



PULSE STORIES

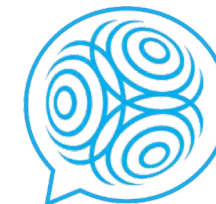
04.
LET'S GET DOWN
TO BUSINESS



**PULSE
LAB JAKARTA**

AIPEG
Australia Indonesia Partnership
for Economic Governance

**Australian
Aid**



Welcome to the fourth edition of Pulse Stories.

At Pulse Lab Jakarta, one of our design principles is to put citizens at the centre of our work. Pulse Stories is part of our efforts to better understand the life context of the people we serve.

In 2014, Pulse Lab Jakarta was tasked by our stakeholders with advancing data innovation in four main areas: protecting the poor and vulnerable, improving front line service delivery, implementing the village law, and improving trade and competitiveness.

As part of our work to improve trade and competitiveness in Indonesia we recently teamed up with AIPEG (Australia Indonesia Partnership for Economic Governance) to conduct a study to understand how business registration works in Indonesia. While previous studies on business registration mostly focused on the administrative parts of the system, we want to stay true to our principles and to try to understand the experience of entrepreneurs as they navigate the business registration process.

After dozens of discussions with entrepreneurs and other stakeholders, insights and themes emerged that highlight the impact of the current business registration system on stakeholders. All of the quotations within this edition of Pulse Stories are drawn from the interviews, but the attributions have been invented to ensure the anonymity of the interviewees.

Pulse Stories capture the anecdotes and inspiration gathered during Pulse Lab Jakarta's field trips to different parts of Indonesia. We hope that over time these stories inspire change.

The Pulse Lab Team

Table of contents

6. How it works now

9. Business registration from the perspective of the user

9. User journey map

12. From registering a business to being able to run my business

18. The service experience is heavily influenced by how informed people are

24. Focus on the people behind (and using) the system

30. Pick the low-hanging fruit first

33. One-stop-service agencies

What is this?

Starting up a business in Indonesia is difficult. In 2016, the World Bank ranked Indonesia 173rd out of 189 countries in terms of the ease of starting a business. People complain both privately and publicly about it. Despite the fact that the Indonesian government has put quite a lot of effort into streamlining the business registration process, the general perception is that starting up a business is a complicated process rife with unexpected bureaucratic pitfalls. But how difficult is it, really? And most importantly, if we are to improve the process, which areas should we focus on and how do we go about improving them?

“The emergence of accessible technology and enhanced social networking have given rise to a boom in entrepreneurship, especially in tech-enabled startups.”

The Government’s major push to increase entrepreneurship makes this an opportune moment to delve into this area, especially in viewing the business registration process from the perspective of entrepreneurs and owners of small businesses. The emergence of accessible technology and enhanced social networking have given rise to a boom in entrepreneurship, especially in tech-enabled startups. And while the startup ecosystem in Indonesia is still relatively small, the scene is dynamic enough to warrant a significant increase in venture capital over the last three years.

Considering the potential significance of small and medium-sized businesses as drivers of both economic growth and innovation, we wanted to capture stories from these business owners on their firsthand experience of the registration process. As you flick through this publication, you will uncover challenges, opportunities, and inspirations that hopefully can serve as catalysts for improving the business registration experience of small and medium-sized business owners.

If we can make the business registration process smoother for ordinary citizens with bright ideas for new businesses, we might actually meet President Widodo’s target of creating one million new entrepreneurs in the next five years. We may even exceed it.

Our approach in numbers

34

IN-DEPTH INTERVIEWS
(Entrepreneurs, Lawyers, Notaries, Agents, and Government Officials)

6

BUSINESS REGISTRATION OFFICE VISITS

4

ENTREPRENEUR SHADOWING SESSIONS



Approach

Between May and July 2016, we conducted semi-structured discussions with start-up entrepreneurs, lawyers, notaries, agents, and government officials. Our aim was to get a better understanding of the different stakeholders’ experiences across the business registration process.

Our desk research indicates that most publications aimed at improving our understanding of the business registration process in Indonesia focus on the regulatory aspects of establishing a business. In developing these publications, interviews and knowledge gathering were mainly targeted at lawyers and notaries.

In order to complement these publications, we’re taking a slightly different route in focussing on entrepreneurs and front-line civil servants. We believe that by gathering

the perspectives of the people who are directly impacted by the process, we can better understand the ecosystem surrounding business registration and the behaviours of actors.

The last thing we want is for this publication to be just another report hidden under a pile of dust, among stacks of unread reports, in some government office. To avoid this, we have worked to make the stories and insights we present actionable. In other words, by the time you finish reading the report, not only will you have a better understanding of entrepreneurs’ experiences of business registration. But we hope that you will have both the inspiration and the insights to effect change.

So without further ado, let’s get down to business.

How
it
works
now



The Ease of Doing Business Index, published by the World Bank, uses ten indicators to measure a nation's relative status concerning the regulations directly affecting the ease of doing businesses. In 2016, Indonesia ranked 109th out of 189 countries overall in the index, and 173rd in the indicator for starting a business. The President of Indonesia has targeted an improvement of Indonesia's rating to 40th. To achieve this goal, the Government of Indonesia

issued the 12th Economic Policy Package in April 2016. As one of the indicators in the Ease of Doing Business Index, starting a business -- which includes procedures, time, costs and minimum seed capital required to start a new business -- is also targeted in the 12th Economic Policy Package. Prior to the issuance of this economic policy package, entrepreneurs had to undergo 13 procedures to start a business, which took 47 days to process and cost 6.8 to 7.8 million



Rupiah. There were five permits required for starting a business, namely a Company Business License (SIUP), a Certificate of Company Registration (TDP), a Deed of Company Establishment, a Certificate of Domicile, and a Nuisance Permit. In addition to this, based on Law No.40/ 2002, the minimum capital needed to establish a business was 50 million Rupiah.

Within the 12th Economic Package, the procedures, processing time, costs, permits, and amount of seed capital required to start a business have been reduced. Currently, entrepreneurs only need to undergo seven procedures which take 19 days and cost 2.7 million Rupiah. They need only three permits, namely a Deed of Company Establishment, with a SIUP and a TDP, which are issued simultaneously. Based on Presidential Decree No.7/ 2016 on an Amendment to a Company's Initial Capital, there is no longer a regulatory requirement of a minimal amount of initial capital to start a business. Instead, the founders of the company, within the Deed of Company Establishment, need to agree on the amount of the company's initial capital.

