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## ARTICLE

# From Bureaucracy to Efficiency: The Impact of Licensing Service Quality on Increasing Regional Investment

A Case Study at the Pekanbaru Public Service Mall

Zahra Aqilah Dytihana <sup>1</sup>, Mohammad Rezza Fahlevvi <sup>2</sup>, Wenty Zahrati <sup>3</sup>

<sup>1,2</sup>Government Information Engineering Technology Program, Faculty of Government Management, Institute of Home Affairs Governance, West Java, Indonesia

<sup>3</sup>Government Information Engineering Technology Program, Faculty of Government Management, Institute of Home Affairs Governance, West Sumatera, Indonesia

✉ 33.0253@praja.ipdn.ac.id

**Abstract:** This study aims to analyze the effect of the quality of licensing services on increasing regional investment in the Public Service Mall (MPP) of Pekanbaru City. The study used mixed methods of the Explanatory Sequential method. Researchers distributed questionnaires to 384 respondents who used the Business Identification Number (NIB) service, followed by interviews with several business actors regarding their interest in investing, seen from the quality of licensing services in Pekanbaru City. Quantitative data were analyzed through validity and reliability tests, linear regression, and t-tests, resulting in a significant positive effect with a correlation coefficient (R) of 0.955 and a determination ( $R^2$ ) of 91.1%. Qualitative findings confirm that users positively assess tangibles, reliability, responsiveness, assurance, and empathy. The qualitative approach also reveals that the integration of the OSS and regional innovations improves access to investment facilities. These results indicate that improvements in licensing services directly encourage investment realization, creating a more conducive and competitive regional investment climate.

**Keywords:** Quality of Licensing Services; Regional Investment; Public Service Mall; Public Service Efficiency; Pekanbaru City.

## 1. Introduction

The government has a role as a public servant. Currently, the Indonesian government is aggressively transforming public services to achieve quality, effective, and efficient service. Based on Law No. 25 Year 2009 concerning Public Service states that "Public service is an activity or series of activities in order to fulfill service needs in accordance with statutory regulations for every citizen and resident for goods, services, and administrative services provided by public service providers." Public service that implements its principles is a mandate of law (Karya et al., 2024). As part of its duty to provide public services to all its citizens, the government employs several institutions to carry out public services (Suriana & Ramli, 2023).

This aligns with the directive of the President of the Republic of Indonesia, which states that "Public Service is the concrete manifestation of the state's presence in the daily lives of the people. The state is said to be present if it is able to provide excellent, professional, easy, fast, clean, and equitable public services." The government is responsible for providing public services to meet the needs of the people in national life (Khabibi et al., 2022). Through various institutions established in accordance with their duties and functions, the government strives to improve the welfare of the people under its responsibility. In line with the explanation above, Lewis and Gilman (2025, as cited in Aziz et al., 2021) define public service as the act of entrusting oneself to government. People working in public service are expected to uphold the highest standards of honesty and integrity, manage their money responsibly, and be accountable to the public. The public has confidence in government institutions that are fair and accountable. To achieve good governance, public trust must be built, and an ethic of public service must be its foundation (Nugraha & Khairani, 2023).

The happiness of citizens as service users depends on the ability of the public service system to meet good service delivery standards. Customer satisfaction is directly proportional to how well the actual service meets or exceeds their expectations (Hidayatullah, 2024). The delivery of public services is ensured by implementing the principles of effectiveness, efficiency, innovation, and a commitment to quality. Achieving public satisfaction with government services and meeting public expectations are the primary goals of public services. The public is promised high-quality, fast, simple, affordable, and well-organized services (Endah & Vestikowati, 2021). When assessing the quality of a service, it's helpful to have a set of criteria to use as a reference. Public service providers, including state officials, private institutions, state-owned enterprises (BUMN), regional-owned enterprises (BUMD), and state-owned legal entities (BHMN), as well as the public, are urged to comply with Law Number 25 of 2009 concerning Public Services, which mandates the fulfillment of service standard components.

