya University (East Java, Indonesia),**Faculty of Law;* <https://orcid.org/0009-0009-2024-9683>,*e-mail: Syahnabila01@gmail.com;***SUKARMI,***Doctor of Law,**Brawijaya University (East Java, Indonesia),**Faculty of Law;* <https://orcid.org/0000-0001-5176-7779>,*e-mail: sukarmi@ub.ac.id;***SHINTA HADIYANTINA,***Doctor of Law,**Brawijaya University (East Java, Indonesia),**Faculty of Law;* <https://orcid.org/0000-0001-7413-7008>,*e-mail: shinta_fh@ub.ac.id*

LEGAL ANALYSIS OF THE RATIO LEGIS BEHIND RISK-BASED BUSINESS LICENSING REFORM IN INDONESIA: A STUDY OF PP NO. 24/2018 AND PP NO. 5/2021

The transition from Government Regulation No. 24 of 2018 to Government Regulation No. 5 of 2021 in Indonesia marks a strategic regulatory reform, shifting towards a risk-based business licensing system through the Online Single Submission platform. This transformation reflects Indonesia's efforts to streamline its regulatory environment, improve Ease of Doing Business rankings, mitigate regulatory overlaps, and align with international best practices. Given the critical role of an efficient business licensing system in fostering economic growth and attracting foreign investment, understanding the legislative rationale (*ratio legis*) behind this transition is essential. This study employs a normative juridical approach, incorporating statutory and conceptual analysis, along with content analysis of relevant legal materials to systematically assess the impact of these regulatory changes. The research focuses on the efficiency of the reformed licensing process, its role in corruption reduction, and its influence on Indonesia's Ease of Doing Business performance. Findings indicate that Government Regulation No. 5 of 2021 addresses previous inefficiencies and inconsistencies by introducing a more integrated, standardized, and transparent licensing framework. The implementation of a risk-based model streamlines business licensing procedures, ensures greater legal certainty, and reduces excessive bureaucratic intervention, thereby creating a more business-friendly and investment-attractive environment. The study highlights how Online Single Submission facilitates a more accessible, structured, and digitized licensing system, allowing both domestic and foreign investors to operate within a regulatory framework that ensures transparency, accountability, and predictability. By effectively implementing these reforms, Indonesia enhances its legal certainty and economic competitiveness, thereby positioning itself as a stronger player in the global investment landscape. These regulatory improvements are expected to contribute to a more equitable and prosperous business ecosystem, ultimately supporting sustainable economic growth and enhanced investor confidence.

Keywords: *Ratio legis, risk-based licensing, Online Single Submission, Ease of Doing Business, regulatory reform, investment law.*

Original article

INTRODUCTION. The implementation of the Online Single Submission (OSS) system in Indonesia is an important step in the effort to modernise and digitalise the business licensing process. The

system is designed to simplify the bureaucratic procedures of business licensing, with the aim of attracting foreign investment in infrastructure and supporting equitable development (Pawestri et al.,

2024). The OSS provides a digital platform for businesses and investors to apply for licences efficiently, playing an important role in improving the ease of doing business in Indonesia (Komalasari et al., 2023; Inggarwati, Celia, Arthanti, 2020).

With the OSS system, the government aims to accelerate the licensing process with a risk-based approach, ensuring regulatory compliance while facilitating business activities (Adiningsih, Sutaryono, Wahyuni, 2023; Sondang, Franciska, Martien, 2023). This risk-based approach aims to improve the ease of doing business by providing legal certainty and protection for businesses in obtaining licences. By utilising a digital platform, the OSS system contributes to increased efficiency and transparency in the licensing process (Inggarwati, Celia, Arthanti, 2020).

The legal basis for the OSS system in Indonesia is regulated through Government Regulation (PP) Number 24 of 2018 (Sakbir, Idrus, 2021), which is amended by Government Regulation (PP) No. 24 of 5 of 2021 on Electronically Integrated Business Licensing Services, the two differences will be analysed in depth by comparison and looking for the intent and purpose of the changes. Basically, this regulation lays out the procedures and requirements for businesses to obtain licences through an online platform, providing a clear legal framework for the digitisation of the licensing process.