The following table presents the differences between the previous regulatory regime and the one in existence following the 12th Economic Package.



No	Procedure	Before 12 th Economic Package (day/s)		After 12 th Economic Package (day/s)	
		Service Level Arrangement (SLA)	Fee Payment (yes/ no)	Service Level Arrangement (SLA)	Fee Payment (yes/ no)
1.	Proposing company name to Ministry of Law and Human Right (Kemenkumham)	4	yes	2	yes
2.	If approved, permit is issued	1	no		
3.	Submission process of Deed of Company Establishment form by Notary	2	yes	1	yes
4.	Proposing Deed of Company Establishment (legal entity) to Ministry of Law and Human Right (Kemenkumham)	1	no	1	yes
5.	The Deed of Company Establishment (legal entity) is issued, fee payment (PNPB) in the Bank	1	yes		
6.	Get a certificate of domicile for building management	1	no	No longer exists	
7.	Submission of company's Certificate of Domicile	1	no	No longer exists	
8.	Apply Company Business License (SIUP)	15	no		
9.	Apply Certificate of Company Registration (TDP)	14	no	1	no
10.	Registering labor at Ministry of Manpower	3	no	1	no
11.	Applying worker social insurance from BPJS	3	no	2	no
12.	Getting a Tax ID Number (NPWP) and VAT collector number (NPPKP)	1	no	1	no
Total Number of Days		47		19	



Alongside the regulatory measures, efforts have been made by the Government to cut down the time it takes to register a business. In Jakarta, some parts of the business registration process have been centralised in the City Government Office, and online registration is also now possible for some documents. This and previous research initiatives have identified several key characteristics of how business registration works in Indonesia:

“For me, paying an agent is like “hassle-margin.” My time is more valuable than the cost!”

- Randi, Shoe Manufacturer

The process is handled by multiple government agencies at varying levels

To be able to fully comply with all of the regulations required for a business to operate, an entrepreneur needs to liaise with different government units, including the Ministry of Justice and Human Rights for a Deed of Establishment, the Tax Office for a Company Tax Number, a Subdistrict Office for a Domicile Letter, the Ministry of Manpower for Social Security, and government offices specific to the type of licenses the business needs to operate.

Prevalent role of intermediaries

Most entrepreneurs resort to intermediaries (agents) to take care of the business registration process on their

behalf. Among our interviewees, many business owners had used the services of agents in some or every part of their business registration process. Most see the extra fee they have to pay to agents as justifiable as they do not want to go through the (perceived) complexity of registering the business themselves.

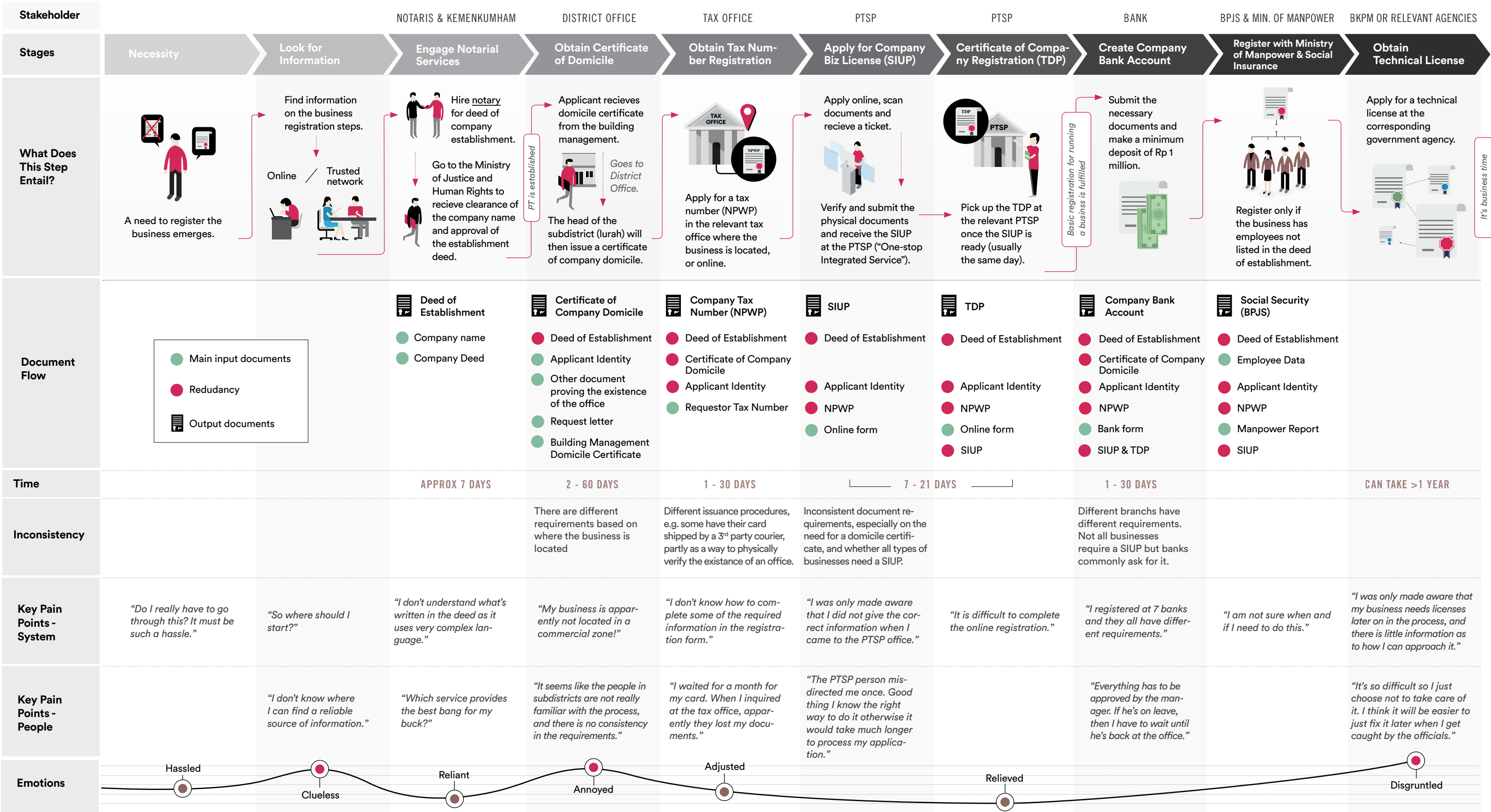
Time consuming and opaque

Most interviewees do not seem to be frustrated with the complexity of registering a business, as they feel that the steps are quite clear. They feel, however, that the biggest issue is the time it takes to go through the process, and, more importantly, the fact that they have no clear idea throughout the process of exactly how long it will take to finalise their business registration.