Bureaucracy plays a crucial role in implementing government policies and programs aimed at achieving quality public services, particularly in the context of development and policy implementation. Among the many service industries, the ones most in need of permits are regional investment permits or corporate investment permits (Ayu Tantri & Budhiartie, 2021). With the existence of effective licensing services, this can influence investment in an area (Suhendra, 2018). Business actors in the Pekanbaru City economy still need information about investment and licensing because of the city's dependence on the trade and services, retail, health, and hospitality industries (Dinas Penanaman Modal dan Pelayanan Terpadu Satu Pintu Kota Pekanbaru, 2019). The Pekanbaru City Government is also striving to improve the quality of public services related to

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investment permits and create a more conducive environment for the business world. By directly interacting with the public as a service provider, the local government has a more significant role in licensing services (Nirmala et al., 2023).

The condition of income and investment in a region is influenced by the interests of the regional government in licensing services (Safitri et al., 2021). A business actor can legalize its operations through licensing (Subowo et al., 2019). Although the Investment Coordinating Board (BKPM) set a target of IDR4.95 trillion for 2023, investment realization is actually higher (dpmpstsp.pekanbaru.go.id). Improved licensing services have driven increased investment in the region, as evidenced by this. Therefore, the Indonesian government continues to strive to modernize public services, particularly licensing services, and to encourage innovation and a better business climate in the country (Saputro, 2023). According to Sastra Wijaya (2024), licensing services using applications are a regional innovation that is in line with innovative governance in public administration studies.

The provision of services at the Pekanbaru Public Service Mall can be done by providing fast, comfortable and professional services (An Nawawi, 2020). The Pekanbaru Public Service Mall improves the quality of public services and encourages investment through its various facilities, which drive economic growth in the surrounding area. The impact on regional investment stems from the ease of services provided, such as simplified licensing and transparency (Syarifah & Ridwan, 2023).

The research was conducted in line with Sulaiman et al. (2022) by improving the quality of licensing carried out by DPMPSTSP to be more effective and efficient, as evidenced by the increasing statistical data on visitors and investors. According to Gunawan et al. (2020), a licensing service strategy is very necessary in increasing investment. Public satisfaction with government services significantly impacts regional investment. The DPMPSTSP plays a crucial role in providing licensing services (Rahayu et al., 2022).

Based on the identification of facts and previous research, the problem formulation is structured as follows: 1) How does the quality of licensing services at the Pekanbaru City MPP? 2) Does the quality of licensing services at the MPP affect the level of regional investment realization?

## 2. Methods

In this study, a mixed methods approach was used. By combining qualitative and quantitative techniques, mixed methods research is one way to conduct scientific research (Nasution et al., 2024). A research strategy known as the Explanatory Sequential strategy was used in this study. This design involves collecting and analyzing quantitative data first, followed by collecting qualitative data to provide context or further explanation for the quantitative data (Pane et al., 2021). A quantitative approach was used to examine the relationship between the quality of licensing services and regional investment through a questionnaire. Meanwhile, a qualitative approach was used to deepen understanding of public perceptions through in-depth interviews based on SERVQUAL dimensions.

The determination of the research location was carried out purposively or intentionally. According to Subhaktiyasa (2024), finding a particular point intentionally, in this case selecting research items based on previous knowledge about the characteristics of the object. The Pekanbaru Public Service Office in Pekanbaru City, Riau, Indonesia, at 464 Jadirejo, Sukajadi District, became the research location.

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To test quantitative data, statistical methods are used. These methods include validity and reliability tests to ensure the instrument is sound, and SERVQUAL testing to determine how good the service is (Bachtiar et al., 2022) normality test to check data distribution, as well as simple linear regression analysis and t-test to determine the effect of service quality on regional investment in Pekanbaru City. Qualitative data from interviews were processed by grouping respondents' answers based on the SERVQUAL dimensions.

### 3. Results and Discussion

#### 3.1. General Description of the Research Object

A variety of government services, such as company licensing, are easily accessible to the public at the Pekanbaru MPP, an integrated service center. The Pekanbaru MPP aims to improve the efficiency of public services by integrating various agencies into one location, making the licensing process faster, easier, and more transparent. One of the main services frequently accessed by the public at the Pekanbaru MPP is the processing of NIB (National Business License) (NIB), which is a crucial requirement for businesses to legally conduct their business activities.

