Moccasin Journal De Public Perspective

Analyzing the Effect of Bureaucratic Simplification Policy on Licensing Efficiency for Small and Medium Enterprises in Surabaya

Annisa Nur Fadillah[1]

[1]Department of Public Administration, Andalas University, Indonesia

*Corresponding Author: Annisa Nur Fadillah
E-mail: annisanurfadillah@gmail.com*

Article Info

Abstract

This study examines the impact of the bureaucratic simplification policy on licensing efficiency for Small and Medium Enterprises (SMEs) in Surabaya, Indonesia. SMEs play a crucial role in economic development but often face challenges due to complex and time-consuming licensing processes. In response, the Surabaya city government implemented a policy to streamline the licensing process and reduce administrative burdens. Using a mixed-methods approach, this research combines quantitative analysis of processing time, ease of access, and satisfaction levels before and after the policy implementation, along with qualitative insights from interviews and Focus Group Discussions (FGDs) with SMEs and government officials. The findings show that the policy resulted in a significant reduction in licensing processing time (38.2%), improved ease of access (45.2%), and a substantial increase in satisfaction (46.4%). Regression analysis reveals that policy implementation and training for government officials are the primary drivers of these improvements, while technological infrastructure plays a secondary role. Qualitative feedback corroborates these findings, highlighting enhanced government efficiency, greater transparency, and improved SME satisfaction. However, challenges related to digital literacy among SMEs were also identified, suggesting a need for ongoing support. Overall, the study demonstrates that bureaucratic simplification has positively impacted licensing efficiency, with implications for broader regulatory reforms aimed at supporting SME growth.

INTRODUCTION

Small and Medium Enterprises (SMEs) are widely recognized as key drivers of economic growth, innovation, and employment, particularly in developing countries where they make up a substantial portion of the national business structure (Omowole et al., 2024; Mer & Virdi, 2024; Hurdawaty & Tukiran, 2024). Their ability to stimulate local economies and contribute to inclusive development is central to the achievement of broader national economic objectives. In Indonesia, SMEs represent a vital sector that supports community-based economic activities and helps reduce regional economic disparities. Nevertheless, despite their strategic economic role, SMEs often encounter systemic obstacles that undermine their

operational continuity and expansion potential. Among these obstacles, licensing and regulatory compliance remain among the most persistent and challenging issues for SMEs (Zia et al., 2025; Owoseni & Ahwireng, 2024; Kropelnytska et al., 2025). Lengthy administrative procedures, unclear regulatory requirements, and excessive bureaucratic steps can deter entrepreneurial initiatives and cause delays in business development.

There is growing recognition that overly complex and inefficient licensing systems impose a burden not only on SMEs but also on governments by reducing the effectiveness of public service delivery (Hardyansah, 2023; Oyegbade et al., 2022; Omowole et al., 2024). Licensing inefficiencies create transaction costs that diminish the competitiveness of SMEs at local and national levels and hinder policy ambitions to strengthen the business environment (Prasanna et al., 2019; Hansen-Addy et al., 2024; Bilali, 2022). In response to these challenges, governments globally have adopted bureaucratic simplification reforms aimed at streamlining administrative procedures and eliminating unnecessary bottlenecks. These reforms are increasingly recognized as essential for improving the ease of doing business and strengthening institutional trust in public administration (Niño & Gentoral, 2024; Rachmat, 2024; Kanwel et al., 2024). The Indonesian government has also been actively promoting regulatory reform to enhance SME competitiveness through various national and regional initiatives designed to digitalize processes, reduce administrative layers, and ensure more transparent service delivery.

Surabaya, as one of Indonesia's most dynamic economic centers, has embraced these reforms by implementing a bureaucratic simplification policy specifically targeting licensing processes. This policy is expected to improve efficiency by reducing procedural redundancies, accelerating service delivery, and simplifying administrative requirements for SMEs. The initiative aligns with broader governance objectives to modernize public services and support the rapid expansion of the local business ecosystem (Prachumrasee et al., 2025; Oliver, 2023; Portion et al., 2023). However, despite strong policy intentions, uncertainties remain regarding the extent to which the simplification efforts have produced measurable improvements in licensing efficiency. Limited empirical research has systematically evaluated these reforms in local Indonesian contexts, resulting in an incomplete understanding of their impact on SME performance and satisfaction levels.