Business registration from the perspective of the user

How do we understand, in a holistic manner, the experience of registering a businesses? An approach that we find to be of merit involves the crafting of a “**user journey**.” This details the flow of experiences to which an entrepreneur is typically subjected as she or he attempts to navigate the business registration process. It captures the various activities at each stage of registration and, importantly, the entrepreneur’s needs, challenges and sentiments at each step.

FLIP THIS PAGE TO SEE THE USER JOURNEY



[The figures are based on respondents' experiences]



Looking at the journey, there are several discoveries that helped us to identify on which areas of improvement we should focus:

1. The journey starts sooner, and ends later:

When we see the journey from the perspective of entrepreneurs, we soon discover that for them the business registration process starts well before they step into the notary office. None of the respondents we interviewed registered their businesses without some business need driving them. In addition, prior to undergoing the registration process, respondents undertook a comprehensive search for information on the steps needed to register their business. By examining the journey, we also discover that the end of the business registration process, for most entrepreneurs, is when the business is up and running. For many types of businesses, this means after it receives technical/operational licenses. Thus, the entrepreneur's establishment of a limited liability company (PT) is still far from the end of the journey.

2. From system-focused to people-

focused: Much focus on improvement has been directed towards administrative reforms and streamlining bureaucracy. When we look at entrepreneurs' pains and challenges, a

big chunk of dissatisfaction is related to the performance of the administrators behind the system.

3. Not all problems require a major

administrative overhaul: While the vision is to make business registration in Indonesia as simple as possible, this goal is ambitious and might not be feasible in the short term. Some challenges, however, will most likely only require simple and feasible solutions. While we try to reach the ultimate vision, there is nothing wrong in picking the low hanging fruit, and improving the business registration experience, one entrepreneur at a time.

4. Redundancies: When we look at the document flow throughout the process, there are many documents that are requested from entrepreneurs repeatedly as they navigate the different stages. The basic documents needed, in reality, are minimal. These document redundancies are most likely driven by the fact that each agency involved in the process has its own system of checks and a database, which it needs to populate.

Turning Challenges into Opportunities

Trust us, throughout our discussions with stakeholders, we uncovered an array of challenges surrounding business registration. Rather than listing these in full, as a separate section, we prefer to turn them into opportunities for service improvement. Thus from this section onwards you will be exposed to numerous opportunity areas, which we discovered by understanding the challenges faced by entrepreneurs, government officials, and intermediaries.

To make it simple, we have clustered the opportunity areas into **four themes:**

1. From registering a business to being able to run my business
2. The service experience is heavily influenced by how informed people are
3. Focus on the people behind (and using) the system
4. Pick the low-hanging fruit first



From registering a business to being able to run my business

For most entrepreneurs, if not all, there is a need that drives them to register their business. There are consequences that will certainly impact their businesses if they don't register.

- ☒ From registering a business to being able to run my business
- ☐ The service experience is heavily influenced by how informed people are
- ☐ Focus on the people behind (and using) the system
- ☐ Pick the low-hanging fruit first

It is clear that what is important to entrepreneurs is to keep their businesses running. As they can't run parts of their business while undergoing the business registration process, most entrepreneurs see it as a hassle, instead of something that adds value to their business. By looking at the challenge from this perspective, we propose several opportunity areas for how government can help people keep their businesses running:

MAKE IT RELEVANT

People are more likely to be attracted to an offer if it is framed in terms of its associated gains. As registering a business is driven by a need, the best way to encourage people to register their business is by making it relevant for them. In other words, we have to encourage a shift in the perception of business registration from a hassle/must-do, to something that adds genuine value to their business.

How Might We incentivise entrepreneurs to register their businesses?

How Might We emphasise the gains associated with registering a business in our communication/socialisation efforts?

“Having a PT makes my company look more credible, and my customers can only trust companies that are credible”

- Roni, Fin Tech Entrepreneur

“Our biggest customer got acquired by [name of a big company]. They require all suppliers to have a PT. We survived not having a PT for awhile, but then we had no other option”

- Garry, Shoe Maker

KEEP THE BALL ROLLING

What is essential for entrepreneurs is to keep their businesses running. As long as business registration can potentially halt an entrepreneur's ability to run her/his business, it will be perceived as a hassle. If entrepreneurs can still run their businesses while undergoing business registration, then the time it takes to process the registration might be less of an issue.

How Might We enable entrepreneurs to continue running their businesses while undergoing the registration process?

FOCUS ON LICENSES

As shown in the user journey map, entrepreneurs consider the business registration process to be finished when the business is fully and legally operational. For some, it is enough just to have a PT (a registered limited liability company), while others need to fulfill additional requirements. It really depends on the nature of the business, but what we notice from most of the entrepreneurs we talked to is that their biggest pain points lie in the area that has not been considered as part of business registration-related policies: technical licenses.

Technical licenses are needed for certain types

of business activities and they span from licenses for construction and the use of land, to approval to produce certain goods (e.g. BPOM (FDA) approval) or to perform banking and finance activities. It is possible for a company to need to obtain more than one type of license, and the information flow is not as clear-cut as the steps of the official business registration process because licenses are administered by an even greater variety of government bodies. As a result, in many cases entrepreneurs only find out about the need for their business to obtain specific licenses at a late stage in their business registration process.

“As we operate in various sectors, my company currently has around 500 licenses.”

- Gina, Contractor Services

As licenses are administered by various government bodies, the complexity differs greatly between licences. One lawyer that we talked to admitted that while she had assisted more than a dozen forestry companies in applying for a forest lease license, only one company had managed to obtain the licence. Efforts have been made to streamline the licensing process, as many of them are now centralised in the Investment Coordinating Board (BKPM), but overall, our interviewees complained about the complexity of obtaining licenses.