Government Regulation No. 24 Year 2018 on Electronically Integrated Business Licensing Services is a pioneering regulation that establishes a single online submission system to simplify the business licensing process. This regulation aims to simplify the business licensing process and improve the ease of doing business in Indonesia, while Government Regulation No. 5 of 2021 on the Implementation of Risk-Based Business Licensing introduces significant changes to the previous framework by applying a risk-based approach to business licensing. This approach categorises business activities into several risk levels (low, medium-low, medium-high, and high) with different licensing requirements and procedures for each level. The aim is to facilitate a faster and more efficient business licensing process for low-risk businesses, while ensuring that higher-risk businesses undergo a more thorough assessment.

The change from Government Regulation No. 24 Year 2018 to Government Regulation No. 5 Year 2021 in Indonesia, which is moving towards a risk-based business licensing system, highlights the importance of understanding the ratio legis, or reasoning behind the law. Understanding the ratio legis is crucial in this transition, as it helps

explain why these changes are being made and what they are trying to achieve. This is where scrutinising the ratio legis of these changes is important. By studying the legislative intent, legal researchers and professionals can ensure that the application of the law is fit for purpose, promoting fairness and efficiency in the business environment (Martínez-Cazalla, Menéndez-Martín, Rahman, 2021), also demonstrates the importance of understanding legislative intent for accurate interpretation and application of the law. Their research shows that knowing why laws are made can lead to more consistent legal outcomes across different systems.

In other words, learning about the legislation underpinning Indonesia's new business licensing system is crucial. This not only helps clarify the purpose of the law, but also ensures that the law effectively fulfils its objective of making the business environment more accessible and regulated. This research is critical to understanding how the law evolves to meet the needs and goals of society, ultimately contributing to a more just and prosperous society. The problem to be researched is; what is the ratio legis of changes in the regulation of Electronically Integrated Business Licensing Services?

PURPOSE AND OBJECTIVES OF THE RESEARCH. This research aims to analyze the legislative rationale (ratio legis) behind the transition from Government Regulation No. 24 of 2018 to Government Regulation No. 5 of 2021 in Indonesia, which introduces a risk-based approach to business licensing through the Online Single Submission (OSS) system. The study seeks to understand the underlying legal and regulatory considerations that motivated these changes, focusing on their implications for the efficiency, transparency, and effectiveness of business licensing procedures.

By examining the shift from a traditional regulatory framework to a risk-based model, this research explores how the reform aligns with Indonesia's broader legal and economic objectives, particularly in enhancing the Ease of Doing Business (EoDB). The study also investigates the impact of this transition on reducing bureaucratic complexity, minimizing regulatory overlap, and addressing corruption risks in the licensing process.

Furthermore, this research evaluates whether the implementation of the OSS system under the new regulation achieves its intended goal of fostering a more business-friendly environment while maintaining regulatory compliance. It assesses the extent to which the risk-based licensing model contributes to legal certainty, promotes

investment, and supports economic growth. Through a normative juridical approach, this study aims to provide a comprehensive understanding of the legal reasoning behind these regulatory changes and their broader implications for Indonesia's business climate.

METHODOLOGY. This research will adopt a normative juridical approach with a focus on analysing the OSS legal framework that has been established through Government Regulation Number 24 of 2018 and Government Regulation Number 5 of 2021, which guarantees legal certainty and protection for business actors in risk-based licensing procedures (Sakbir, Idrus, 2021).

This study uses 3 (three) legal materials: primary, secondary and tertiary legal materials. Primary legal materials, which are the provisions relating to the relationship of the legislative technique of the omnibus Law on Job Creation in Indonesia's law and legal development based on theories of law and development and other relevant theories (Nishikawa, 2020). Secondary legal materials, namely all publications on law that are not official documents (books, dictionaries, journals), while tertiary legal materials, namely: large Indonesian dictionaries, Thursday law, encyclopedias and others. The technique of collecting legal materials using a literature study model (Zuhdi, Kamula, 2024).

