

Hierarchy Process Analysis as a Determination of the Optimization Strategy for UMKM Business Licensing at the DPMPTSP of Sampang Regency Based on Economic and Institutional Criteria

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ABSTRACT

This study aims to determine the application of institutional economics concepts—particularly transaction costs, principal-agent relationships that may lead to moral hazards, and information asymmetry—in the UMKM business licensing process at the DPMPTSP of Sampang Regency, as well as to identify the results of the Analytic Hierarchy Process (Analytic Hierarchy Process or AHP) for prioritizing strategies to optimize UMKM business licensing at the DPMPTSP of Sampang Regency. This study employs a descriptive method with a case study design and a qualitative approach. Primary data were obtained from interviews and questionnaires distributed to informants selected via purposive sampling techniques. Internal obstacles to issuing the NIB through OSS RBA include server disruptions on the website and limited internet access. External obstacles involve bribery practices and business actors' limited understanding of digital technology. The study results indicate that micro- and small-scale business actors still incur transaction costs, such as indirect and opportunity costs; opportunistic behaviors and external moral hazards arise from bribery, procedural inconsistencies, and limited access to licensing urgency and regulations. AHP results identify priority strategies for optimizing business licensing: improving officer performance and business actors' understanding, as well as proactive initiative ("picking up the ball").

KEYWORDS *Transaction Costs, Moral Hazards, Information Asymmetry, Process Hierarchy Analysis*



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INTRODUCTION

Inclusive institutions in a country play an important role in encouraging good economic performance, which is reflected in the existence of institutions that guarantee secure private property rights, an unbiased legal system, and the provision of broad public services (Yustika, 2012). The government manifests this in the form of implementing business licenses. With a business license, business actors obtain ownership rights to their business legally recognized in the eyes of the law. Based on Law of the Republic of Indonesia Number 11 of 2020 concerning Job Creation, the business licensing that currently applies in Indonesia is risk-based business licensing (Erni & Jaya, 2022). The implementation of risk-based business licensing is regulated in Government Regulation Number 5 of 2021. The document issued as proof of risk-based business licensing is in the form of a Business Identification Number (NIB).

Despite the regulatory framework established for business licensing, existing studies have identified persistent challenges in implementation. Research on business licensing services in various Indonesian regions has documented issues related to procedural complexity, cost inefficiencies, and information gaps between service providers and business actors (Murdiansyah & Paramita, 2014; Efendi, 2014). These challenges are particularly acute for micro and small enterprises (MSEs), which often lack the resources and knowledge to navigate bureaucratic processes effectively. The institutional economics literature emphasizes that

transaction costs, information asymmetry, and principal-agent problems can significantly impede the efficiency of public service delivery (Yustika, 2012; Laurens, 2015). However, limited research has systematically examined how these institutional economic concepts manifest specifically in the context of MSE business licensing at the district level, particularly in regions with geographical and infrastructural challenges.

In practice, the process of issuing NIB electronically through the OSS RBA has not been carried out optimally (Primary Survey, 2025). Based on the results of the primary survey at the Sampang Regency DPMPTSP, various obstacles were found in the implementation of the system. Internal obstacles include server disruption on the OSS RBA website and internet network limitations that cause delays in the business licensing process. Meanwhile, external obstacles including brokerage practices, limited understanding of business actors related to digital technology (digital devide) can cause a domino effect on information asymmetry, high transaction costs, and the potential for moral hazard by business licensing service providers. This finding is in line with research conducted at the DPMPTSP of East Java Province, which stated that OSS services have weaknesses and threats that are obstacles in their implementation. Some of them are security performance as a fornt office that is not optimal, service operating hours that do not comply with the provisions, low public knowledge of the OSS system, and limitations in the use of information technology (Irfani, Nazyah, & Widiyarta, 2021).

This study addresses a critical research gap by providing an in-depth analysis of how institutional economic concepts—specifically transaction costs, principal-agent relationships, and information asymmetry—operate within the MSE business licensing process in Sampang Regency. Unlike previous studies that focus solely on procedural inefficiencies, this research employs a comprehensive institutional economics framework to uncover the underlying structural and behavioral factors that impede service optimization. Furthermore, this study contributes methodologically by applying the Analytic Hierarchy Process (AHP) to systematically prioritize optimization strategies based on multiple economic and institutional criteria. This multi-criteria decision-making approach provides evidence-based recommendations that can guide policy interventions not only in Sampang Regency but also in other districts facing similar challenges.