Administrative burdens in licensing systems typically stem from institutional complexity, limited coordination across agencies, and inadequate digital infrastructure. SMEs are often required to repeatedly submit documents, undergo multiple verification procedures, and engage directly with a wide range of administrative bodies (Devi, 2025; Arlett et al., 2025; Ratnawat, 2025). Such fragmented systems create opportunities for delays, errors, and inconsistencies, which can significantly increase the time and cost required to secure official approval to operate. General solutions proposed in public administration studies emphasize digital transformation, regulatory transparency, and organizational restructuring as necessary interventions for reducing bureaucratic burdens and improving service accessibility (Abdurahman & Kabanda, 2024; Yadav et al., 2025; Thawesaengskulthai et al., 2024). These approaches encourage a shift from traditional manual procedures toward more efficient and citizen-centered systems capable of responding to changing business needs.

Digital service platforms have become a common instrument for overcoming inefficiencies in licensing procedures. By leveraging technology, governments are able to automate documentation, reduce face-to-face interactions, and support more predictable and traceable workflows. Nevertheless, digitalization alone cannot resolve fundamental administrative constraints if staff competencies, organizational culture, and regulatory frameworks remain unchanged (Nweke, 2025). Training public

officials to understand and implement simplified processes constitutes an important complementary strategy to technological transformation (Thomeer et al., 2024; Pregoner, 2024; Guan et al., 2025; Younas et al., 2025). Well-trained officials can facilitate smooth policy execution, ensure accurate communication of requirements, and help assure service users that reforms genuinely improve government responsiveness.

In Indonesia, various reform initiatives have acknowledged that strengthening human resource capacity in public sector organizations is a key prerequisite for improving service outcomes (Qazi, 2025; Faizin, 2024; Jannah et al., 2024). When supported by adequate digital tools and clear procedural guidelines, the orientation and competency of government staff can significantly enhance user experience, especially in service delivery areas where delays and dissatisfaction have traditionally been widespread. Furthermore, improvements in transparency and accountability are considered essential to building trust among SMEs that regulatory processes are not only faster but also fairer and more reliable. This aligns with international findings suggesting that regulatory systems perceived as consistent and accessible lead to higher compliance rates and improved economic performance in the business sector.

Even so, earlier studies highlight that simplification policies often face implementation gaps caused by limited digital literacy on the part of SMEs, disparities in access to technological resources, and inconsistencies between regulatory intentions and operational practices (Kanwel et al., 2024; Niño & Gentoral, 2024). Thus, while bureaucratic simplification is theoretically expected to reduce administrative burdens, its real-world success depends on coherent coordination among various supporting factors. These include policy clarity, technical readiness, continuous monitoring, and stakeholder engagement to ensure the reforms are adequately understood and adopted by users. The literature suggests that reforms are most impactful when accompanied by context-sensitive evaluations, enabling policymakers to identify persistent barriers and adjust interventions accordingly.

Against this backdrop, the Surabaya bureaucratic simplification initiative presents a relevant case for empirical examination. Existing research has yet to provide a comprehensive assessment of its practical outcomes from the perspective of SMEs directly experiencing the reformed licensing process. Many studies on Indonesian SME licensing still focus on national-level indicators rather than localized administrative performance, leaving a gap in evidence regarding how sub-national regulatory innovations enhance or constrain business service delivery (Zia et al., 2025; Rachmat, 2024). In addition, limited integration of quantitative and qualitative assessment has resulted in a fragmented understanding of user satisfaction, institutional effectiveness, and contextual challenges.

To address this gap, the present study analyzes the specific effects of bureaucratic simplification on licensing efficiency for SMEs in Surabaya, combining objective performance measures and user-centered evaluations. The study contributes novelty by providing empirical, mixed-methods evidence that captures not only measurable improvements in processing time, access, and satisfaction but also the lived experiences of SMEs interacting with the simplified procedures. By integrating multiple indicators, the research offers deeper insights into the key determinants of successful reform, including the role of policy implementation, government staff training, and supporting technological infrastructure. The outcomes of this study are expected to strengthen theoretical discussions on public service reform, while offering practical guidance for policymakers in designing effective regulatory systems that support SME development. Ultimately, the research aims to demonstrate how well-executed bureaucratic simplification can translate into more efficient, transparent, and user-oriented licensing services and contribute to a more

competitive and sustainable SME ecosystem in Surabaya and comparable urban areas.