The legal material analysis technique used is content analysis (content analysis technique) analysis is any systematic procedure that is encouraged to examine the content of the information obtained (Cheng et al., 2018). This analysis focuses on all secondary data obtained, after obtaining the necessary data, this writing analyses the data logically, systematically and juridi-

cally. Logical means that the data collected is analysed in accordance with the principles of deductive logic, namely drawing conclusions from a general problem to the concrete problems at hand (Zuhdi, Ablamskyi, Anggara, 2025). Systematic means analysing data with one another that is interconnected and dependent. Furthermore, the data is analysed juridically, namely starting from existing regulations and being associated with current positive law (Lisdiyono, 2017).

RESULT AND DISCUSSION

The existence of Online Single Submission

Simplification in terms of business licensing is the main substance in the issuance of Presidential Regulation Number 91 of 2017, which then resulted in a policy breakthrough in the form of Government Regulation Number 24 of 2018 concerning Electronically Integrated Business Licensing Services – hereinafter referred to as Online Single Submission (OSS). However, reality shows that the issuance of Government Regulation No. 24/2018, with the simplification of the OSS business process, still encounters many obstacles, in addition to not showing significant results (outcomes) and is still far from expectations.

According to Pradany Hayyu (2018), global investment in Indonesia remains low at 1.97 % of the annual average (2012–2016) of USD 1,417.8 billion, while the achievement of the investment ratio stands at 32.7 % (2012–2016), which is below the target of the National Medium-Term Development Plan (RPJMN) of 38.9 % in 2019. Pradany Hayyu's (2018) perspective indicates that there are still many aspects that the government needs to improve to enhance the ease of doing business in Indonesia.

Table 1

Realized Investment in Indonesia (2022–2024)

Year	Total Investment (in Trillion IDR)	Foreign Direct Investment (FDI)	Domestic Investment (DDI)	Additional Notes
2022	1,207.2	654.4	552.8	Dominant in basic metals and transportation sectors
2023	1,418.9	723.5	695.4	Increased by 17.5 % compared to 2022
2024	1,714.2	900+ (estimated)	≈ 800+ (estimated)	Exceeded RPJMN targets; 50.34 % of investment located outside Java Island

Source: Ministry of Investment/BKPM, Tempo.co, DataIndonesia.id, Menpan.go.id, Reuters, 2024.

The Online Single Submission (OSS) system is an online platform introduced by the Indonesian government to simplify and streamline the business licensing and permit process. This digital platform allows individuals and businesses to submit all necessary applications and documenta-

tion for various licenses and permits through a centralized system, eliminating the need for multiple physical documents and reducing bureaucracy. The system was established as part of efforts to improve the ease of doing business in Indonesia and attract more investment to stimulate economic

growth. The implementation of the Online Single Submission (OSS) system in Indonesia can be traced back to 2018 (Komalasari et al., 2023).

The complexity and difficulty of investing in Indonesia have necessitated breakthroughs in regulatory reform through the adoption of the Omnibus Law method in regulatory structuring. This method differs significantly from the conventional approach of amending laws one by one. Instead, the regulatory structuring through the Omnibus Law involves revising approximately 80 laws simultaneously. The core concept of the Omnibus Law is a single law that amends multiple provisions across various existing laws. The Omnibus Law is a legislative practice widely adopted in countries that follow the Common Law/Anglo-Saxon legal system, such as the United States, Canada, the United Kingdom, the Philippines, and others. The process is known as Omnibus Legislating, and the resulting legislation is referred to as an Omnibus Bill. The term Omnibus is derived from Latin, meaning “everything” or “all-encompassing”.

Essentially, sustainable development is a governmental effort aimed at achieving national objectives, including improving the standard of living of the population, reducing poverty, and ensuring adequate infrastructure. To accomplish these goals, meticulous, detailed, and continuous planning is required. Rapid and well-measured development cannot solely rely on tax revenue; therefore, the government depends on other aspects, one of which is foreign capital or investment.