“I have no difficulty in registering my PT, but there are so many requirements to obtain my license, some of which I can’t provide.”

- Ila, Startup Owner

This suggests that one of the reasons why Indonesia is still ranked poorly in terms of ease of registering a business is because people see obtaining a license as an integral part of business registration. Thus, if we want to improve the business registration process, improving the process of attaining a technical license is a prerequisite.

“Apparently since we operate as a fintech company, we need to obtain a license from BI [the Central Bank] as a registered financial provider. We only found out about it when we were about to launch our product!”

- Ari, Fintech startup founder



How Might We better utilise the one-stop-service concept to streamline the licensing process?

How Might We enable entrepreneurs to get all the information they need regarding licenses at the outset of the business registration process?

A COMMON STARTUP STORY

We provide a service that eliminates bank-to-bank transfer charges. We provide peer-to-peer transportation service. Fintech. Edutech. We enable people to rent their accommodation to tourists. We might be small, but we dream big. Startups are changing the way we do business, and they are here to stay.

The shape of businesses has changed at a rapid pace over the past few years. Regulation has not. Startup founders complained that it is very hard for them to obtain some of the licenses to operate their businesses because either they do not exist, or they are still fitted to the old way of doing business.

“We are still small so we cannot afford our own office, and that’s why we still operate from our dormitory. Because of that we cannot obtain a domicile letter as we operate outside of a business zone.”

- Roy, Fintech Entrepreneur

Indonesia is currently experiencing a boom in entrepreneurship and in the corresponding growth of startups. It is thus of paramount importance that there are systems or guidelines in place that enable startups, especially those with fewer resources, to be able to compete in an open marketplace. While efforts have been made by government to better understand the changing economic landscape and to establish a more startup friendly business licensing process, the mechanism takes a long time to take effect. Do we really want to lose the momentum and limit the opportunities for startups to rise, just because “the regulation says so?”

How Might We make licensing and business registration for startups more friendly?

“I created this startup to improve the wellbeing of the people in this country, but why does it feels like my government prevents me from doing that? We’re still small, we cannot fulfill the same requirement for licenses as the big businesses out there”

- Ila, Startup Owner



The photos were taken at Coworkinc, a Jakarta based co-working space, Kemang

The service experience is heavily influenced by how informed people are

The patterns that we observe in people's experiences differ based on how familiar and informed they are of the business registration process. Entrepreneurs who have undergone the process on several occasions find registering a business fairly simple, but most others, especially first-timers, prefer to resort to third-party support due to the perception of administrative complexity and hassle.

- ☐ From registering a business to being able to run my business
- ☒ The service experience is heavily influenced by how informed people are
- ☐ Focus on the people behind (and using) the system
- ☐ Pick the low-hanging fruit first



The service experience is heavily influenced by how informed people are

SAME PROCESS, DIFFERENT EXPERIENCE

Across our respondents' experiences, the time taken to register a business varies greatly: between three weeks to six months. One correlation we found is between the level of knowledge of the process and the speed of completion.

“At first I was not sure if I wanted to register the business myself, but when I found out that most of it can be done online, I realised how relatively easy it is and got involved!”

- Fahmi, Startup Owner
finalised his business registration in one month.

“When you do it yourself, it eventually gets easier because you become familiar with the nuances. Though the agency might be different, the processes are relatively similar. Eventually you’ll learn to hack the system!”

- Rudi, Creative Entrepreneur
finalised his business registration in two months.

“Since I am an active member of HIPMI [Indonesia Young Entrepreneur Association], I have friends who have extensive experience in starting a business. They gave me advice on how to approach it, including how to make some parts of the process faster.”

- Yara, Consultant
took two months to register her business.

“Everything has to be done manually and I don’t have the time. So I just hire an agent.”

- Vira, Serial Entrepreneur, unaware of the online registration platform
took three months to register her business.

It is clear that easily accessible sources of information are a sure way to improve the experience of business registration. We identify several opportunity areas that could help people to be more informed about the business registration process:

LEVERAGE PEOPLE'S SOURCES OF INFORMATION

Our study reveals that government has created mediums that provide quite detailed instructions on how to approach business registration, but very few of our respondents are aware of the existence of such platforms. When it comes to getting information, people tend to resort to their trusted contacts, especially regarding big decisions like starting a business. Most of our respondents learn how to approach business registration from close friends, family, or people with-

in their community. They also resort to online forums and blogs, although most questioned the reliability of such information as they tend to be inconsistent in the information they provide.

How Might We utilise people's existing networks to spread reliable information on business registration?

PUT THE INFORMATION IN THE RIGHT CONTEXT

How we deliver information on business registration is essential, but what is equally important is to position it in the right place. The mediums in which people are exposed to information hold great power to build context in communication. From our observations, despite the availability of information online, people still heavily rely on frontline civil servants in the PTSP office to answer questions.

How Might We provide people with access to information right when they need it?

PROVIDE FEEDBACK MECHANISMS

An important part of information flow that influences the whole business registration experience is the availability of feedback mechanisms. In this case, the ability for people to know the status of their application in real-time and whether additional information is required by the state. Proper feedback mechanisms help shape people's expectations and enable them to plan ahead. One of the main issues with the time it takes to register a business in Indonesia is not so much the length of time itself, but more the uncertainty as to when the process will end.

"If I know exactly when my application will be finalised, I might still be able to participate in tenders and give assurance to the tender committee that my business will be registered at a certain point in time."