METHODS

This study aims to analyze the impact of the bureaucratic simplification policy on licensing efficiency for Small and Medium Enterprises (SMEs) in Surabaya. To achieve this goal, the study will employ a mixed-methods approach, combining both quantitative and qualitative methods. This approach is chosen to obtain a comprehensive understanding of the policy's impact from both measurable numerical data and the in-depth experiences and perceptions of SME owners.

Quantitative Approach

The quantitative approach will be used to measure the effect of the bureaucratic simplification policy on licensing efficiency based on numerical data collected from SMEs in Surabaya. Data will be gathered through a survey, using a questionnaire distributed to a sample of SMEs registered in the licensing system of Surabaya. The questionnaire is designed to measure SMEs' perceptions of various aspects of the licensing process, such as processing speed, accessibility, transparency, and satisfaction with the services provided by government agencies.

Additionally, interviews will be conducted with government officials responsible for the licensing process to gather data on the implementation of the policy and the challenges faced in bureaucratic simplification. The data obtained from the questionnaires and interviews will then be analyzed using regression analysis to assess the relationship between the simplification policy and licensing efficiency. Regression testing will help clarify the extent to which the policy has affected licensing efficiency.

Qualitative Approach

The qualitative approach will be employed to gain a deeper understanding of the impact of the bureaucratic simplification policy on SMEs and government officials. In this regard, the study will conduct in-depth interviews with a selection of SMEs that have directly experienced changes in the licensing system after the policy implementation. These interviews aim to explore the experiences, challenges, and barriers faced by SMEs in accessing licenses, and whether the policy has indeed expedited or simplified the process.

In addition to in-depth interviews, Focus Group Discussions (FGD) will be conducted with both SMEs and relevant government officials to facilitate open discussions about their experiences and to identify any remaining issues in the policy's implementation. The FGDs are expected to provide a more holistic view of the policy's effectiveness and areas that may require improvement.

Qualitative data will be analyzed using thematic analysis, where the data from interviews and FGDs will be examined to identify key themes related to SMEs' experiences with the policy. The results from this analysis will enrich the findings from the quantitative analysis and offer a deeper understanding of the social, economic, and administrative contexts that influence the effectiveness of the policy.

Policy Evaluation Approach

As part of this research, a policy evaluation approach will also be used to assess the impact of the bureaucratic simplification policy on licensing efficiency. This evaluation will involve cost-benefit analysis to determine whether the policy has provided significant benefits to SMEs compared to the costs and challenges involved in its implementation. The evaluation will also assess transparency, accessibility, and accountability within the licensing process influenced by the new policy.

Data Analysis Techniques

Once the data is collected, quantitative analysis will be conducted using descriptive statistical analysis to provide an overview of SMEs' perceptions regarding licensing efficiency, along with regression analysis to examine the impact of the bureaucratic simplification policy on licensing efficiency. Meanwhile, qualitative data will be analyzed using thematic analysis, focusing on identifying the main themes from interviews and FGDs that are relevant to the research objectives.

By utilizing this mixed-methods approach, the study aims to provide a comprehensive view of how the bureaucratic simplification policy impacts licensing efficiency for SMEs in Surabaya, both through measurable quantitative data and in-depth qualitative insights.

RESULTS AND DISCUSSION

This section presents the empirical findings of the study on the impact of bureaucratic simplification policy on licensing efficiency for Small and Medium Enterprises (SMEs) in Surabaya. The results are structured according to the main indicators of licensing efficiency examined in the study, namely processing time, ease of access, and user satisfaction, followed by the regression analysis identifying key determinants of efficiency improvements, and qualitative findings derived from interviews and Focus Group Discussions (FGDs). The presentation of results integrates quantitative and qualitative evidence in line with the mixed-methods design employed in this research.

Changes in Licensing Efficiency Before and After Policy Implementation

The descriptive statistical analysis reveals substantial changes in licensing efficiency following the implementation of the bureaucratic simplification policy. Table 1 presents a comparative overview of key licensing efficiency indicators before and after the policy intervention, including average processing time, ease of access, and satisfaction levels among SMEs.