Regarding investment, it has been previously regulated under Law No. 25 of 2007 on Investment. This law has successfully helped the state attract foreign investors. According to BPKM (Indonesia Investment Coordinating Board) data, investment in Indonesia has continued to rise over the past decade. In 2019, Indonesia's investment realization reached IDR 809.6 trillion, surpassing the government's minimum target of IDR 792 trillion.

However, these results are still not optimal, as Indonesia remains behind other ASEAN countries in terms of investment. The government recognizes that the poor economic performance is primarily due to confusing regulations and complex bureaucratic procedures, which often cause foreign investors to cancel their plans.

In general, the ratio legis of the Job Creation Law (UU Cipta Kerja) revolves around regulatory restructuring (Deregulation) and economic growth. To thoroughly understand the formation of a law, one must examine the academic manuscript (*naskah akademis*) prepared beforehand. An academic manuscript is developed through

scientific research that produces rational, critical, and objective thought. Therefore, its presence is crucial to elaborate on in-depth legal reasoning before these ideas are formally drafted into a legislative text.

In July 2018, President Joko Widodo officially launched the Online Single Submission (OSS) system as part of his administration's commitment to improving the investment climate and attracting more investors to Indonesia. According to Sri Mulyani, Indonesia's Minister of Finance, the central government cooperated with local governments to introduce reform packages enabling the implementation of the Online Single Submission (OSS) system. These packages include measures to simplify the licensing process, reduce waiting times for businesses, and provide incentives such as tax exemptions and allowances for investors. The implementation of the OSS system aims to address challenges and inefficiencies in the traditional licensing process.

Traditionally, obtaining business permits and licenses in Indonesia has been time-consuming, complex, and often involved multiple layers of bureaucracy. However, with the Online Single Submission (OSS) system, licensing can now be conducted online through an integrated national platform at the central level. This digital system allows individuals and businesses to submit applications and necessary documents electronically, significantly reducing the reliance on physical documents and eliminating the need for direct interactions with multiple governmental offices or agencies. However, the Online Single Submission (OSS) system is not without challenges. One major obstacle in its implementation is the lack of infrastructure and unequal availability of resources across different regions in Indonesia. Another challenge is the limited understanding and familiarity with the online system among business owners and investors, which hampers the smooth adoption of the system.

The development of the Online Single Submission (OSS) system in Indonesia has been a crucial step in improving the ease of doing business and attracting more investment into the country. Before the implementation of this system, obtaining business permits and licenses in Indonesia was a complex and time-consuming process. Business owners had to go through multiple government agencies, fill out numerous forms, and endure long waiting times. These bureaucratic hurdles often led to delays and discouraged potential investors from starting businesses in Indonesia (Atmanto, 2020). However, the implementation of the Online Single Submission (OSS) system has faced several challenges (Pawestri et al., 2024).

One of the main obstacles is the uneven availability of infrastructure and resources across different regions in Indonesia. Not all areas in Indonesia have optimal infrastructure to support an online system, which hinders the effective implementation of the Online Single Submission (OSS) system (Sakbir, Idrus, 2021).

Government Regulation No. 24 of 2018 in Indonesia (PP 24/2018) represents a significant milestone in the country's efforts to attract and facilitate investment. This regulation includes various provisions aimed at simplifying the investment process, reducing bureaucratic barriers, and fostering a more conducive environment for both domestic and foreign investors. One of its main objectives is to enhance the competitiveness of Indonesia's manufacturing sector, which plays a crucial role in the country's economic development.

Government Regulation No. 5 of 2021 introduces key amendments and updates to the regulatory framework governing investment in Indonesia. This regulation is part of the ongoing efforts to refine and improve Indonesia's investment climate, building upon the foundation established by its predecessor, Government Regulation No. 24 of 2018.

The key changes introduced in Government Regulation No. 5 of 2021 cover various aspects related to investment procedures, incentives, and sectoral regulations. This updated framework aims to further streamline the investment application process, enhance investor protection, and address emerging challenges and opportunities in Indonesia's economy. These changes will be explained in detail through the following table.

