

# Role of The Online Single Submission (OSS) To Increase The City Investment Attraction

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# 1 ROLE OF THE ONLINE SINGLE SUBMISSION (OSS) TO INCREASE THE CITY INVESTMENT ATTRACTION

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## 5 ABSTRACT 4

This study aims to find out: 1) how the influence of image interactive technology, perceived usefulness, perceived easy of use and behavioral intention to the performance of the online licensing system (Online Single Submission); 2) how the influence of Online Single Submission (OSS) performance on investment attraction in Batu City. This research was conducted in Batu City with a sample of 65 investors. The data analysis technique of this study uses PLS. The result shows: 1) perceived easy of use and behavioral intention have a positive and significant effect on Online Single Submission (OSS) performance; 2) The performance of Online Single Submission (OSS) has a positive and significant effect on investment attraction in Batu City

**Keywords** : behavioral intention, image interactive technology, investment attraction, online single submission, perceived usefulness, perceived easy of use

## INTRODUCTION.

The Law No. 32/2004 (UU, 2004) on Regional Government which is a revision of the Law No. 22/1999 on Regional Autonomy shows that regional autonomy gives the region the right to regulate its own households. Regional autonomy is widely believed to be the best way to encourage regional development (Osborne and Plastrik, 2000). The implementation of regional autonomy is expected to improve services in various sectors, especially the public sector, to be able to attract investors to invest in the regions. If a region has adequate infrastructure, investors will invest and the community can carry out their daily activities comfortably so that the level of productivity will increase. The increasing productivity of the community and the number of investors will increase the investments. It is expected that this situation will increase Local Own-Source Revenue which in turn will have an impact on increasing regional spending (Abimanyu, 2005). One of the important things to encourage the achievement of quality development is investment. This is partly because investment has an influence on aggregate growth by its ability to drive the level of output and employment opportunities, thus affecting the formation of capital which in the long run will increase output potential and maintain the growth.

Regional investment is an investment in a region carried out by components of government, society and the private sector (business world). Increased regional investment can be realized if a region has "potentials" to sell. The ability of a region to sell must also be supported by a conducive climate such as security guarantees and legal certainty. The Regional Government must produce regulations to trigger economic growth to attract investors (KPPOD, 2013). In addition, the governmental system must be improved to be more effective and efficient, such as long-winded procedures must be abandoned. Some local governments have taken steps to attract investors, but not yet thoroughly. Kuncoro states that several initiatives have been carried out including reforming the investment service bureaucracy, building information systems on investment potential and enhancing and provisioning physical infrastructure (Kuncoro 1965, 2004).

Local governments will have the convenience to increase regional development with investment support. Therefore, we need a way to increase investor interest in investing in a region. One that must get important attention is the ease of the investment licensing system. The study was conducted in Batu City, where the Batu City Government has used an online licensing system known as the Online Single Submission (OSS). This online licensing system is expected to make it easier for investors to invest in Batu City because Batu City is a city that has great potential in tourism (one of the cities with the highest number of tourists in East Java) and many agriculture (famous for apple farming) ogled by investors. Based on this, this study aims to find out: 1) how the influence of image interactive technology, perceived usefulness, perceived easy of use and behavioral intention to the performance of the online licensing system (Online Single Submission); 2) how the influence of Online Single Submission (OSS) performance on investment attraction in Batu City

## LITERATURE REVIEW AND HYPOTHESES

### Technology Acceptance Model (TAM) and Theory of Planned Behavior (TPB)

The purpose of the Technology Acceptance Model is to evaluate existing information systems and diagnose design problems based on important user experience utilizing a system. Davis (1989) has developed considerations for measuring the perceived benefits and ease of use towards attitudes of use, and attitudes to use information technology.

Theory of Planned Behavior (TPB) adds the construct of perceived behavioral control. In TPB, perceived behavioral control is theorized to be an additional determinant of intention and behavior. Ajzen (1991) presented a review of several studies that successfully used TPB to predict intention and behavior in a wide variety of settings. TPB has been successfully applied to the understanding of individual acceptance and usage of many different technologies (Harrison et al. 1997; Mathieson 1991; Taylor and Todd 1995).

In 2011, Hidayatullah used TAM and found that the Local Government Information System showed that improving the quality of services and efforts to grow the level of trust through the development and strategy of using appropriate information technology in accordance with the needs of the community was one of the efforts to provide maximum satisfaction for the community (Hidayatullah, 2011). The results of the study also showed the importance of reliable information technology. Basically, people accept the presence of IT after knowing the benefits and ease of using it.