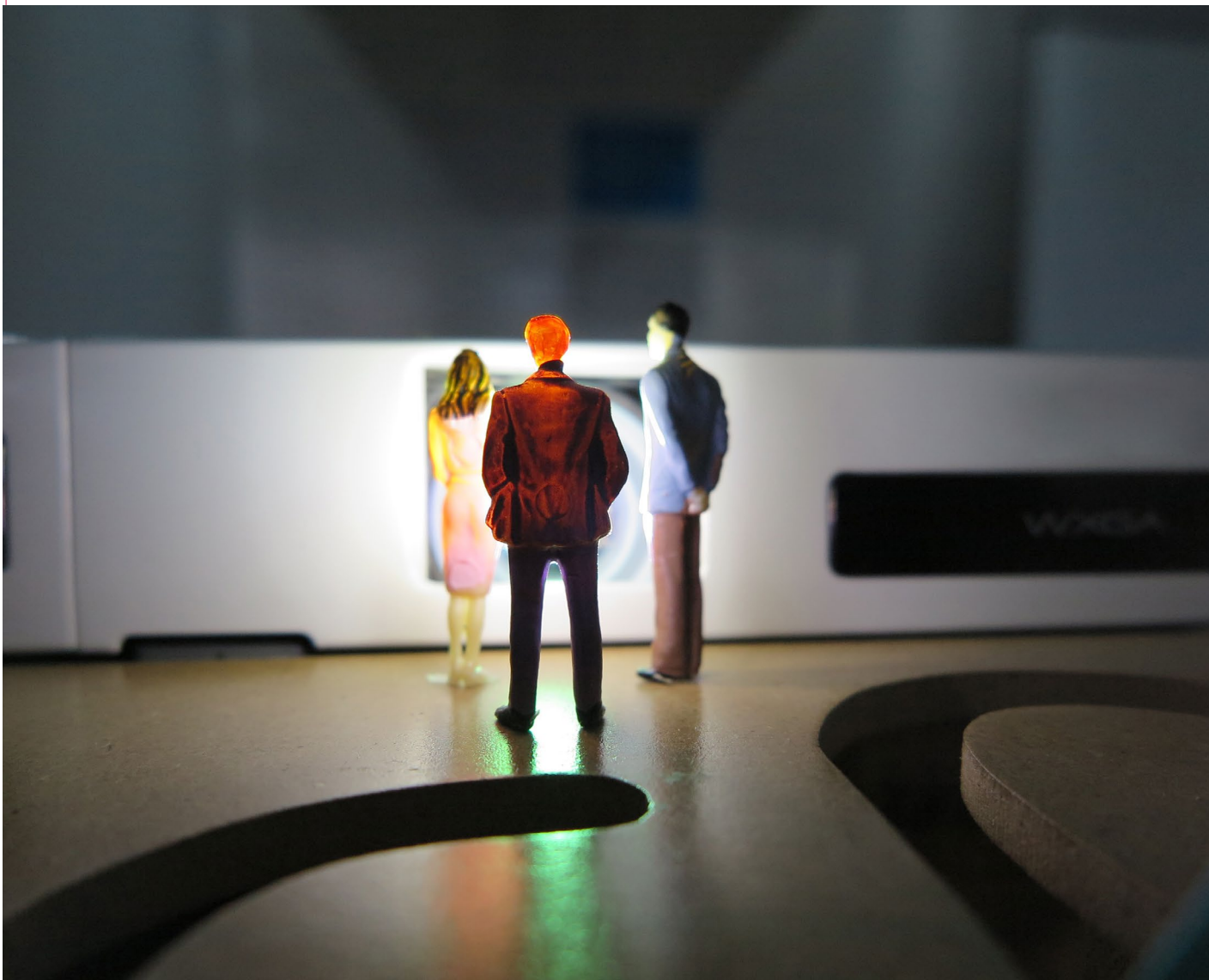
- Rian, Construction consultant

How Might We provide feedback mechanisms that allow entrepreneurs to know the status of their application?

How Might We allow entrepreneurs to assess the completeness of the information they provided in near-real time?

"If they can let me know the status of my application online or via the phone, I wouldn't have to go back and forth to the PTSP office which would save a lot of my time"