If this condition continues to be left unchecked, the efforts of the Sampang Regency DPMPTSP to realize good institutions through business licensing services that are transparent, have clarity of information, accountability, and efficiency of transaction costs will be difficult to achieve. This will strengthen the public's perception that business licensing is always convoluted and expensive. This assumption can lead to low business license ownership for micro and small business actors in Sampang Regency. The results of the Focus Group Discussion (FGD) entitled "Business Opportunities in the Downstream Industry, Tourism and Health Sectors" organized by the Sampang Regency DPMPTSP on March 8, 2023, show that business actors in Sampang Regency from year to year have a business identity (NIB) and standardization aspects. However, the results of field inspections show that only around 769 business units have NIB and meet the standardization aspects of tens of thousands of existing business actors (Azzahrah, 2024). Then, micro and small business actors who do not have business licensing documents will lose the opportunity to participate in various business

development programs. These programs include government subsidies, business capital loans (KUR), and cooperation in the procurement of goods and services through E-Catalog.

To overcome various problems that arise due to obstacles in business licensing services, the Sampang Regency DPMPTSP takes concrete steps by implementing various alternative strategies that aim to reduce transaction costs, overcome information asymmetry problems, and minimize potential moral hazards. The alternative strategies include improving officer performance and understanding of business actors, controlling business legality ownership, implementing innovation in pick-up programs, intensifying business licensing promotions, and strengthening multi-stakeholder collaboration through stakeholder involvement.

METHOD

This study used a descriptive research method with a case study design and a qualitative approach. This method and design were chosen because the study examined in depth the application of institutional economics concepts—particularly transaction costs, principal-agent relationships that could lead to moral hazard, and information asymmetry—in the MSE business licensing process at the Sampang Regency *Dinas Penanaman Modal Pelayanan Terpadu Satu Pintu* (DPMPTSP), as well as the results of the Analytic Hierarchy Process (AHP) in determining priority strategies for optimizing business licensing. The research location was Sampang Regency, specifically the Sampang Regency Investment and One-Stop Integrated Services Office (DPMPTSP), and it was conducted over four months (August 1–November 30, 2025).

The data used in this study consisted of primary data in the form of interview responses and questionnaires obtained directly by the researchers from informants. Informants were selected through purposive sampling and consisted of: a) Sampang Regency DPMPTSP apparatus, namely the Head of Licensing and Non-Licensing Services and OSS accompanying officers, who had competence in and understood the regulations, procedures, and mechanisms of the OSS RBA system that formed the basis for issuing business licenses; b) micro and small business actors, both those who had and had not obtained business licenses, who had direct experience in applying for business licenses through OSS RBA and perspectives on the reasons for lacking a business license; c) the Chairman of the *Rampa' Naong* Association, who had a comprehensive understanding of the real conditions, needs, and obstacles faced by members in managing business licenses; and d) academics represented by interns and research students in the Licensing and Non-Licensing Services Division of DPMPTSP Sampang Regency, as well as the Dean of the Faculty of Administration and the Dean of the Faculty of Economics at the University of Madura. The students had firsthand experience assisting micro and small business actors in the business licensing process, while the lecturers had academic competence and practical experience in public policy and institutional economics.

Data collection techniques included: a) participatory observation, with data obtained through direct observation of OSS assistant officers and micro- and small business actors while managing business licenses; b) structured interviews, using a prepared list of questions as a reference to ensure discussions were directed and focused on the research problem; c) questionnaires, used for paired comparison analysis in the AHP method to determine priority weights for criteria, subcriteria, and alternative strategies for business license optimization; and

d) documentation, incorporating evidence such as recapitulations of transaction costs in business license management.

The data analysis technique followed the interactive model of Miles and Huberman, with the following stages: a) data collection aligned with the research focus; b) data reduction, in which the obtained data were summarized, key points selected, and emphasis placed on matters related to business licensing for the research results report; c) data display, presenting narrative text supported by tables, charts, and mind maps to combine and clarify research findings; and d) data verification, in which data on licensing implementation were inferred based on problem-solving patterns.

In order to determine priority strategies in optimizing MSE business licensing in DPMPTSP Sampang Regency, this study uses the Analytic Hierarchy Process (AHP) method with the Expert Choice 11 application. Basically, the AHP method has several stages of completion as follows (Indarti & Pribadi, 2017):

1) Define the problem and determine the desired solution, then compile a hierarchy of the problems faced. The preparation of the hierarchy is carried out by setting general objectives, followed by criteria that are the basis for consideration, and alternative options to be ranked.