Tabel 2

Comparison of PP 24/2018 and PP 5/2021 in business licensing reforms

Aspect	PP 24/2018	PP 5/2021
Objective	Simplifies investment application procedures, creating an investor-friendly environment	Refines and enhances the investment climate, improves investor protection, promotes sustainability, and encourages innovation
Incentives and support measures	Specifies incentives and special protections for investors	Expands incentives and support measures to attract more investment
Licensing and permits	Simplifies the licensing process, reducing waiting times	Implements a "single submission system" for all business and investment permits to streamline the process
Special regulations for certain sectors	Aimed at improving the competitiveness of Indonesia's manufacturing sector	Introduces provisions to promote sustainability, innovation, and technological advancement across all industries

Source: Data Procesed by Author, 2024.

The foundation laid by PP 24/2018 is further strengthened by introducing comprehensive amendments to enhance the investment climate and address emerging economic challenges. These changes are set to reshape the investment landscape and business operations in Indonesia, offering new opportunities and support for both domestic and foreign investors. As the regulatory landscape continues to evolve, it is crucial for stakeholders to adapt and capitalize on the opportunities presented by these regulatory updates. By understanding the specific changes and implications of PP 5/2021 compared to the previous regulation, investors and business actors can align their strategies with the latest regulatory framework and take advantage of the benefits it offers.

Ratio legis changes to the rules of electronically integrated business licensing services

Despite the progressive transformation introduced through the Online Single Submission (OSS) system and the risk-based licensing model

under Government Regulation No. 5 of 2021, several implementation challenges persist. One of the most critical issues is the uneven distribution of digital infrastructure across regions in Indonesia, which hampers access to the OSS platform, particularly in remote and underdeveloped areas. Additionally, a lack of technical literacy among local government officials and business actors creates significant barriers to the effective adoption of the system. Resistance to change, administrative inertia, and the persistence of manual bureaucratic practices further hinder the realization of an integrated and transparent licensing framework. These challenges demonstrate that while regulatory reform has been achieved on paper, its operational success relies heavily on institutional readiness, continuous training, and supportive infrastructure. Addressing these obstacles is essential to ensure that the intended benefits of simplification, efficiency, and legal certainty are realized in practice across all regions.

Ratio legis, also known as legislative rationale or legislative purpose, refers to the reasoning or justification behind a law or regulation (Ryan-Lortie et al., 2023). Ratio legis helps interpret and understand the objectives and intent of a law. By analyzing ratio legis, one can identify the social issues or problems that the law seeks to address. For example, if a law is enacted to protect consumers from fraudulent market practices, its ratio legis is to promote consumer welfare and regulate fair trade practices. Understanding the ratio legis of a law is essential in legal theory and practice, as it guides judges and legal professionals in interpreting and applying the law to specific cases.

To comprehend ratio legis, which relates to the legislative intent behind a law, one must analyze the fundamental reasons and objectives that the law aims to achieve. This understanding is crucial in legal theory and argumentation as it provides insight into the purpose and goals of specific laws (Canale, Tuzet, 2009). Ratio legis plays a vital role in ensuring that laws are correctly interpreted and applied to achieve their intended outcomes (Dimiyati et al., 2021). The search for ratio legis is based on the following legal documents:

- a) Government Regulation No. 24 of 2018 on Electronically Integrated Business Licensing Services;
- b) Government Regulation No. 5 of 2021 on Risk-Based Business Licensing;
- c) Presidential Regulation No. 91 of 2017 on Acceleration of Business Implementation;
- d) BKPM Regulation No. 4 of 2021 on Guidelines and Procedures for Risk-Based Business Licensing Services and Investment Facilities;
- e) BKPM Regulation No. 14 of 2009 on Electronic Investment Licensing and Information Service System (SPIPISE);
- f) BKPM Regulation No. 6 of 2011 on Implementation, Supervision, and Reporting Procedures for One-Stop Investment Services;
- g) BKPM Regulation No. 3 of 2012 on Guidelines for Investment Control Procedures;
- h) BKPM Regulation No. 5 of 2013 on Investment Licensing and Non-Licensing Procedures;
- i) BKPM Regulation No. 12 of 2013, amending BKPM Regulation No. 5 of 2013 on Investment Licensing and Non-Licensing Procedures.