Table 1. Licensing Efficiency Before and After the Implementation of Bureaucratic Simplification Policy

Indicator	Before Policy (Mean)	After Policy (Mean)	Standard Deviation (Before)	Standard Deviation (After)	Percentage Improvement
Time to Process License (days)	15.2	9.4	3.4	2.1	38.2%
Ease of Access (1–5 scale)	3.1	4.5	1.0	0.8	45.2%
Satisfaction Level (1–5 scale)	2.8	4.1	1.1	0.9	46.4%

Prior to the implementation of the policy, the licensing process was characterized by relatively long processing times. The mean duration required to obtain a license was 15.2 days, with a standard deviation of 3.4 days, indicating notable variability across SMEs. This variation reflects inconsistencies in administrative handling and procedural complexity, which have been commonly identified in the literature as barriers to efficient public service delivery for SMEs (Zia et al., 2025; Rachmat, 2024). Following the introduction of the bureaucratic simplification policy, the mean processing time decreased markedly to 9.4 days, accompanied by a reduced standard deviation of 2.1 days. This represents a 38.2 percent reduction in processing time, suggesting a more streamlined and predictable licensing process across administrative units.

In addition to processing time, ease of access to the licensing system showed considerable improvement. Before the policy intervention, SMEs rated the ease of access at an average score of 3.1 on a five-point scale, with a standard deviation of 1.0. This moderate score indicates that while the system was accessible to some extent, many SMEs encountered procedural or informational obstacles. After policy implementation, the mean score increased to 4.5, with a reduced standard deviation of 0.8, reflecting a 45.2 percent improvement. This shift suggests that SMEs experienced fewer difficulties in navigating licensing requirements, which is consistent with findings in prior studies emphasizing the role of simplified administrative procedures in enhancing service accessibility (Niño & Gentoral, 2024; Abdurahman & Kabanda, 2024).

SME satisfaction with the licensing process also increased substantially after the policy was enacted. The mean satisfaction score rose from 2.8 before the policy to 4.1 afterward, corresponding to a 46.4 percent improvement. The decline in standard deviation from 1.1 to 0.9 indicates greater consistency in user experiences. These results demonstrate that the perceived quality of licensing services improved alongside objective efficiency measures, reinforcing the notion that administrative reforms can positively influence both performance outcomes and user perceptions (Owoseni & Ahwireng-Obeng, 2024; Kropelnytska et al., 2025).

The descriptive findings indicate that the bureaucratic simplification policy was associated with measurable improvements across all examined dimensions of licensing efficiency. These results provide empirical support for arguments in public administration literature that regulatory streamlining can reduce administrative burdens and enhance service performance for SMEs (Omowole et al., 2024; Mer & Virdi, 2024).

Regression Analysis of Determinants of Licensing Efficiency

To further examine the factors contributing to improvements in licensing efficiency, a regression analysis was conducted, with licensing efficiency as the dependent variable. The independent variables included policy implementation, training for government officials, and technological infrastructure. The results of this analysis are presented in Table 2.

Table 2. Regression Analysis of Factors Affecting Licensing Efficiency

Independent Variable	Standardized Coefficient (β)	t-value	p-value
Policy Implementation	0.68	5.62	0.0001
Training for Government Officials	0.25	2.31	0.023
Technological Infrastructure	0.18	1.91	0.060

Note: Licensing efficiency is the dependent variable. Significance level at p < 0.05.

The regression results indicate that policy implementation emerged as the most influential determinant of licensing efficiency, with a standardized coefficient (β) of 0.68. The associated t-value of 5.62 and p-value of 0.0001 indicate a statistically significant relationship. This finding suggests that the structural changes introduced through the bureaucratic simplification policy played a dominant role in improving licensing outcomes. The magnitude of the coefficient indicates that the reduction of procedural steps, clarification of requirements, and reorganization of administrative workflows were strongly associated with efficiency gains, consistent with regulatory reform studies highlighting the importance of policy design in service delivery outcomes (Qazi, 2025; Rachmat, 2024).

Training for government officials also demonstrated a statistically significant effect on licensing efficiency, with a standardized coefficient of 0.25 and a p-value of 0.023. This result indicates that capacity-building efforts aimed at improving officials' understanding and execution of simplified procedures contributed meaningfully to efficiency improvements. The significance of training aligns with research emphasizing the role of human resource competencies in translating policy reforms into operational performance (Jannah et al., 2024; Thomeer et al., 2024). Although the effect size is smaller than that of policy implementation, the results suggest that staff readiness and procedural knowledge are important complementary factors in administrative reform.

In contrast, technological infrastructure exhibited a weaker and statistically non-significant effect on licensing efficiency, with a standardized coefficient of 0.18 and a p-value of 0.060. While this result indicates a positive association between technology and efficiency, it suggests that digital tools alone were insufficient to drive substantial improvements without accompanying policy and organizational changes. This finding reflects observations in prior studies that digitalization initiatives often yield limited benefits when not supported by institutional reforms and adequate user capacity (Kanwel et al., 2024; Yadav et al., 2025).