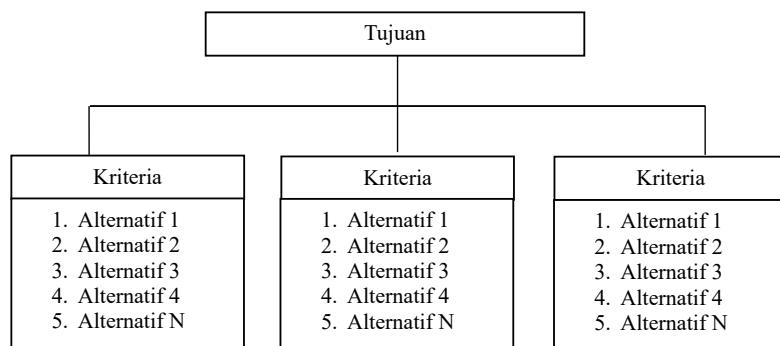


Figure 1. Hierarchical Tree

2) Determine the priority of elements, through a pairwise comparison matrix that is filled with numbers to present the relative importance of one element to another.

Table 1. Paired Comparison Matrix

Purpose	Element A	Element B	Element C
Element A	1		
Element B		1	
Element C			1

The paired comparison matrix is filled in using the paired comparison scale that has been set by Saaty, with a scale of 1-9 (Rahma, Suranti, & Prahasti, 2024); (Danur, Asih, Damayanti, & Hasibuan, 2021):

Table 2. Paired Comparison Scale

Intensity of Interest	Information
1	Both elements are equally important
3	One element is slightly more important than the other

5	One element is more important than the other
7	One element of jelly is more absolutely important than the other
9	One element is clearly absolutely more important than the other
2,4,6,8	Values between two adjacent consideration values
The Opposite	If activity i gets one number compared to activity j, then i has the opposite value compared to i

3) Measuring consistency

Determining the consistency index (CI) value is carried out with the calculation formula:(Rahma, Suranti, & Prahasti, 2024)

$$CI = \frac{\lambda_{\max} - n}{n - 1}$$

Where:

n = The number of criteria or sub-criteria

CI = Consistency index

Determining the consistency ratio (CR) value is carried out with the calculation formula:(Rahma, Suranti, & Prahasti, 2024)

$$CR = \frac{CI}{RI}$$

Where:

CR = consistency ratio

CI = consistency index

RI = random consistency index

Check the consistency of the hierarchy. If the result of the calculation of the consistency ratio value is more than 10% (CR > 0.1), then correction or recalculation must be made. However, if the consistency ratio is less than or equal to 10% (CR ≤ 0.1), then the calculation value is declared correct.

Validity was determined using credibility criteria, by: 1) Perseverance of observation, conducting theoretical deepening and research context by improving understanding through literature study, b) Triangulation of sources and techniques. Source triangulation is done by comparing information or data obtained from different sources with the same technique. Triangulation techniques are carried out by researchers to obtain comprehensive information or data obtained from the same source with different techniques

RESULT AND DISCUSSION

Transaction Fees in the MSE Business Licensing Process at DPMPTSP Sampang Regency

Table 3. Recapitulation of Business License Management Transaction Fees for MSEs in DPMPTSP Sampang Regency

No	Business Actors	Administration Fees (Rs)	Indirect Costs (Rs)	Opportunity Cost (Rs)
1.	Ground Coffee & Catering Business Actor (Ketapang)	Photocopy of requirements IDR 0,00 and stamp duty	Petrol IDR 25,000,00 Commission officers or brokers IDR 0,00	Loss of stall closure IDR 190.000,00 Employee services IDR 100.000,00

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No	Business Actors	Administration Fees (Rs)	Indirect Costs (Rs)	Opportunity Cost (Rs)
Total Transaction Fee: IDR 315,000.00				
2.	Pulse Counter Business Actor (Mandangin)	Photocopy of requirements and stamp duty IDR 0,00	Ship IDR 30,000.00	
			Pedicab IDR 10,000.00	Disadvantages of counter lids IDR 0,00
			Commission officers or brokers IDR 0,00	
Total Transaction Fee: IDR 40,000.00				
3.	Food & Beverage Online Shop Business Actor (Jl. Suhadak)	Photocopy of requirements and stamp duty IDR 0,00	Petrol IDR 10,000.00	Disadvantages of catering closures IDR 0,00
			Commission officers or brokers IDR 0,00	
			Total Transaction Fee: IDR 10,000.00	