In this study, the respondents selected were residents who had previously processed their NIB at the Pekanbaru MPP. The number of respondents was determined based on the Krejcie and Morgan Table, adjusting to the population of Pekanbaru City by the end of 2024. According to Statistics Indonesia (BPS), the population of Pekanbaru was recorded at around 1.14 million people in 2024. With this population, according to the Morgan Table, the representative sample size for this study was 384 respondents. This respondent selection aimed to describe public perceptions of the quality of licensing services at the Pekanbaru MPP and how these services influence increased regional investment.

#### 3.2. Respondent Description Analysis

The findings of the survey, which was sent to 384 people, were used to characterize the study participants in general. Based on their gender, the following is a description of the responses.

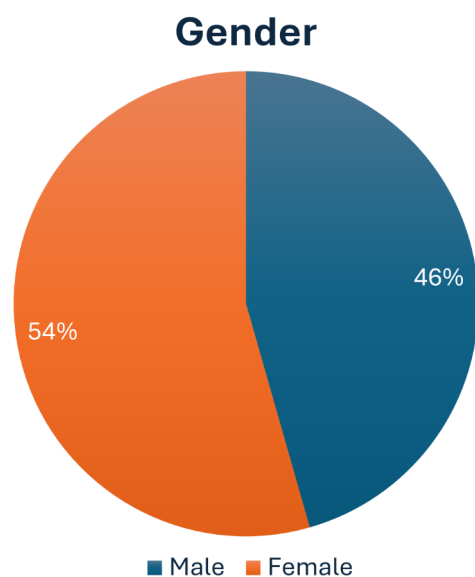


Figure 1. Respondents' Overview  
Diagram Based on Gender

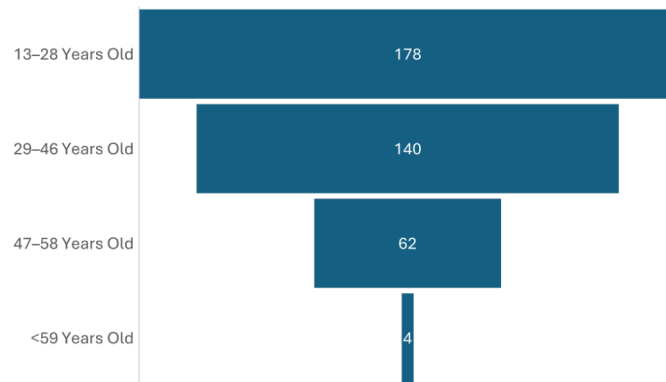


Figure 2. Age Profile of Respondents

The following are the characteristics of respondents based on education level.

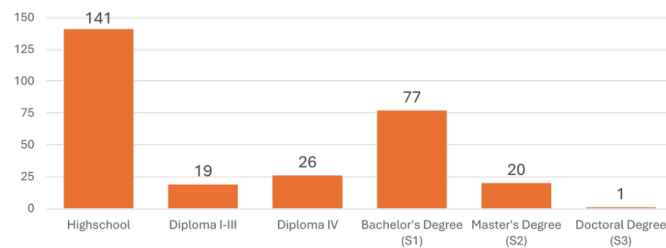


Figure 3. Education Level Diagram

The following are the characteristics of respondents based on the ownership or management status of the Business Identification Number (NIB).