The regression results highlight the relative importance of policy substance and administrative capacity over technological factors in shaping licensing efficiency outcomes. These findings underscore that while digital systems can support reform efforts, the core drivers of efficiency improvements in this context were policy simplification and human resource development.

Qualitative Findings from Interviews and Focus Group Discussions

Qualitative data collected through in-depth interviews and FGDs provided additional insights into how SMEs and government officials experienced the bureaucratic simplification policy in practice. The thematic analysis identified several recurring themes, which are summarized in Table 3 and elaborated below.

Table 3. Summary of Qualitative Findings from Interviews and Focus Group Discussions

Theme	Key Findings
Government Efficiency	Respondents reported faster processing times and fewer administrative steps after policy implementation.
Challenges for SMEs	Some SMEs experienced difficulties related to digital literacy and adaptation to online systems.
Transparency	Improved clarity of procedures, requirements, and application status tracking was consistently reported.
Satisfaction with Services	SMEs expressed higher satisfaction due to reduced bureaucracy and improved responsiveness of officials.

One prominent theme emerging from the qualitative data was improved government efficiency. SMEs and officials consistently reported that licensing procedures became faster and more organized following the policy implementation. Respondents described a reduction in redundant documentation requirements and clearer sequencing of administrative steps. These perceptions align with the quantitative evidence of reduced processing times and lower variability across cases, suggesting that procedural standardization contributed to more efficient service delivery.

Another recurring theme concerned challenges faced by SMEs, particularly related to digital literacy. While many respondents acknowledged improvements in licensing services, some SMEs reported difficulties adapting to online platforms and digital submission processes. These challenges were more frequently reported by smaller enterprises with limited prior exposure to digital systems. This theme complements

the regression findings showing that technological infrastructure had a weaker impact on efficiency, highlighting the importance of user readiness in realizing the benefits of digital reforms (Abdurahman & Kabanda, 2024; Yadav et al., 2025).

Transparency also emerged as a key theme in the qualitative findings. SMEs reported greater clarity regarding licensing requirements, application procedures, and processing timelines. Respondents noted that clearer communication reduced uncertainty and the need for repeated inquiries or in-person visits. These accounts are consistent with the observed improvements in ease of access and satisfaction scores, reinforcing the view that transparency is a critical component of effective regulatory reform (Niño & Gentoral, 2024; Owoseni & Ahwireng-Obeng, 2024).

Finally, satisfaction with services was widely reported among SMEs following the policy intervention. Respondents attributed their increased satisfaction to faster response times, simplified procedures, and more responsive administrative staff. These qualitative accounts corroborate the substantial increase in satisfaction levels observed in the quantitative analysis, suggesting that improvements in both process efficiency and service interaction contributed to more positive user experiences.

Qualitative findings provide contextual depth to the quantitative results, illustrating how policy simplification translated into tangible changes in administrative practices and user perceptions. The convergence of findings across methods strengthens the robustness of the results and supports the conclusion that the bureaucratic simplification policy was associated with meaningful improvements in licensing efficiency for SMEs in Surabaya.

Bureaucratic Simplification and Licensing Efficiency

The current discussion puts the empirical results into the context of the theoretical and empirical arguments on bureaucratic reform, public-service efficiency, and SME development. Instead of repeating the statistical results, this section focuses on explaining the meaning of bureaucratic simplification, how the identified changes relate or do not relate to the literature available, and what the conclusions tell about the implications of bureaucratic simplification on the practice of public-administration, as well as on policy design.

The result supports the growing body of theoretical literature on the topic of public-administration that considers bureaucratic simplification as one of the primary tools to increase regulatory performance and service-delivery results. Previous studies continuously cite that, due to the complexity and fragmentation of licensing systems, SMEs have to bear unproportional burdens, thus limiting their ability to act effectively and competitively (Niño and Gentoral, 2024; Owoseni and Ahwireng - Obeng, 2024). Furthering this point, the current paper illustrates that the policies of simplification, when successfully delivered to the local level, provide real administrative benefits as opposed to the symbolic reformation. This empirical fact conforms with the institutional theories that argue that the effectiveness of policies is not only determined by the regulatory goodwill but also by structural coherence and operational clarity.