The United Nations Development Programme (UNDP) defines transaction costs into three components, namely administrative costs, indirect costs, and opportunity costs (Yustika, 2012). In the context of research, administrative costs include costs related to fulfilling business licensing requirements, such as the cost of photocopying documents and the cost of purchasing stamps. Indirect costs include transportation costs (fuel purchase costs), commission fees given to OSS escort officers, and brokerage service fees. Meanwhile, the opportunity cost includes the cost of lost income due to the time spent by micro and small business actors in the business licensing process.

Based on the results of the study, business actors domiciled in Ketapang District (40 km from the Public Service Mall with a travel time of one hour), bear a total transaction cost of Rp 315,000.00. Business actors domiciled on Mandangin Island (travel time of one and a half to two hours to the Public Service Mall), bear a total transaction fee of Rp 40,000.00. Meanwhile, business actors with domicile on Jl. Suhadak (ten minutes to the Public Service Mall), bear a total transaction fee of Rp 10,000.00. Officially, the administrative fee for business licensing at the Sampang Regency DPMPTSP is IDR 0.00. However, in practice, micro and small business actors still have to incur transaction costs in the form of indirect costs (gasoline and transportation) as well as opportunity costs in the form of lost income during the permit processing process. Business actors who are domiciled outside the center of Sampang City, such as in Ketapang and Mandangin Island Districts, must bear higher total transaction costs compared to business actors domiciled in the central area of Sampang City such as on Jl. Suhadak. These findings show that differences in geographical conditions and affordability of service access are the main factors influencing transaction fee variations. Access to services that are centralized in the center of Sampang City causes business actors in coastal areas and outermost islands to face greater obstacles in terms of time, distance, and transportation costs. As a result, there is an imbalance in economic burden between micro and small business actors in the downtown area and those in the suburbs.

The process of managing business licensing in the Sampang Regency DPMPTSP which is still faced with various forms of transaction fees is in line with the findings of Murdiansyah & Paramita (2014), which identified three forms of transaction fees in the implementation of business license services in Malang City, including: 1) Information search fees, identified

through internet browsing fees to obtain information related to licensing procedures and fees for improving the completeness of permit requirements, 2) Negotiation costs, identified through the cost of using brokers and commissions to facilitate the permit process, 3) Cost of time sacrifice, identified through the cost of loss of productive time and the current purchase value of goods/services from a business actor.

Agent-principal relationship in the MSE business licensing process at DPMPTSP Sampang Regency

The Agency Theory was developed by two American economists, Michael C. Jensen and William H. Meckling in 1976. This theory focuses on the relationship between the owner of the company as the principal and management as an agent employed by the owner (Sarastri, Indarto, & Wardoyo, 2023). In the context of the research, the agency theory was used to analyze the relationship between the Sampang Regency DPMPTSP as an agent and small micro business actors as the principal in the business licensing process. This theory is used to examine the potential for moral hazard in the implementation of public services. Moral hazard can occur when agents take actions that deviate from the principal's interests in order to secure the position and take the greatest profit that ultimately sacrifices the public interest (Rahayuningtyas & Setyaningrum, 2017).

Based on the results of interviews and field observations, it was found that the relationship between micro and small business actors as principals and Sampang Regency DPMPTSP apparatus as agents has not fully run according to the principles of good governance, such as transparency, clarity of information, accountability, and efficiency. First, there is a difference in time to obtain a Business Identification Number (NIB), which can be faster after giving a sum of money (Rp 50,000.00-Rp 300,000.00) to someone who has access to the licensing process. It shows that although there is no formal fee collection or officer commission in the process of issuing NIB, informal practices under the table or "Shortcuts" like this are still common at the service implementation level. This condition indicates that there is still a gap between opportunistic behavior and moral hazard, where parties who have access to the licensing process take advantage of information asymmetry between them and business actors to gain personal profit.