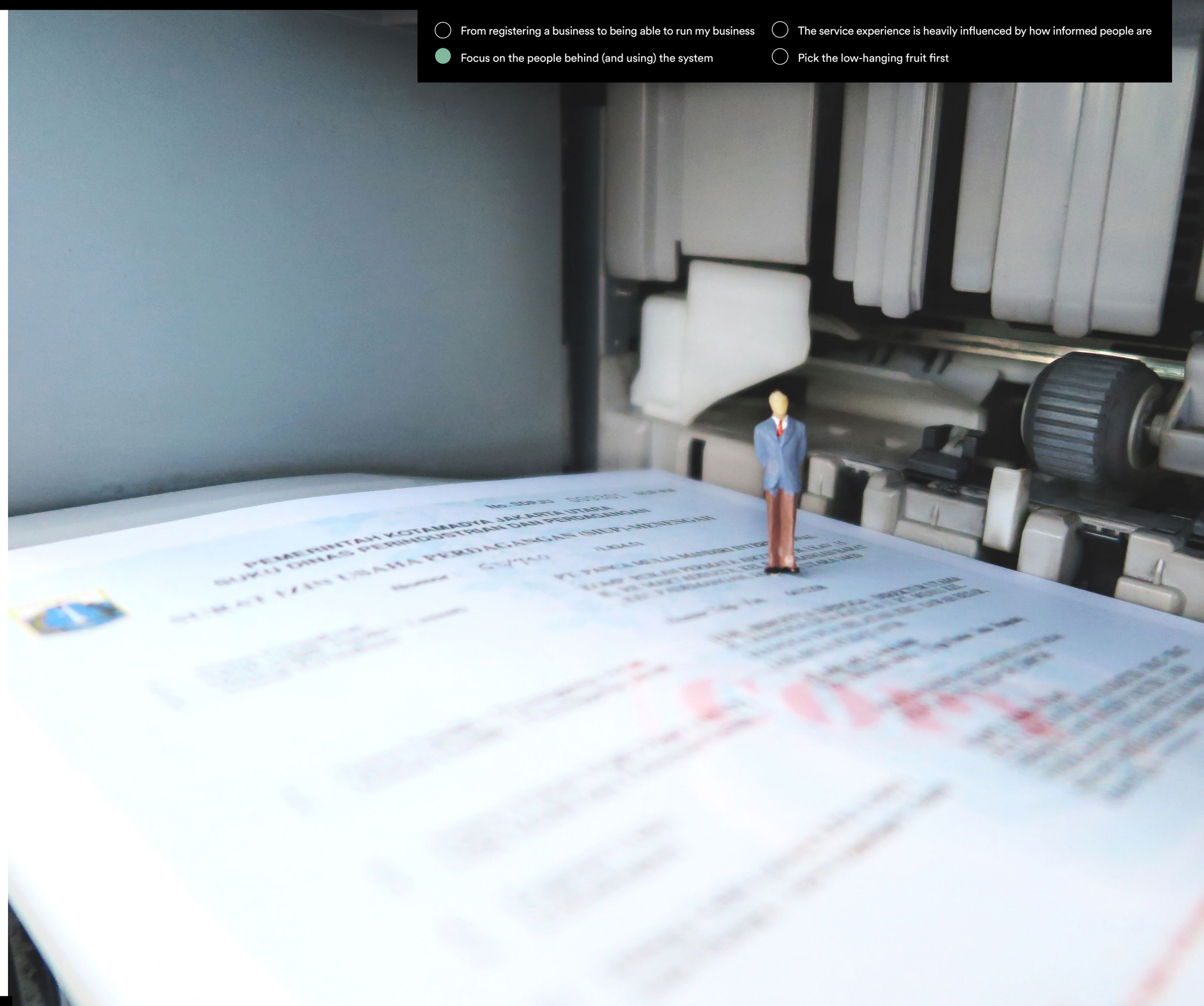
- Rini, Interior Designer



Focus on the people behind (and using) the system

A big part of previous efforts to improve the business registration process targeted the system, specifically improvements to the bureaucracy, with the aim of cutting the processing times. But administrative systems are only as good as the people running them. To transform the bureaucratic reforms into practice, it is of paramount importance that the human resources behind the system receive a proper introduction to the new processes.

- ☐ From registering a business to being able to run my business
- ☐ The service experience is heavily influenced by how informed people are
- ☒ Focus on the people behind (and using) the system
- ☐ Pick the low-hanging fruit first





“I waited for one month for my tax card to be delivered to my office. It should not take that long and my agent told me that apparently they [the tax office] lost my document!”

- Rino, Construction consultant

Part of entrepreneurs’ dissatisfaction concerning their business registration experiences is rooted in their interactions with the people behind the system. The length of time it takes to register a business, for most of our interviewees, is perceived as “given,” but the capacity (or the lack thereof) of the service providers is what they remember the most from the experience.

Our research suggests that an entrepreneur’s experience is driven by the kind of interaction that she or he has with frontline staff. Using this information, we have identified several opportunity areas that can potentially minimise this issue:

○ FOCUS ON ENABLING PEOPLE

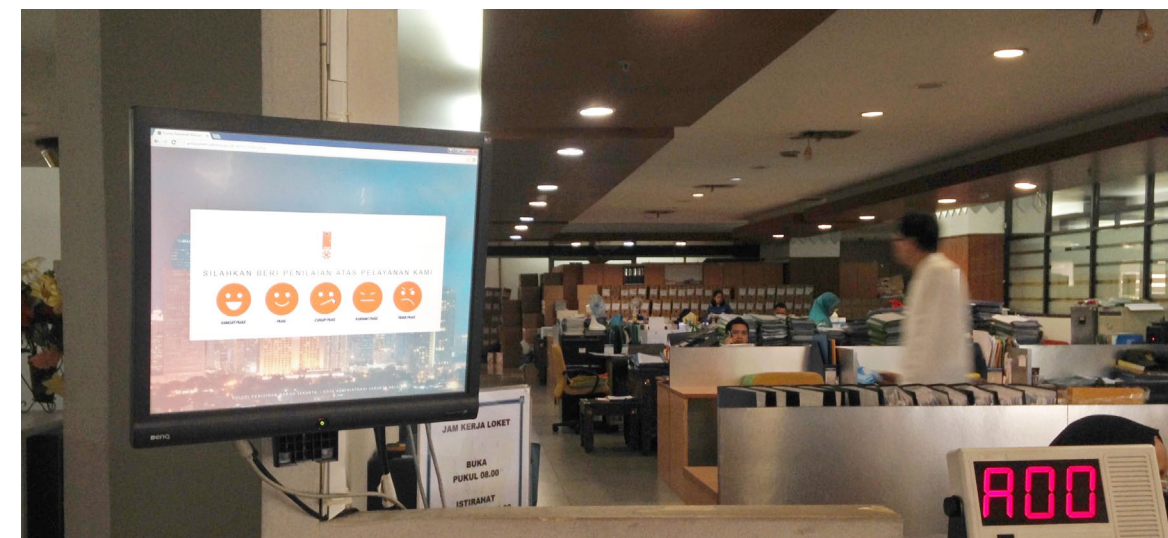
Efforts are already ongoing to make sure that frontline staff, especially in PTSPs, receive training to adapt to the new system, which, of note, requires them to administer licenses that were previously the responsibility of other agencies. In addition, a web-based internal forum is already in place where frontline service providers can ask questions and discuss issues with the central PTSP. It seems, however, that this platform has not yet been used effectively, as there are still many frontline staff who haven’t

participated in the training course or used the internal forum.

Drawing upon insights from behavioural science, there are things that can be done to nudge staff into developing certain habits. As long as we can show the value to staff of using the platform, it is more likely that they will subscribe. In addition, people tend to experience increased motivation to progress if they can compare their performance relative to others.

How Might We develop a training platform that keeps frontline staff motivated to stay up to date?

How Might We allow frontline service providers to compare their performance with others?



“As I undergo the registration process myself, I realize that the system is actually ok-ish, but its the people who need more training. I encountered on several occasions different staff giving me different advice, which was confusing for me.”

- Kiki, Fintech Startup Owner

GIVE TIME TO MAKE TIME

In order for people to fully absorb change, we have to give time for them to become accustomed to the change. In reality, a high-level political push of frontline service providers has taken place in an attempt to get them to adjust to the new system. At the same time, citizens expect that the service providers respond quickly to their requests and be available for consultation. The new system gives little room for adaptation, thus it puts

much of the burden on frontline staff to perform at all cost.

Stakeholders put effort into the design of training and socialisation platforms for frontline service providers, but it could also be of value to create a system that allows citizens to manage much of the process themselves. As frontline staff need time allocated to understanding the new system and up skilling, better digital services could create time for frontline staff to adjust to the new system and provide assistance in areas that matter most. In short, improvements need to go both ways.

How Might We ensure that citizens can advance through the business registration process independent of the support of frontline staff?