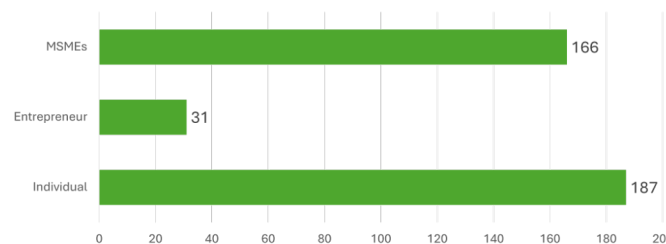


Figure 4. Diagram of Business Identification Number (NIB)

### 3.3. Research Result

#### 3.3.1. Validity Test

To ensure that the research questionnaire accurately measures the target variables, validity testing was conducted on each item. In this study, validity testing was conducted using SPSS version 26. If the calculated  $r$  value is greater than the table  $r$  value, the item is considered valid according to its criteria. The table  $R$ -squared value was 0.101 (with  $df = 382$ ) with a total of 384 respondents. Based on the validity test, all 22 items in variable X (Licensing Service Quality) had calculated  $r$  values greater than the table  $r$  value. This covers all statement items. All entries in this variable are valid and appropriate for the research purposes.

A similar procedure was used to test the validity of variable Y (regional investment) in SPSS version 26. An item is considered valid if the calculated  $r$  value exceeds the table  $r$  value of 0.101. All statement items in this variable, numbered 23–26, had calculated  $r$  values greater than the table  $r$  value, according to the test results. This research can be continued by declaring all statement items in the Regional Investment variable valid.

### 3.3.2. Reliability Test

After the validity test is complete, the next step is the reliability test. This test ensures the reliability of the research instrument by conducting repetitions under controlled conditions. This study conducted reliability testing using SPSS version 26. Reliability was measured using Cronbach's Alpha, where an instrument is considered reliable if its reliability coefficient is greater than 0.6.

The Licensing Service Quality variable (X) consists of 22 statement items, and the reliability test yielded a Cronbach's Alpha score of 0.948. Because the value is between 0.80 and 1.00, this figure is highly reliable, significantly exceeding the minimum threshold of 0.6.

Simultaneously, a Cronbach's Alpha of 0.807 was achieved for the Regional Investment variable (Y), which consists of four items. This figure, also categorized as highly reliable, is higher than 0.6. Thus, all questionnaire items included in this study are determined to have a very high level of dependability.

### 3.3.3. SERVQUAL Analysis

To calculate service quality, use the SERVQUAL Perceived and Expected dimensions questionnaire.

#### (1) Calculation of mean performance level (P)

$$Y_i = \frac{\sum y_i}{n}$$

Description:

$Y_i$  : Average of the  $i$  question

$\sum y_i$  : Total score of question  $i$

$n$  : Number of respondents

#### (2) Calculation of the mean level of expected (E)

$$X_i = \frac{\sum x_i}{n}$$

Description:

$X_i$  : Average of the  $i$  question

$\sum x_i$  : Total score of question  $i$

$n$  : Number of respondents

#### (3) Gap Value Calculation

$$Q = P - E$$

Description:

$Q$  = Quality of Service

$P$  = Perceived

$E$  = Expected

The results of the calculation of the average X (Perceived) and Y (Expected) are presented in [Table 1](#).

From the average obtained, SERVQUAL calculations can be carried out based on each dimension presented in [Table 2](#).

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**Table 1.** Mean Perceived and Expected Results

No.	Tangible		Reliability		Responsiveness		Assurance		Empathy	
	X1	Y1	X2	Y2	X3	Y3	X4	Y4	X5	Y5
1	4.33	4.02	4.1	3.84	4.1	3.75	4.27	3.95	4.37	4.04
2	3.97	3.66	4.15	3.85	4.12	3.81	4.26	3.94	4.01	3.76
3	4.05	3.83	4.14	3.8	4.23	3.91	4.33	4.01	3.88	3.58
4	4.03	3.77	4.16	3.83	4.21	3.92	4.34	4.06		
5	4.05	3.77								
6	4.09	3.78								
7	4.05	3.75								
Mean	4.08	3.80	4.14	3.83	4.17	3.85	4.30	3.99	4.09	3.79

**Table 2.** Gap Calculation Results

Dimension	Perceived	Expected	Gap
Tangible	4.08	3.80	0.28
Reliability	4.14	3.83	0.31
Responsiveness	4.17	3.85	0.32
Assurance	4.30	3.99	0.31
Empathy	4.09	3.79	0.30
Mean	4.16	3.85	0.30

The calculation results showed that the average performance value is higher than the expected value for all dimensions. This indicates that all dimensions have a positive gap value, as shown in Table 6. Thus, all services provided by the Pekanbaru Public Service Mall (MPP) have met the expectations of service users.