Second, there is a practice of brokerage outside the Sampang Regency DPMPTSP. These brokers do not have an official attachment to the agency, but act as intermediaries who offer Business Identification Number (NIB) issuance services to micro and small business actors who have difficulty understanding the systematics of the RBA OSS. This practice has been going on for quite a long time and is often used by individuals outside the agency, by setting service rates that vary and are relatively high, starting from Rp 200,000.00-Rp 7,000,000.00 depending on the business field to be issued in the NIB. These findings show that the practice of brokerage is a form of external moral hazard, where parties outside the agency take advantage of the complexity of the licensing system to seek personal gain. The distance and accessibility to get to the Public Service Mall (MPP) are relatively far for some business actors and the digital gap (digital dividend), making it difficult for them to manage NIB independently. Low understanding of the RBA OSS system, ignorance in determining the KBLI classification that is in accordance with the type of business, and facility constraints such as not having adequate communication devices, limited internet networks, or not having email Hierarchy Process Analysis as a Determination of the Optimization Strategy for UMKM Business Licensing at the DPMPTSP of Sampang Regency Based on Economic and Institutional Criteria

addresses or WhatsApp numbers, are obstacles in the business licensing process. In such conditions, micro and small business actors tend to choose to use the services of brokers as an alternative that is considered the fastest and easiest, even though they have to incur additional costs.

A problem that is often found in the management of business licensing is the emergence of a gap between entrepreneurs and public officials. This gap is generally triggered by the unclear information received by business actors regarding the business licensing process, thus causing confusion and opening up space for licensing brokerage practices. Limited information is a point of weakness that is used by some to gain personal gain (Carlo, Bachrudin, & Firdaus, 2021). The business licensing process in the Sampang Regency DPMPTSP, which is still faced with opportunistic behavior and the practice of prostitution as a form of external moral hazard, is in line with the findings of Fatimah (2022), showing that many informants experience difficulties due to limited technological literacy and the inability to access information online, so they tend to choose offline service procedures. In an effort to complete various requirements, business actors often rely on intermediary services to assist in OSS management.

Information Asymmetry in the MSE Business Licensing Process at DPMPTSP Sampang Regency

Mahadarma stated that information asymmetry is a condition when one party to a transaction has more information than the other, thus causing an imbalance of power in the decision-making process (Laurens, 2015). According to Nazarah and Saleh, the problem of information asymmetry can also arise due to the information gap between the government and the public (Fazli, Ratnawati, & Nasir, 2023). In the context of research, information asymmetry refers to the conditions of information or knowledge inequality experienced by micro and small business actors in managing business licensing. For example, there are limitations in information related to the urgency and regulations of business licensing, as well as inconsistencies between information on requirements, procedures, service locations, estimated time, and official costs with the Standard Operating Procedures (SOP) promised by the Sampang Regency DPMPTSP.

Based on the results of observations, the finding of the Population Identification Number (NIK) of the business actor had been previously registered in the RBA OSS system, although the person concerned admitted that he had never applied for a business license at the Sampang Regency DPMPTSP. So, business actors must submit changes to their personal data, both emails, photos, and other requirements. These findings show that there are procedural inconsistencies in the NIB issuance process. The existence of a gap in the misuse of other people's population data is proof that business licensing services still focus on fulfilling administrative procedures without ensuring the validation of the identity and validity of business data. In addition, there is a discrepancy between the Standard Operating Procedures (SOP) set by the Sampang Regency DPMPTSP regarding the time of issuance of a Business Identification Number (NIB) of about 15 minutes without any service fee (free), and the reality of implementation in the field. In practice, the NIB issuance process often experiences delays of up to half an hour due to disruption of the RBA OSS system and there is a discrepancy in the costs charged to micro and small business actors.

Based on the results of the interview, it was revealed that micro and small business actors still face limited access to relevant information related to the urgency and regulations of business licensing. Information about the benefits of a Business Identification Number (NIB) which is not only a business legality, but can be used as a condition for applying for a capital loan at a bank, access to government subsidies, and E-Catalog cooperation has not been optimally conveyed. This condition occurs because there is no even socialization, simulation of RBA OSS, and the ball pick-up program carried out by the Sampang Regency DPMPTSP. Not all micro and small business actors have the ability to access social media. On the other hand, the availability of print media such as brochures, banners, and billboards is not enough to provide a comprehensive understanding of the NIB process and benefits. The officer is only limited to providing technical assistance in issuing NIB, but is not proactive in providing an explanation about the urgency of business licensing. The services provided focus more on fulfilling administrative procedures than on deep understanding for micro and small business actors. So, it can be said that the communication that occurs during the NIB issuance service is passive. The socialization and simulation of OSS RBA carried out by the Sampang Regency DPMPTSP is also still centralized in the Sampang City area, with relatively the same participants in each activity. As a result, business actors who have just started their business and are not members of the association, as well as business actors who are far from the city center have not been touched by these educational activities.