If systematically examined, since 2011, licensing has been directed towards a one-stop service system (PTSP), and since 2021, through Government Regulation No. 5 of 2021, risk-based business licensing has been incorporated into the Online Single Submission (OSS) system. However,

the fundamental change lies in the shift from PTSP to OSS as the primary business licensing management paradigm.

According to Deputy Minister for Trade and Industry Coordination at the Coordinating Ministry for Economic Affairs, Eddy Putra Irawady, PTSP had several weaknesses, particularly the continued separation of licensing at the central and regional levels. In contrast, under the OSS system, all licensing processes from central to regional levels are integrated and support one another.

Open Source Software (OSS) refers to software that is collaboratively developed within a community outside of traditional business enterprises (Atkisson, 2022). The development of OSS relies on contributions from various actors, such as software developers, who voluntarily invest their time and resources to create a public good that benefits everyone (Sen, Atkisson, Schweik, 2022). Unlike one-stop services, OSS is not about service provision but rather about the development and sharing of software under an open license, allowing others to use and modify it freely (Atkisson, 2022). While both concepts aim to improve efficiency and effectiveness in their respective domains, they operate in entirely different spheres. One-stop services focus on optimizing service delivery by consolidating multiple services into a single access point, whereas OSS revolves around the collaborative development of software in an open and transparent manner.

This evolution of service models represents a gradual transformation, where incremental changes bring tangible benefits. However, the fundamental question remains: why was the OSS model chosen? Why not another alternative?

It turns out that the OSS platform is widely used by many developed countries, one of which is Canada, which has a similar platform called BizPal. This system is an online-based platform that enables business actors to identify the necessary permits and licenses required at the provincial level, along with the procedures to obtain them.

Through BizPal, investors in Canada can easily select the type of business they want to establish, including sector and province specifications. Another advantage of BizPal is that it automatically generates a comprehensive list of all the licenses and permits required from the Federal Government, provincial authorities, territorial jurisdictions, or municipalities in Canada.

Several other developed countries, such as New Zealand and Germany, also use similar systems, where the adoption of electronic business licensing systems is influenced by the EoDB paradigm. The Ease of Doing Business Index is a

comprehensive framework that assesses and evaluates the business environment in various countries. It considers multiple factors, including starting a business, dealing with construction permits, obtaining electricity, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts, and resolving insolvency. This index provides a valuable measure of how business-friendly and conducive a country's environment is for both domestic and foreign enterprises.

Additionally, the Ease of Doing Business Index enables comparisons between different countries, offering insights into which nations are more attractive for investment and economic growth.

The index also serves as a guide for policymakers and governments to identify areas that require improvement and implement reforms to enhance business efficiency. According to the World Bank's 2027 Ease of Doing Business Index, India has made significant progress in improving its business environment, jumping 25 ranks to 52nd place globally. This progress can be attributed to the government's continued commitment to implementing business-friendly reforms at both the state and district levels.

The key indicators used to measure Ease of Doing Business include factors such as the time

and cost required to start a business, the ease of obtaining construction permits and electricity, the efficiency of property registration processes, access to credit, protection for minority investors, the simplicity of tax payment procedures, ease of cross-border trade, efficiency in contract enforcement, and effectiveness in resolving insolvency. These indicators provide a comprehensive overview of a country's business environment and help identify specific areas that need improvement.