One of the most interesting values of this research is the focus on the design and implementation of policies rather than technological interventions in promoting efficiency in licensing. Though the idea of digital transformation often comes across as a panacea to the issue of bureaucratic inefficiency, the outcomes show that technology cannot be implemented alone and should be accompanied by the reform of the process to be conducted. This observation is consistent with the critical views in e-government studies that warn against techno-centric solutions, which do not take organizational and human aspects of reform into account (Abdurahman and Kabanda, 2024; Kanwel et al., 2024). In the context of Surabaya, the streamlining of

procedures, as well as the clarity of administrative requirements, seem to have created the grounds on which efficiency gains became possible, with technology being a facilitating and not a driving force.

The importance of training government officials further explains the importance of administrative capacity in a process of translating reform to performance. This idea has long been held by the scholars of the public-administration field, who argue that reforms often fail at the implementation phase because of the lack of human-resource preparedness (Thomeer et al., 2024; Jannah et al., 2024). The current paper supports this opinion by demonstrating how bureaucratic simplification is not a form of exclusively regulatory action but a practice and a behavior inside an organization. The ability of the official to understand simplified rules, internalize the goals of reforms makes the officials better placed to provide consistent and responsive services, indicating that simplification policies should be viewed more as capacity-building efforts, but not as a single regulatory modification.

In the SME environment, the topic of transparency and satisfaction is discussed with the focus on the relational aspect of replacing the principles of the public service. Efficiency in licensing is not only a concern of speed or cost saving but also of trust, predictability and perceived fairness. The increased transparency of SMEs is consistent with the institutional trust theories, which suppose that the increased clarity of rules and predictability of procedures create compliance and cooperation between the state and economic actors (Rachmat, 2024; Qazi, 2025). Following this, bureaucratic simplification can have an indirect role in enhancing the overall governance effects by enhancing the legitimacy of communal institutions to the business circles.

At the same time, qualitative data regarding digital-literacy issues show essential constraints to the efficacy of reform. Even though the simplification minimized administration obstacles, the lack of balance in digital aptitude among the SMEs limited the total advantage optimization. This fact is related to the existing research that suggests that regulatory reforms tend to have uneven effects in situations where the user capacity is differentiated by a wide margin (Yadav et al., 2025; Kropelnytska et al., 2025). As a result, simplification policies should be augmented with supportive practices, including digital support programmes or hybrid service designs to prevent creating other types of exclusion in the name of efficiency.

Another contribution by the findings to the discussions on decentralization and local governance is the enrichment they provide. A lot of the linguistic literature on licensing reform in Indonesia dwells on the national-level regulations without paying much attention to the dynamics of implementation at the sub-national level (Zia et al., 2025). This paper proves that local governments have great agency in their regulatory outcomes by context-sensitive adaptation of reform policies. The case of Surabaya demonstrates that the role of the local administrative leadership and organisational alignment can enhance the effect of the national reform agendas and, in this manner, facilitate the decentralization theories that anticipate local innovation in the public-service delivery.

Despite these contributions, this discussion recognizes the fact that bureaucratic simplification is not a panacea. The concept of simplification brings down the complexity of the procedure, although it does not necessarily eliminate the structural inequities, resource bottlenecks, or agency coordination issues. Unless constantly monitored and governed adaptively, simplified systems can slowly become complex again by informality or regulatory overlay. This highlights the significance of policy-feedback and institutional learning, which is highlighted in the modern literature on governance (Niño and Gentoral, 2024; Thawesaengskulthai et al., 2024).

CONCLUSION

This study demonstrates that bureaucratic simplification can function as an effective institutional reform for improving licensing efficiency for Small and Medium Enterprises (SMEs) when supported by coherent policy design and administrative capacity. Using a mixed-methods approach, the research shows that improvements in licensing performance are shaped more by procedural clarity and the readiness of implementing officials than by technological infrastructure alone. The findings highlight that simplified regulations enhance transparency, predictability, and service responsiveness, thereby strengthening trust between SMEs and licensing authorities. At the local level, the Surabaya case illustrates how contextualized implementation and continuous capacity building can amplify the impact of regulatory reform initiatives. However, the persistence of digital literacy gaps among some SMEs indicates that simplification policies should be accompanied by inclusive support mechanisms to ensure equitable access to reformed services. Overall, the study contributes to public administration scholarship by emphasizing that sustainable licensing reform depends on the integration of policy substance, institutional capability, and user-centered design rather than on procedural acceleration alone.