“I can’t even be sick now as I always have to be available to sign documents, otherwise people will complain that we do not meet the service level expectation.”

- Yanti, head of PTSP



“I can always guarantee a quick turnaround as I no longer need to queue at the locket. As I know almost everyone in the office, I can just go straight to “the boss” and ask for signature rightaway.”

- Bambang, Agent for 30 years

standard as they are no longer familiar with the people behind “the new system.” In addition, as the new system makes it easier for citizens to navigate the business registration themselves, some agents experience a loss in business.

REIMAGINING THE ROLE OF AN AGENT

As mentioned in the general characteristics of business registration in Indonesia, above, agents play a crucial role in the process. Most entrepreneurs we talked to used agents to assist in registering their businesses. From our conversations with agents, it is clear that an agent’s forte is measured by the relationships she or he has built with the government agencies involved in the business registration process.

As the Government continues to cut red-tape and improve frontline services for business registration, the possibilities for agents to fast-track applications become more limited. Agents complained about not being able to provide the usual service

While the diminishing role of agents exemplify the recent improvements in the business registration process, we believe that there are areas for improvement in which agents can play an active role by using their networks and invaluable knowledge of the ins and outs of the business registration process.

How Might We use agents’ expertise in business registration to improve the overall experience for citizens?

“Since last year, I rarely assist people with business registration. Before, I could promise a customer that I can finalize everything within maximum of three weeks. Now I can’t make that promise anymore.”

- Wali, Agent for eight years



“Nowadays citizens expect to receive services all the time. We try our best but sometimes we wish they would not ask for advice that they can find for themselves.”

- Patria, PTSP Customer Service



Pick the low-hanging fruit first

We've touched upon the enabling factors that can improve the business registration process: the relevance for entrepreneurs, information flow, and the people behind the system. But how about the system itself? Which parts could be improved that will lead to a better experience for entrepreneurs?

- ☐ From registering a business to being able to run my business
- ☐ The service experience is heavily influenced by how informed people are
- ☐ Focus on the people behind (and using) the system
- ☒ Pick the low-hanging fruit first



By visualizing the process in a series of sequential steps, we have identified challenges and inconsistencies that can be tackled without a major overhaul of the system. Here are several of the opportunities that we've identified:



“To get my domicile letter, they [PTSP officials] conducted a visit to my office and took pictures, some of which I have no idea why. A friend who is running a similar business did not have to go through any inspections. I am not sure which procedure is correct.”

- Ruli, Currency Trader

STANDARDISATION

As indicated in the user journey, above, there are several inconsistencies in the system where requirements for entrepreneurs can vary, from staff to staff, or office to office. According to our interviewees, often government offices ask for documents that are not required by law, but which take extra time or effort to source.

In addition, often “chicken and egg” situations arise, where two documents are prerequisites for one another.

“When I want to process my business domicile letter, they ask for the tax card. I cannot fulfill that as to apply for the tax card, I need to show the domicile letter. It’s chicken and egg!”
- Chandra, agritech entrepreneur.

Based on our observations, the inconsistencies are mainly driven by confusion on the part of frontline staff due to the new system. Thus, staff tend to be cautious, although it means placing an unnecessary burden on the entrepreneur. To address this, being informed becomes of paramount importance, because as long as entrepreneurs know for sure what requirements are needed, they can resist unnecessary bureaucracy.

How Might We make sure that entrepreneurs understand the requirements prior to submitting their applications?



EMBRACING SMALL WINS

The push for a major improvement in the system, as we have seen, does not come without challenges. Numerous variables need to be considered, especially the most difficult one to change: human behaviour. While we aim to make that jump, gaining small wins can serve as a good strategy, and as a way to improve citizens’ experiences. Because they do appreciate those small wins.

We believe that there are ‘pain points’ that do not require much effort to be alleviated. For example, prior to creating a one-stop shop for everything, we can first focus on the design of the offices, so they provide a better waiting experience for applicants. Or before we manage to cut through the bureaucracy, maybe let’s think of a simpler way to structure the registration forms?

A couple of small tweaks, when implemented together, has the potential to improve the experience a great deal. And we are half way there. Offices around Indonesia have created different initiatives to simplify the

business registration process, some of which we have observed during this research. Imagine if all of those solutions, instead of being implemented separately in each office, could be integrated in one ideal business registration experience. These existing solutions exemplify how small wins can create a big difference. And they are already available, waiting to be discovered and scaled. So go crazy!

“Things are better now and I really appreciate the Government’s effort to improve this [business registration] service. There is still lots of homework but we know that at least they are trying.”

- Lia, Clothes retailer



FLIP THIS PAGE TO DISCOVER THE IDEAL ONE-STOP-SHOP

EXISTING INITIATIVES AT PTSP JAKARTA

1 Internal Online Sharing Forum

An online forum for service providers about obstacles and challenges, where they can get advice from peers or directly from the central department.

3 Fast Track Lane

A special track for applicants who process their application independently.

How Might We allow frontline service providers to compare their performance with others?

2 The satisfaction bar

An overall satisfaction rating that serves as a direct feedback mechanism to frontline service providers of their performance. Every month, the performance of each office is compared and individual performance is incorporated into staff evaluations.

4 Document Pickup Service

A motorcycle corps ready to pick up and return documents, along with the signed licenses to applicants' designated addresses.

EXISTING INITIATIVES AT PTSP JOGJAKARTA

How Might We enable entrepreneurs to continue running their businesses while undergoing the registration process?

5 Temporary Business Registration Letter

A letter provided by the service provider which states that the applicant is currently applying for permits and has already submitted all the documents required. This letter enables business continuity.

6 Start to End One-Stop-Shop

The office provides all services related to business registration in one location, from Notary services to Domicile, SIUP, TDP, Tax number, and BPJS.

7 Playground

Provision of playground facilities for children in a public services arena.

NEW INITIATIVES

How Might We incentivise entrepreneurs to register their businesses?

8 Business Mentoring Sessions

Weekly events in business registration offices, where entrepreneurs gather and learn about different aspects of running a business from experts.

9 Business Location Checker

An online platform which helps applicants to check the suitability of a business location based on the zoning regulations and demographic information.

How Might We enable entrepreneurs to get all the information they need regarding licences at the outset of the business registration process?