### The Effect of Licensing System To Investment Attraction

Kuncoro states that several initiatives have been carried out including reforming the investment service bureaucracy, building information systems on investment potential and enhancing and provisioning physical infrastructure (Kuncoro, 2004). Licensing system is a part of investment service bureaucracy, so the government should build a good information systems of licensing to attract investors. Suhendra's research results show that the pro investment policy in Boyolali Regency can help achieve investment targets. The ease of the licensing process includes the use of one of the requirements to take care of several licenses at the same time as well as the

socialization and licensing process carried out by establishing integrated administrative services at the sub-district level (Suhendra, 2017). Widhayanti's research also shows that the highest score in determining regional investment attractiveness is the apparatus and services in business licensing (Widhayanti, 2012)

### Hypotheses

Hypotheses of this research are:

H1: image interactive technology has a positive and significant effect on Online Single Submission (OSS) performance

H2: perceived usefulness has a positive and significant effect on Online Single Submission (OSS) performance

H3: perceived easy of use has a positive and significant effect on Online Single Submission (OSS) performance

H4: behavioral intention has a positive and significant effect on Online Single Submission (OSS) performance

H5: performance of Online Single Submission (OSS) has a positive and significant effect on investment attraction in Batu City

### METHODS

This research used a case study in Batu City, Jawa Timur, Indonesia. This research was conducted with a sample of 65 investors. The data analysis technique of this study uses PLS: 1) analyze how the influence of image interactive technology, perceived usefulness, perceived easy of use and behavioral intention to performance of Online Single Submission (OSS); 2) analyze how the influence of Online Single Submission (OSS) performance to investment attraction. Online Single Submission (OSS) performance and investment attraction is measured by rating assessment conducted by investors.

### RESULT AND DISCUSSION

Batu City is one of the cities in the East Java Province of Indonesia which is one of the tourist cities with a high number of tourists. In 2017, the number of tourists reached a total of 4,188,910 tourists, 4,622 of which were foreign tourists. Batu City has a big target in 2025, i.e. the achievement of the Tri Asa as a competitive education center, an organic agriculture center and an internationally competitive tourism center. Therefore, to help achieve these targets, investors need to help the development process in Batu City.

Table 1 shows the investment value in Batu City in 2017 reached Rp1,755,000 million with an average growth of 23%/year, while the Local Own-Source Revenues reached Rp149,424 million with an average growth of 32%/year.

**Table 1**  
**Regional Investment Value and Local Own-Source Revenue of Baru City**  
**(in million Rupiahs)**

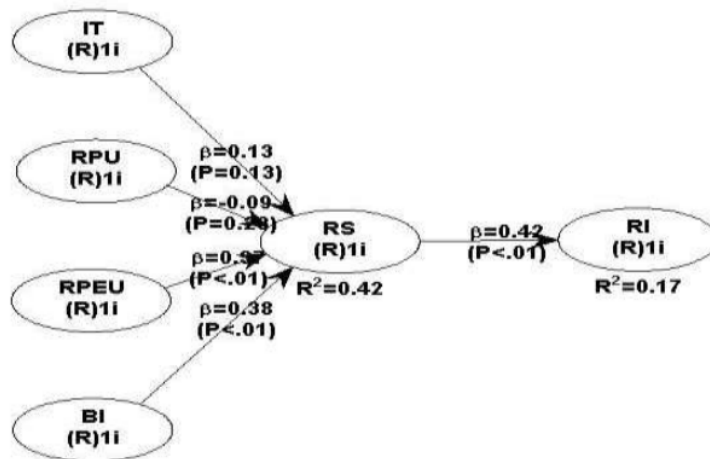
Year	Investment Value	Local Own-Source Revenue
2012	676.281	38.794
2013	791.507	58.670
2014	915.072	78.189
2015	1.402.072	104.234
2016	1.915.000	109.533
2017	1.755.000	149.424

Source: Batu City in Figures

**Table 2**  
**Hypotheses Testing**

	Path Coefficient	P Value	Effect Size	Hypotheses Testing
IT → RS	0.135	0.130	0.045	Not accepted
RPU → RS	-0.089	0.232	0.034	Not accepted
RPEU → RS	0.373	0.001	0.201	Accepted
BI → RS	0.384	0.001	0.204	Accepted
RS → RI	0.417	0.001	0.174	Accepted

Source: data analyzed



**Figure 1. Path Analysis**

The result (table 2 and figure 1) shows that perceived easy of use and behavioral intention (p value < 0.05) have a significant effect on Online Single Submission (OSS) performance. The significant influence of the perceive of easy of use to Online Single Submission (OSS) performance shows that if the licensing system arranged systematically, not complicate the user (investors) and speed up the process, it will increase investor appreciation of the licensing system. While the significant influence of behavioral intention



to Online Single Submission (OSS) performance shows that investors give a greater appreciation of the new licensing system that is done with the online system.

The result (table 2 and figure 1) also shows that the performance of Online Single Submission (OSS) has a positive and significant (p value < 0.05) effect on investment attraction in Batu City. It means that the government should increase the performance of licensing system to increase investment.. The result of this study is in line with the results of Suhendra's research which shows that pro-investment policies, including those conducted in the licensing process, can help achieve investment targets (Suhendra, 2017). In addition this study is also in accordance with the results of Widhayanti's research which shows that the highest scores in determining the attractiveness of regional investment are apparatus and services in business licensing (Widhayanti, 2012 ). The result of Online Single Submission (OSS) rating assessment is very good at 4.5 in the range of scales 1 to 5. As well as the result of investment attraction rating assessment is also very good at 4.16 in the range of scales 1 to 5.

## CONCLUTIONS

The result shows: 1) perceived easy of use and behavioral intention have a positive and significant effect on Online Single Submission (OSS) performance; 2) The performance of Online Single Submission (OSS) has a positive and significant effect on investment attraction in Batu City

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