The process of managing business licensing in the Sampang Regency DPMPTSP, which is still faced with inconsistencies in procedures, time, and costs, as well as limited access to relevant information related to the urgency and regulations of business licensing, is in line with the findings of Efendi (2014), showing that the licensing institutional model in Bandung Regency has not been properly organized due to high uncertainty regarding the process, cost, and time of licensing completion. Similar uncertainty can also be seen in the weak identity verification system of business actors in Yogyakarta City. Many business actors face obstacles in using the OSS system, especially in the registration process of the Population Identification Number (NIK). Some business actors find that their NIK has been registered even though they feel that they have never registered, while others often do not receive OSS activation emails (Mudiparwanto & Gunawan, 2021).

Results of the Analytic Hierarchy Process (AHP) as a Determination of the Strategy for Optimizing MSE Business Licensing in DPMPTSP Sampang Regency

Process Hierarchy Analysis (AHP) is a decision-making method developed by Thomas L. Saaty in the 1970s. AHP is designed to solve problems by dividing problems into hierarchies, and then assessing the relative importance of certain criteria. As a decision support system, the AHP method can help solve the problem of high-precision public service performance evaluation (Rahayu, Hoiriyah, & Bakir, 2023).

This study aims to find out priority strategies that can optimize business licensing for Micro and Small Enterprises in DPMPTSP Sampang Regency. This study determines three criteria used as problems for choosing strategies, namely: 1) Reducing transaction costs, describing the range of administrative costs (photocopies of requirements files and stamps), indirect costs (gasoline or transportation and commission of officers or brokers), and opportunity costs (lost income) that must be incurred by business actors when managing NIB, Hierarchy Process Analysis as a Determination of the Optimization Strategy for UMKM Business Licensing at the DPMPTSP of Sampang Regency Based on Economic and Institutional Criteria

2) Overcoming information asymmetry, describing the inequality of information or knowledge experienced business actors in managing NIB, such as limited information related to the urgency and regulations of business licensing as well as the incompatibility between information on requirements, procedures, service locations, estimated time, and official costs with SOPs, and 3) Minimizing moral hazard, describing problems when agents do not carry out obligations as agreed in the employment contract and are exacerbated by imperfect information conditions between both parties, such as irregularities committed by OSS accompanying officers that cause delays in the issuance of NIB, as well as the practice of unofficial fee collection as a condition to speed up the process of issuing NIB.

There are five alternative strategies provided in this study, namely 1) Improving officer performance and understanding of business actors, carried out through officer participation in training, technical guidance, seminars, webinars; periodic evaluation; socialization of the urgency of business licensing; and the RBA OSS system simulator, 2) The control of business legality ownership, carried out through business license ownership inspections; as well as monitoring the suitability of business licensing data, 3) The ball pick-up program, carried out through the milling program; and lapindes, 4) Promotion, carried out through digital media promotion; and print media promotion, as well as 5) stakeholder collaboration, carried out through the establishment of regulations by the government; coordination with agencies that oversee micro and small business actors, for example coordination related to the E-Catalog program and subsidies; coordination with the private sector, for example coordination related to the People's Business Credit program; as well as internship and research partners.

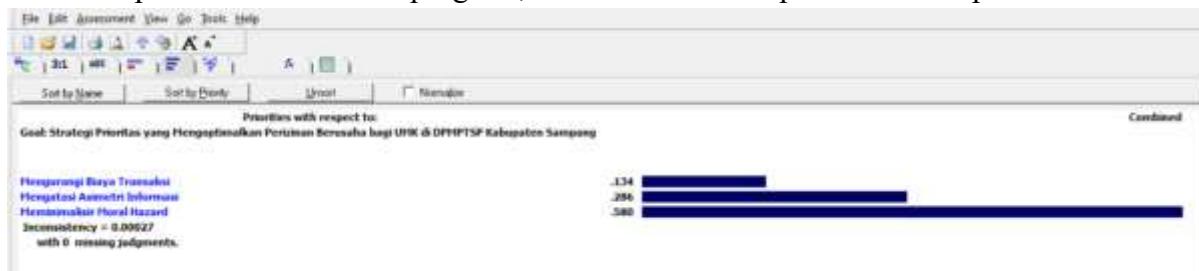


Figure 2. Priority Criteria for Optimizing Business Licensing for MSEs in DPMPTSP Sampang Regency