### 3.3.4. Classical Assumption Test

#### (1) Normality Test

To determine whether the dependent and independent variables in the study have a normal distribution or are very close to it, the researcher conducted a normality test. For a regression model to work, the data must have a normal distribution. Data is considered normal if the significance value is greater than 0.05, according to the Kolmogorov-Smirnov test, which was used to determine normality in this study. The test was conducted on 384 participants, and the findings showed a significant level of 0.200. The data in this study are considered to have a normal distribution because this value is higher than 0.05.

#### (2) Linearity Test

A linearity test was conducted to assess whether the variables Licensing Service Quality (X) and Regional Investment (Y) have a linear relationship. The SPSS version 26 test was conducted, assuming a significant Deviation from Linearity value greater than 0.05 indicates a linear relationship. With a score of 0.940, the test is statistically significant at the 0.05 level or higher. The results indicate a linear relationship between the two variables.

#### (3) Heteroscedasticity Test

The purpose of the heteroscedasticity test is to determine whether the residual variance differs across the regression model data. Homoscedasticity, or consistent residual variance across data, is a strong indicator of a robust regression model. By using a significance level higher than 0.05, the data is considered free of heteroscedasticity in the Glejser test in this study. The test

results show a significant level of 0.739, which is higher than the 0.05 threshold. Since the regression model shows no signs of heteroscedasticity, we can say that this test has been successful.

### 3.3.5. Coefficient of Determination Test ( $R^2$ )

The coefficient of determination test was conducted to measure the extent to which the model can explain variations in the dependent variable, in this case, regional investment ( $Y$ ), which is influenced by the quality of licensing services ( $X$ ). Based on the results of the test conducted on 384 respondents, an  $R^2$  value of 0.911 was obtained. These results indicate that:

- The  $R$  value of 0.955 indicates that the relationship between the quality of licensing services ( $X$ ) and regional investment ( $Y$ ) is very strong, with a percentage of 95.5%.
- The  $R$  Square value of 0.911 indicates that the quality of licensing services contributes 91.1% of the variance in regional investment, while the remainder is influenced by characteristics not included in this study.
- With an *Adjusted R Squared* value of 0.911, this model is quite capable of explaining why investment levels vary between regions.
- The Standard Error of the Estimate of 0.437 shows how accurate the model is in predicting the value of regional investment, and this value is quite good.

### 3.3.6. Hypothesis Testing

Hypothesis testing was conducted to verify the validity and feasibility of the regression analysis between Licensing Service Quality ( $X$ ) and Regional Investment ( $Y$ ). This test was conducted as a continuation of the previous simple linear regression test conducted on 384 respondents. The hypothesis acceptance criteria are as follows:

$H_0$ : Service quality based on the SERVQUAL model has a negative effect on user satisfaction.

$H_a$ : Service quality based on the SERVQUAL model has a positive effect on user satisfaction.

Table 3. Hypothesis Testing

		Coefficients <sup>a</sup>			
Model		Unstandardized Coefficients		Standardized Coefficients	t
		B	Std. Error	Beta	Sig.
1	(Constant)	-.360	.261		-1.381
	Quality				
	Service				
	Licensing	.179	.003	.955	62.678

a. Dependent Variable: Regional Investment

Source: Results of Questionnaire Data Processing with SPSS by Researchers

The hypothesis testing shows that the research significance value is 0.000, which is lower than the 5% (or 0.05) significance threshold. The results of the study indicate that the quality of licensing services has a significant effect on regional investment, thus rejecting  $H_0$  and accepting  $H_a$ . The  $t$ -test result of 62.678, which is much higher than the  $t$ -table value of 1.966, also supports this idea. Thus, it can be said that the quality of licensing services has a significant impact on increasing regional investment.