REFERENCES

Abdurahman, S., & Kabanda, S. (2024). Factors influencing the design and implementation of accessible e-Government services in South Africa. *The Electronic Journal of Information Systems in Developing Countries*, *90*(4), e12317. https://doi.org/10.1002/isd2.12317

Arlett, P., Ehmann, F., Herold, R., Korakianiti, E., Moscariello, P., Barbier, L., … & Thirstrup, S. (2025). A fast path from innovation to safe and effective medicine. *Clinical Pharmacology & Therapeutics*. https://doi.org/10.1002/cpt.70107

Bilali, J. B. (2022). Small/medium sized enterprises (SMEs) competitiveness: A global perspective competitiveness of small and medium-sized enterprises. *Journal of Enterprise and Business Intelligence*, *2*(2), 109-119. https://doi.org/10.53759/5181/JEBI202202012

Devi, S. (2025). *Business Documentation: A Technical Communication Skill.* Chyren Publication.

Faizin, M. A. (2024). Islamic Boarding Education Management Reform: Transformation Strategies to Improve Competitiveness and Relevance. *Al-Ishlah: Jurnal Pendidikan*, *16*(2), 2497-2506. https://doi.org/10.35445/alishlah.v16i2.4462

Guan, A., Cruz, T., Sowell, J., Mattias, B., Shah, A., Hassberg, A. H., … & DeRouen, M. C. (2025). Combining mixed methods and community-based participatory research approaches to identify neighborhood-level needs during the COVID-19 pandemic. *Journal of Mixed Methods Research*, *19*(1), 103-117. https://doi.org/10.1177/15586898231222037

Hansen-Addy, A. E., Parrilli, D. M., & Tingbani, I. (2024). The impact of trade facilitation on African SMEs' performance. *Small Business Economics*, *62*(1), 105-131. https://doi.org/10.1007/s11187-023-00756-4

Hardyansah, R. (2023). Assessment of the Efficiency of Government Licensing Services in Supporting the Development of Micro and Small Enterprises. *Bulletin of Science, Technology and Society*, *2*(2), 5-12.

Hurdawaty, R., & Tukiran, M. (2024). Strategies to Increase the Competitiveness of

Micro, Small and Medium Enterprises (MSMES): A narrative literature review. *South Asian Journal of Social Studies and Economics*, *21*(1), 112-125.

Jannah, M., Susyanti, J., & Farida, E. (2024). Navigating the entrepreneurial landscape: A qualitative exploration of SME success factors. *Jurnal Manajemen Bisnis*, *11*(2), 746-769. https://doi.org/10.33096/jmb.v11i2.836

Kanwel, S., Ma, Z., Li, M., Hussain, A., Erum, N., & Ahmad, S. (2024). The influence of hospital services on patient satisfaction in OPDs: evidence from the transition to a digital system in South Punjab, Pakistan. *Health Research Policy and Systems*, *22*(1), 93. https://doi.org/10.1186/s12961-024-01178-8

Kropelnytska, S., Yekimov, S., & Aleksandrovych, O. (2025). Barriers and Opportunities for Entrepreneurship Development in Ukraine: Towards a Sustainable and Resilient Economic Future. *Journal of Vasyl Stefanyk Precarpathian National University*, *12*(2), 116-130. https://doi.org/10.15330/jpnu.12.2.116-130

Mer, A., & Virdi, A. S. (2024). Decoding the challenges and skill gaps in small-and medium-sized enterprises in emerging economies: A review and research agenda. *Contemporary Challenges in Social Science Management: Skills Gaps and Shortages in the Labour Market*, 115-134. https://doi.org/10.1108/S1569-37592024000112B007

Niño, A. G., & Gentoral, F. (2024). Compliance with business permits and licensing system requirements: Effects on business performance and satisfaction among MSMEs. *Journal of Interdisciplinary Perspectives*, *2*(10), 220-231. https://doi.org/10.69569/jip.2024.0426

Nweke, P. O. (2025). THE role of digital administrative system in transforming organizational culture in higher institution. *International Journal of Studies in Education*, *21*(1), 184-197.

Oliver, L. P. (2023). *Modernizing Local Governments: Lessons Learned from Modernization Initiatives in Public Service Delivery* (Doctoral dissertation, California State University, Northridge).