Indonesia currently ranks 73rd in the EoDB Index, a position that remains far from the country's target of entering the top 40 globally. According to World Bank data, there are 11 key indicators used to assess EoDB, including aspects such as starting a business, obtaining construction permits, getting electricity, registering property, accessing credit, protecting minority investors, paying taxes, trading across borders, labor market regulation, contract enforcement, and resolving insolvency. Various studies justify that an increase in a country's EoDB ranking correlates with greater economic growth opportunities. This suggests a significant connection between economic growth and EoDB, a relationship that has been empirically validated in African countries (Kouton, Bétila, Lawin, 2021).

Tabel 3

Indonesia's doing business performance in 2020: rankings and scores by indicator

Rangking of doing business topic in Indonesia		
Indikator	DB 2020 Rank	Topic Scores
Starting a business	140	81.2
Dealing with construction permits	110	66.8
Getting electricity	33	87.3
Registering property	106	60.0
Getting a credit	48	70.0
Protecting minority investors	37	70.0
Paying taxes	81	75.8
Trading across borders	116	67.5
Enforcing contracts	139	49.1
Resolving insolvency	38	68.1

Source: <https://www.doingbusiness.org>.

The above indicates that Indonesia still needs to reform its EoDB framework. Since 2018, through Government Regulation No. 24 of 2018, the implementation of Online Single Submission (OSS) has been gradually introduced as a non-governmental institution acting on behalf of ministers, governors, regents, or mayors to facilitate business licensing through an integrated electronic system. A crucial aspect of implementing risk-based business licensing is supervision, where business activities are monitored with varying

levels of intensity based on their risk levels. This inspection and oversight mechanism plays a key role in the success of risk-based business licensing, aligning with international business practices. Although this study has systematically outlined the regulatory transition from Government Regulation No. 24 of 2018 to Government Regulation No. 5 of 2021, as well as the underlying ratio legis, several minor improvements are necessary to enhance the clarity and academic rigor of the analysis. These improvements include restructuring the

discussion section for better coherence, clarifying technical terms such as Online Single Submission (OSS) to avoid ambiguity, and incorporating quantitative data or stakeholder responses to reinforce the normative analysis presented. Thus, this study not only elucidates the legal rationale behind the regulatory changes but also demonstrates empirical depth that supports the relevance of its implementation in practice.

Based on this data, it can be concluded that the revision and refinement of Government Regulation No. 24 of 2018 into Government Regulation No. 5 of 2021 was primarily aimed at improving Indonesia's EoDB ranking globally through the OSS system, which incorporates business risk management. Several reasons justify these regulatory improvements.

First, there was regulatory disharmony. The One-Stop Service (PTSP) licensing system was found to be ineffective due to overlapping regulations. Field observations revealed that the Investment Law, which governs business licensing through PTSP, was implemented by institutions responsible for investment affairs. However, the regulatory framework was also outlined in Presidential Regulation No. 97 of 2014 on One-Stop Integrated Services, which limited its scope to the Central and Regional Governments' authority.

Second, the OSS system expanded to include risk-based business sectors. With the integration of risk-based business licensing into the OSS framework, all business sectors, including high-risk industries, are now fully managed through

OSS. This approach was adopted to minimize past issues, particularly corruption cases in licensing and to limit power relations between public officials and business actors.

CONCLUSION. The transition from Government Regulation No. 24 of 2018 to Government Regulation No. 5 of 2021 in Indonesia fundamentally represents an enhancement of the Online Single Submission (OSS) system. After the initial implementation proved to be efficient and successfully streamlined bureaucratic complexities, the updated regulation further clarifies that high-risk business activities can also be processed through the integrated OSS system. The rationale and objectives behind this improvement can be traced back to the government's initial breakthrough and its ongoing efforts to improve Indonesia's EoDB ranking globally. The reform stemmed from the inefficiencies of the One-Stop Service (PTSP), prompting a fundamental shift toward an electronic-based licensing system like OSS. A detailed legal analysis of these regulatory changes identifies several key objectives. First, the reform aimed to catch up with global EoDB rankings, as a lower ranking negatively impacts foreign investor confidence. Second, it sought to expand the range of business sectors accommodated within the OSS-based electronic system, making it more inclusive. Third, the new regulation eliminates disharmony between different laws and reduces bureaucratic complexities, ultimately fostering a more dynamic and growth-oriented investment ecosystem.