### 3.3.7. Analysis of Interview Results Based on SERVQUAL Dimensions

#### (1) *Tangibles (Physical Facilities)*

In general, informants assessed the physical facilities at the Pekanbaru City MPP as adequate and comfortable. Informant 1, Edison, stated that “The facilities and infrastructure available at the Pekanbaru MPP are very complete, the place is very comfortable, and the available human resources are quite professional.” A similar sentiment was also conveyed by Informant 4, Angga Rahyu Shaputra, who stated that “the facilities are very good, because the Pekanbaru MPP has just finished renovations.” From the service provider’s perspective, Informant 2 (Theresia Reza) emphasized that the agency continues to strive to provide comfortable and disability-friendly spaces, as well as an orderly queuing system. Meanwhile, Informant 3 (Nadya), an officer, added that “The room is air-conditioned, there is a comfortable waiting area, clean toilets, and computers and printers are available for applicants’ needs.” However, she also suggested that clearer directions be added to the MPP area. Informant 5, Rita Zahara, an MSME owner, also appreciated the physical facilities by saying, “The facilities and infrastructure are quite good and comfortable.” This shows that the physical aspects of the service have been prepared optimally to support user satisfaction.

This assessment indicates that the physical aspect, as one of the SERVQUAL dimensions, has been adequately met. Clean, tidy, and well-maintained facilities convey a professional impression and can increase customer trust in the service provider (Jumawan & Prasetyo, 2024). Furthermore, the comfort of the waiting room, the existence of an orderly queuing system, and the provision of disability-friendly facilities strengthen the role of physical facilities in creating user satisfaction. Therefore, it can be concluded that the Pekanbaru MPP has made maximum physical preparations to support the effectiveness and convenience of public services.

#### (2) *Reliability*

Licensing services were considered quite reliable by all informants. Informant 1, Edison, stated, “The service I received was very much in line with my expectations because it made it easier for me to process the permits.” Informant 5, Rita Zahara, also stated that “The licensing services were very much in line with my expectations.” From an internal perspective, Informant 2 (Theresia Reza) explained that “DPMPTSP guarantees reliable services through the implementation of SOPs and Compensation Decrees.” This was reinforced by Informant 3 (Nadya), who emphasized that “The service process ran according to the procedures and time promised.” However, Informant 4, Angga Rahyu Shaputra, expressed a more moderate opinion, saying “Yes, it was quite good” when asked about the suitability of the service to expectations. This indicates room for improvement, particularly in terms of service consistency.

This finding is closely related to the reliability dimension in the SERVQUAL model, namely the ability of an institution to provide promised services dependably and accurately. Reliability is a crucial element in building public trust in service providers (Almahdali & Sakir, 2024). The implementation of standard operating procedures (SOPs) and compensation systems, as implemented by DPMPTSP, is an effective strategy for maintaining consistent service quality. However, differing perceptions among users also indicate the

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need for regular evaluation of SOP implementation to ensure its relevance and equitable implementation. Therefore, although the service is considered adequate by most informants, continuous improvement is still needed to ensure continued reliability.

(3) *Responsiveness*

In terms of responsiveness, almost all informants agreed that officers responded to community needs quickly and promptly. Informant 1, Edison, stated, "The officers' response was very fast, as evidenced by the fast service and no waiting." Informant 5, Rita Zahara, also said, "The officers immediately responded to our needs well and quickly." From the organizer's perspective, Informant 2 (Theresia Reza) emphasized that "service responsiveness is carried out according to SOP." Meanwhile, Informant 3 (Nadya) emphasized that "the service team is very responsive to community complaints and questions." Informant 4, Angga Rahyu Shaputra, also conveyed the same thing, albeit with a lighter intensity: "Quite fast." The quick response and willingness to help directly reflect MPP's commitment to providing the best service.

Responsiveness is one of the main dimensions in the SERVQUAL model, which reflects the willingness and ability of service staff to help users and provide services quickly and on time (Sinollah & Masrurroh, 2019). Speed of response to public needs or complaints is a crucial factor in increasing public satisfaction and trust. Responsive service also demonstrates that MPP has well-organized systems and human resources, including the implementation of standard operating procedures (SOPs) that support efficiency in responding to service requests. However, differences in the intensity of experience among informants indicate that ongoing training and strengthening of the service culture are still necessary to maintain consistent responsiveness across all service elements.