The criterion with the highest weight that can optimize business licensing for Micro and Small Enterprises in DPMPTSP Sampang Regency is to minimize moral hazard with a percentage of 58.0%. The existence of irregularities, both in the form of illegal levies and under-the-table practices by individuals who have access to the business licensing process has the potential to reduce the level of public trust in the credibility of the agency. The second criterion is to overcome information asymmetry with a percentage of 28.6%. Limited access to information related to the urgency and regulations of business licensing, makes business actors lose the opportunity to participate in business development programs. Ignorance that the issuance of NIB is free and can be done in real time through the OSS RBA, causing misperceptions if the NIB issuance process is convoluted and requires high costs. Limitations in understanding the systematics of NIB issuance through OSS RBA have the potential to cause dependence on intermediaries/brokers. The third criterion that is the priority of the last criterion is to overcome reducing transaction costs by a percentage of 13.4%. Micro and small business

actors who are domiciled far from Sampang City must incur additional costs for transportation and productive time lost during the issuance of NIB. This condition creates an inequality in the economic burden borne by business actors. For the inconsistency value shown regarding the criteria that can optimize business licensing is $0.00027 < 0.1$. It shows that the data in the processing of Analytic Hierarchy Process (AHP) results has a fairly consistent level.



Figure 3. Priority Strategies that Optimize Business Licensing for MSEs in DPMPTSP Sampang Regency

Alternative strategies with the highest weight that can optimize business licensing for Micro and Small Enterprises in DPMPTSP Sampang Regency are improving officer performance and understanding of business actors with a percentage of 50.5%. The second alternative strategy is to pick up the ball with a percentage of 18.9%. The third alternative strategy is the control of business legality ownership with a percentage of 13.1%. The fourth alternative strategy is promotion with a percentage of 10%. The fifth alternative strategy that is the priority of the last alternative strategy is stakeholder collaboration with a percentage of 7.6%. For the value of inconsistency shown regarding alternative strategies that can optimize business licensing is $0.02 < 0.1$. It shows that the data in the processing of Analytic Hierarchy Process (AHP) results has a fairly consistent level.

The strategy to improve officer performance and understanding of business actors is carried out by:

- 1) The participation of officers in training, technical guidance, seminars, and webinars is carried out to increase technical understanding, responsiveness, and encourage the professionalism of the Sampang Regency DPMPTSP apparatus in carrying out their duties in the service of issuing business licenses.
- 2) Periodic evaluations are carried out every month to discuss various problems and formulate appropriate solutions related to business license issuance services.
- 3) The socialization of the urgency of business licensing is an effort to increase the understanding of business actors regarding the importance of issuing a Business Identification Number (NIB) for business development, as well as encouraging increased compliance with regulations to fulfill business legality.
- 4) The OSS RBA system simulator is an effort to increase business actors' understanding of the flow of use, features, and service procedures in the RBA OSS system.

Meanwhile, the strategy of the pick-up program is carried out through the NIB issuance service program by visiting the domicile of business actors:

- 1) Molingling is a mobile service that provides a facility for issuing Business Identification Numbers (NIB) directly to the location of business actors through mobile cars, in order to reach business actors in remote areas.

- 2) Lapindes is a licensing administration service that presents OSS assistance officers to the village level to help business actors take care of Business Identification Numbers (NIB) directly, without having to visit the Public Service Mall (MPP).

CONCLUSION

Based on the application of the Analytic Hierarchy Process (AHP) to evaluate economic and institutional criteria, this study concludes that optimizing MSME business licensing at the Sampang Regency DPMPTSP requires a prioritized focus on minimizing moral hazards—particularly by addressing informal practices and broker interventions—followed by mitigating information asymmetry through improved communication and transparency, and lastly by reducing geographical and administrative transaction costs. The highest-ranked strategies to achieve this are enhancing officer performance and business actors' understanding through targeted training and proactive outreach, complemented by mobile service initiatives like "molingling" and "lapindes" to bridge accessibility gaps. For future research, it is recommended to expand this framework by conducting longitudinal studies to assess the long-term impact of these prioritized interventions, as well as to apply similar multi-criteria decision-making analyses in other regional contexts to validate and refine the strategies for broader policy adaptation and digital governance integration.

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