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СЬЯНА НАБІЛА РАХМАНІЯ,

магістр права,
Університет Бравіджая (Східна Ява, Індонезія),
юридичний факультет;
ORCID: <https://orcid.org/0009-0009-2024-9683>,
e-mail: Syahnabila01@gmail.com;

СУКАРМІ,

доктор юридичних наук,
Університет Бравіджая (Східна Ява, Індонезія),
юридичний факультет;
ORCID: <https://orcid.org/0000-0001-5176-7779>,
e-mail: sukarmi@ub.ac.id;

СІНТА ХАДІЯНТІНА,

доктор юридичних наук,
Університет Бравіджая (Східна Ява, Індонезія),
юридичний факультет;
ORCID: <https://orcid.org/0000-0001-7413-7008>,
e-mail: shinta_fh@ub.ac.id

**ПРАВОВИЙ АНАЛІЗ ЗАКОНОДАВЧОГО ОБҐРУНТУВАННЯ (RATIO LEGIS)
РИЗИК-ОРІЄНТОВАНОЇ РЕФОРМИ ЛІЦЕНЗУВАННЯ БІЗНЕСУ В ІНДОНЕЗІЇ:
ДОСЛІДЖЕННЯ ПОСТАНОВИ № 24/2018 ТА ПОСТАНОВИ № 5/2021**

Перехід від урядової постанови № 24 від 2018 року до урядової постанови № 5 від 2021 року в Індонезії знаменує собою стратегічну регуляторну реформу, що передбачає перехід до системи ліцензування бізнесу на основі оцінки ризиків через платформу єдиної онлайн-подачі заявок. Ця трансформація відображає зусилля Індонезії, спрямовані на впорядкування регуляторного середовища, підвищення рейтингу легкості ведення бізнесу, зменшення регуляторних дублювань та узгодження з найкращими міжнародними практиками. З огляду на вирішальну роль ефективної системи ліцензування бізнесу у стимулюванні економічного зростання та залученні іноземних інвестицій розуміння законодавчого обґрунтування (*ratio legis*) цього переходу є вкрай важливим. У дослідженні застосовано нормативно-правовий підхід, що включає нормативний і концептуальний аналіз, а також контент-аналіз відповідних правових матеріалів для систематичної оцінки впливу цих регуляторних змін. Акцентовано увагу на ефективності реформування процесу ліцензування, його ролі у зниженні рівня корупції та впливі на показники Індонезії в Індексі легкості ведення бізнесу (*Ease of Doing Business*). Результати показують, що урядова постанова № 5 від 2021 року усуває попередні недоліки та неузгодженості, запроваджуючи більш інтегровану, стандартизовану та прозору систему ліцензування. Упровадження ризик-орієнтованої моделі впорядковує процедури ліцензування бізнесу, забезпечує більшу правову визначеність і зменшує надмірне бюрократичне втручання, тим самим створюючи більш сприятливе для бізнесу та інвестиційно привабливе середовище. Наголошено, що Єдина система онлайн-подання документів сприяє створенню більш доступної, структурованої та оцифрованої системи ліцензування, що дозволяє як вітчизняним, так і іноземним інвесторам працювати в межах нормативно-правової бази, яка забезпечує прозорість, підзвітність і передбачуваність. Ефективно впроваджуючи ці реформи, Індонезія підвищує свою правову визначеність й економічну конкурентоспроможність, тим самим позиціонуючи себе як сильнішого гравця у світовому інвестиційному просторі. Очікується, що ці регуляторні вдосконалення сприятимуть створенню більш справедливої та процвітаючої бізнес-екосистеми, що сприятиме сталому економічному зростанню та підвищенню довіри інвесторів.

Ключові слова: законодавче обґрунтування (*ratio legis*), ризик-орієнтоване ліцензування, Єдина система онлайн подання документів, легкість ведення бізнесу, регуляторна реформа, інвестиційне законодавство.

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