(4) *Assurance*

The aspect of assurance or professionalism of officers was assessed as good by all informants. Informant 1, Edison, said, "I feel the officers have excellent knowledge and ability in providing service." This was also confirmed by Informant 5, Rita Zahara, who said, "The officers have sufficient knowledge and are in accordance with what we want." Informant 2 (Theresia Reza) and Informant 3 (Nadya) explained that officers regularly attend training from the Investment Coordinating Board (BKPM) as a form of human resource capacity building. Informant 4, Angga Rahyu Shaputra, also confirmed this with a short answer: "Yes" when asked about the officers' knowledge and abilities. In general, informants felt that competent and trustworthy people provided services, so they felt safe and comfortable.

The assurance dimension in the SERVQUAL model refers to the ability of employees to convey a sense of trust and confidence to customers through politeness, knowledge, and technical skills (Harminto et al., 2021). The competence of public service employees significantly determines public perception of service quality because it directly relates to user trust and a sense of security. Regular training, such as that provided by the Investment Coordinating Board (BKPM), is a crucial step in ensuring service standards are maintained and adaptable to changing policies and public needs. When customers perceive that officers understand their duties well and are able to

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answer questions clearly, this creates a sense of psychological comfort that is key to building loyalty to public services.

(5) *Empathy*

Friendly and attentive service is a distinct strength of MPP. Informant 1, Edison, said, "I feel very well treated and also very valued as a service user." Informant 5, Rita Zahara, said, "The officers served us well, were friendly, and polite." From the service provider's perspective, Informant 2 (Theresia Reza) explained the Geliat UMKM and Probis programs aimed at helping small and new business owners. Officers, such as Informant 3 (Nadya), also actively assist applicants who have difficulty understanding the OSS system, sometimes even typing data for them. Informant 4, Angga Rahyu Shaputra, said that he felt valued as a service user, although there were still notes regarding the synchronization of central and regional policies. The attention and care provided by MPP officers were not only procedural, but also emotional, thus providing a humanistic service experience.

This aspect reflects the empathy dimension of SERVQUAL, which is the extent to which a service organization demonstrates individual attention, understanding of specific needs, and a caring attitude toward service users. Personalized and empathetic service not only enhances user comfort but also strengthens positive perceptions of the public service institution (Azizah et al., 2024). When staff are willing to actively and kindly assist users, especially those struggling with technology or procedures, this reflects inclusive and adaptive service. Furthermore, involvement in social programs, such as supporting MSMEs, adds social value to the service itself, demonstrating that MPP focuses not only on administration but also on real community empowerment.

### 3.3.8. Analysis of the Impact of Services on Regional Investment Realization

Based on interviews with informants, the ease of licensing services in Pekanbaru City is considered to have significantly contributed to increased investment. Edison, a sole proprietor, stated that "Making it easier for people to obtain permits will automatically encourage economic growth as more businesses will grow within the community." Angga Rahyu, a medium-sized business owner, echoed this sentiment, stating that the ease of licensing "greatly influenced" his decision to continue investing in Pekanbaru City. This information reflects the importance of efficient licensing as a key factor in attracting and retaining local investors. Nadya, a service officer, stated that "many business owners who were previously afraid to obtain permits because they were difficult, now find it easier" thanks to the presence of the Public Service Mall (MPP), which brings together various cross-agency services in one location.

However, despite significant progress, challenges remain. Theresia Reza, an official from the Department of Public Services and Public Works, identified limitations such as "a lack of land for tenants" and "a waiting room that is too small for the public," which hinder optimal service delivery. In addition to infrastructure constraints, regulatory barriers are also crucial. As Angga stated, "the problem is the lack of synchronization between the central and regional governments." This demonstrates the need to strengthen vertical coordination between levels of government.