10 Know Your License

An online platform, also accessible at business registration offices, that provides information on the procedures, processing time, costs, and permits needed to apply for different kinds of technical licenses.

11 Electronic Signature

This system enables senior officials to digitally sign the documents when they are not in the office, so applications can be processed faster and without the need for the presence of senior management all the time.

How Might We ensure that citizens can advance through the business registration process independent of the support of frontline staff?

12 Self-service Booth

A booth located in the PTSP office where applicants can get information about the process, assess the completeness of their documents, and try to troubleshoot problems independently.

13 Help a Friend Sticker

Experienced applicants or agents can wear this sticker, which enables others to ask them for information on business registration process.

How Might We develop a training platform that keeps frontline staff motivated to stay up to date?

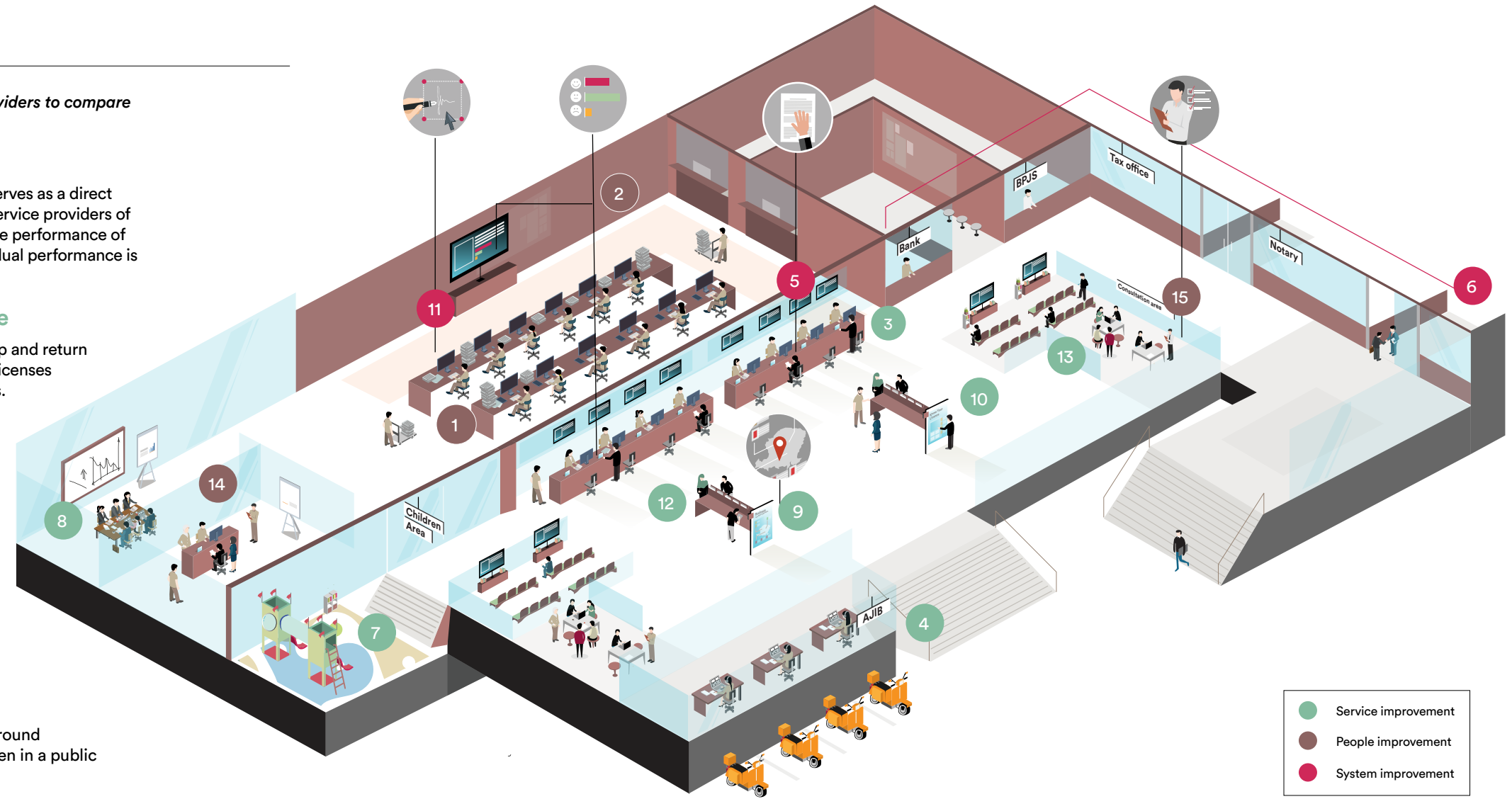
14 Case Simulation Training

A game-like, scenario-based training platform for service providers, where they are faced with different scenarios regarding business registration. As they progress, the case becomes more difficult. The performance of each service provider is tied to his/her performance evaluation.

How Might We use agents' expertise in business registration to improve the overall experience for citizens?

15 Agent as consultant

A service center that utilises agents or ex-agents as support staff for applicants who need assistance.



Next Steps

Across our discussions with the various stakeholders we have uncovered one common thread: that there is hope. On a scale never before seen, citizens are eager to create their own businesses, be it to improve their own wellbeing or, for some, to improve the wellbeing of others. The Government has put measures in place to improve the business registration system, and there is certainly a lot of effort being directed at streamlining and improving the administration. It is the beginning of a journey and there are many opportunities out there to improve the overall experience of people as they register their businesses.

We hope that this publication can serve as catalyst for improvements. Some solutions might require major overhaul, but as we reach for that big goal there are also many ways to enhance entrepreneurs' experiences that do not require much effort.

For decision makers, we encourage to you use the identified opportunity areas to think of solutions. Pilot those solutions in areas that you believe are ready to embrace change, and overtime see if the solutions improve the overall satisfaction level of entrepreneurs as they register their businesses. For entrepreneurs, gather together and use the opportunity areas as a way to think of new solutions that allow you to help one another.

So, again, let's get down to business!



**PULSE
STORIES**

AIPEG
Australia Indonesia Partnership for
Economic Governance



Pulse Lab Jakarta is grateful for the generous support from
the Department of Foreign Affairs and Trade of the Government of Australia.