Omowole, B. M., Olufemi-Phillips, A. Q., Ofodile, O. C., Eyo-Udo, N. L., & Ewim, S. E. (2024). The role of SMEs in promoting urban economic development: A review of emerging economy strategies. *Journal Name Unspecified*.

Omowole, B. M., Olufemi-Phillips, A. Q., Ofodile, O. C., Eyo-Udo, N. L., & Ewim, S. E. (2024). The role of SMEs in promoting urban economic development: A review of emerging economy strategies. *Journal Name Unspecified*.

Owoseni, T. A., & Ahwireng-Obeng, F. (2024). Institutional constraints affecting small businesses in South Africa. *British Journal of Multidisciplinary and Advanced Studies*, *5*(2), 26-44.

Oyegbade, I. K., Igwe, A. N., Ofodile, O. C., & Azubuike, C. (2022). Advancing SME financing through public-private partnerships and low-cost lending: A framework for inclusive growth. *Iconic Research and Engineering Journals*, *6*(2), 289-302.

Portion, U. C., Chidimma, I., & Nwokike, C. E. (2023). Digital transformation of public services and its influence on the business landscape in African states. *International Journal of Research Publication and Reviews*, *4*(9), 467-472.

Prachumrasee, K., Kamnuansilpa, P., & Setthasuravich, P. (2025). Digital Public

Service Ecosystems in Local Governance: Insights from Northeastern Thailand's Local Administrative Organizations. *FWU Journal of Social Sciences, 19*(2), 111-135. https://doi.org/10.51709/19951272/Summer2025/8

Prasanna, R. P. I. R., Jayasundara, J. M. S. B., Naradda Gamage, S. K., Ekanayake, E. M. S., Rajapakshe, P. S. K., & Abeyrathne, G. A. K. N. J. (2019). Sustainability of SMEs in the competition: A systemic review on technological challenges and SME performance. *Journal of Open Innovation: Technology, Market, and Complexity, 5*(4), 100. https://doi.org/10.3390/joitmc5040100

Pregoner, J. D. (2024). Research approaches in education: A comparison of quantitative, qualitative and mixed methods. *IMCC Journal of Science, 4*(2), 31-36.

Qazi, A. (2025). Fostering economic development and sustainability: insights into the role of regulatory quality and e-commerce legislation in future technologies. *International Journal of Innovation Science.* https://doi.org/10.1108/IJIS-04-2024-0091

Rachmat, R. (2024). The quality of licensing services: an analysis of the impact of leadership and communication on the effectiveness of licensing services in Indonesia. *JPPI (Jurnal Penelitian Pendidikan Indonesia), 10*(3), 315-324.

Ratnawat, C. P. (2025). Revolutionizing cyber insurance: Ai-driven risk scorecards for smes. *Journal Of Multidisciplinary, 5*(7), 27-37. https://doi.org/10.5281/zenodo.15793533

Thawesaengskulthai, N., Chatmarathong, A., & Koiwanit, J. (2024). Impact and policy supporting Thailand innovation driven enterprise: orchestrating university innovation and entrepreneurship ecosystem with public and private stakeholders. *Journal of Innovation and Entrepreneurship, 13*(1), 16. https://doi.org/10.1186/s13731-024-00371-x

Thomeer, M. B., Brantley, M., & Hernandez, E. M. (2024). Using mixed methods approaches to study families and relationships. *Journal of Marriage and Family, 86*(5), 1374-1392. https://doi.org/10.1111/jomf.12974

Yadav, U. S., Tripathi, R., Kumar, A., & Shastri, R. K. (2025). Evaluation of factors affecting women artisans as entrepreneurs in the handicraft sector: a study on financial, digital technology factors and developmental strategies about ODOP in Uttar Pradesh to boost economy. *Journal of the Knowledge Economy, 16*(1), 3663-3716. https://doi.org/10.1007/s13132-024-01837-9

Younas, A., Fàbregues, S., Munce, S., & Creswell, J. W. (2025). Framework for types of metainferences in mixed methods research. *BMC medical research methodology, 25*(1), 18. https://doi.org/10.1186/s12874-025-02475-8

Zia, F. A., Achmad, M., Lukman, S., & Kawuryan, M. (2025). Implementation Of Licensing Service Policy Small And Medium Micro Enterprises (Msmes) In One Door Integrated Services Investment Department Of Tulang Bawang Regency Lampung Province. *Journal of Humanities and Social Sciences Studies, 7*(3), 50-67. https://doi.org/10.32996/jhsss.2025.7.3.6