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As a form of adaptation and innovation, service evaluations are conducted through the implementation of standard operating procedures (SOPs) and training from the Investment Coordinating Board (BKPM). Furthermore, the Pekanbaru MPP has developed various initiatives, such as online queues, SIAP (Licensing Queue Information System), SIMPEL (Electronic Service Information System), Probis (Business Program), and Geliat MSME (MSME Movement). These programs demonstrate that public services are now moving towards digitalization and empowering the local economy.

Theresia emphasized that the ultimate goal of licensing is to ensure “services can be provided quickly, easily, and transparently so as not to hinder business initiatives.” She emphasized the importance of supporting MSMEs so they can “grow and advance.” This sentiment was reinforced by a suggestion from MSME owner Rita Zahara, who hopes the service will “support and expand the distribution of Riau souvenir shops across every sub-district.”

#### 3.3.9. Access to Investment Facilities and Labor Utilization

The integrated licensing services at the Pekanbaru Public Service Mall (MPP) not only impact the perception of ease of doing business but also open up broader access for business actors to various legally guaranteed investment facilities. Researchers found that most business actors feel motivated to expand their businesses because the licensing process is now more straightforward, faster, and more transparent. Business actors who already have a NIB, Standard Certificate, and/or Permit are entitled to utilize investment facilities, as stipulated in Article 66 of BKPM Regulation No. 4 of 2021.

- a. Exemption from import duties on imported capital goods;
- b. Reduction or Exemption from corporate income tax (PPh);
- c. Incentives for R&D activities, training, apprenticeships, and human resource development;
- d. Facilities for investment in labor-intensive sectors, etc.

All these facilities are submitted and managed digitally through the OSS (Online Single Submission) system. This is in line with interviews with DPMPTSP officials, who stated that the presence of MPP and OSS integration accelerates investor access to fiscal incentives, as the process is no longer manual and dispersed.

Business owners like Edison and Angga Rahyu also believe that this service's effectiveness not only simplifies licensing procedures but also allows them to optimize their administrative rights as investors. Facilities such as import duty exemptions, income tax reductions, and incentives for labor-intensive industries, previously underutilized, are now more accessible as business owners become more aware of these services.

Furthermore, in the regulatory context, there has been a cascade of central and regional policies. Investment Coordinating Board (BKPM) regulations have been issued in the form of Mayoral Regulations (Perwako), such as Pekanbaru Mayoral Regulation No. 78 of 2022 concerning the Implementation of Business Licensing in Pekanbaru City, which was later updated with Perwako No. 22 of 2024. This demonstrates regulatory synergy between the central and regional governments in supporting the risk-based licensing system (OSS RBA).

Meanwhile, regarding the use of foreign workers (TKA), government support is currently limited due to budget rationalization. However, regional regulations (Perda) can be designed to accommodate these needs within an appropriate monitoring and

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control framework, to support sustainable investment without neglecting local employment aspects.

#### 4. Conclusion

Based on the research results, it can be concluded that the quality of licensing services at the Public Service Mall (MPP) in Pekanbaru City has met public expectations and has a significant impact on increasing regional investment. Analysis using the SERVQUAL model shows that all dimensions—tangible, reliability, responsiveness, assurance, and empathy—have a positive gap value, indicating that public perception of the service is higher than their expectations. This is reinforced by interview results that confirmed that comfortable facilities, clear service procedures, fast response from officers, professionalism, and attention to service users are the main strengths of MPP Pekanbaru.

Statistically, the regression test revealed that the quality of licensing services has a positive and significant effect on regional investment, with a very strong correlation value ( $R = 0.955$ ) and a determination value ( $R^2 = 0.911$ ), meaning that the quality of licensing services explains 91.1% of the variation in the increase in regional investment. In addition to the service aspect of the MPP (Public Service Mall), this study also found that the implementation of the OSS application can provide easy access to investment facilities. This also encourages investor interest and confidence. Synchronized regulations between the central and regional governments, as well as pro-investment policy support, strengthen the positive impact of licensing services on local economic development. Thus, improving the quality of effective, efficient, and empathetic licensing services not only increases public satisfaction but also becomes an important strategy in strengthening the investment climate and regional economic growth.

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