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## **Administrative Law Enforcement in Business Licensing Governance: An Empirical Study of Kabupaten Buleleng**

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### **ABSTRACT**

*Licensing constitutes a fundamental instrument in the administration of government, functioning simultaneously as a mechanism for control, supervision, and the protection of public interests in business activities. In the context of regional autonomy, administrative law enforcement in business licensing is essential to ensuring legal certainty, spatial planning order, and sustainable development, particularly in Kabupaten Buleleng, which has experienced significant growth in the tourism and investment sectors. This study employs empirical legal research with a juridical-sociological approach, supported by the statute approach and the conceptual approach. Data were obtained through library research and direct interviews with relevant regional government officials, and subsequently analyzed using a qualitative descriptive-analytical method. The findings indicate that administrative law enforcement is implemented through a graduated pattern of supervision and guidance prior to the imposition of sanctions. Supervision is conducted through the OSS system and cross-agency coordination, while guidance is administered through graduated warning letters and the provision of grace periods for the fulfillment of licensing commitments. This approach reflects the ultimum remedium principle and the preventive legal protection framework in administrative law, consistent with law enforcement theory and the theory of governmental responsibility. However, implementation continues to face obstacles including budgetary limitations, geographical conditions, and inter-agency coordination gaps, which affect the optimization of supervision and the consistency of enforcement. Strengthening institutional capacity and inter-agency coordination mechanisms is therefore essential to improving the effectiveness of administrative law enforcement in regional business licensing governance.*

**Keywords:** *Administrative Law Enforcement, Business Licensing, Governmental Responsibility, Kabupaten Buleleng, Supervision and Guidance*

## INTRODUCTION

Licensing constitutes a fundamental instrument in the administration of government and development, as it serves simultaneously as a mechanism for control, supervision, and the protection of public interests in business activities.<sup>1</sup> Within the framework of a state governed by the rule of law, every business activity cannot be separated from the provisions of statutory regulations governing the applicable procedures, requirements, and operational limitations. Licensing is not merely an administrative formality; rather, it represents a form of legal legitimation that provides certainty for business actors while simultaneously guaranteeing protection for the wider community.<sup>2</sup> Through a licensing system, the government is able to ensure that a business activity has satisfied the applicable technical, environmental, spatial planning, safety, and public order standards. Accordingly, the existence of a license serves as an indicator that a given business has been assessed as legally and administratively fit to operate.<sup>3</sup>

The significance of licensing is closely associated with the preventive function of administrative law. Prior to the commencement of a business activity, the licensing process requires the verification of documents, an assessment of spatial planning compliance, and the satisfaction of certain technical requirements.<sup>4</sup> This process is designed to prevent the emergence of negative impacts, including environmental damage, social conflict, and violations of regional development plans. Without a well-ordered licensing system, the potential for uncontrolled development increases substantially, thereby disrupting the balance between economic and social interests. Licensing therefore functions as a regulatory instrument ensuring that business growth remains consistently aligned with the principles of sustainable development.<sup>5</sup> The implementation of licensing services within the perspective of state administrative law demands that licensing be

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<sup>1</sup> Borter Felicia Chemosong, Dr. Michael Makau, and Dr. Mary Andika, "Business Licensing and Financial Performance of Small and Medium Enterprises in the Manufacturing Sector in Bungoma County, Kenya," *The International Journal of Business & Management* 13, no. 8 (November 4, 2025), <https://doi.org/10.24940/theijbm/2025/v13/i8/BM2508-005>.

<sup>2</sup> Ahmad Redi et al., "PERIZINAN USAHA MIKRO, KECIL, DAN MENENGAH (UMKM): BENTUK PEMBERDAYAAN, PERLINDUNGAN HUKUM DAN MEWUJUDKAN NEGARA KESEJAHTERAAN," *Jurnal Muara Ilmu Sosial, Humaniora, Dan Seni* 6, no. 1 (May 3, 2022): 282–92, <https://doi.org/10.24912/jmishumsen.v6i1.13553.2022>.

<sup>3</sup> Wirda Rohmah, Marina Ramadhani, and Zellius Ragiliawan, "Efektivitas Kebijakan Perizinan Usaha Di Kota Surakarta Analisis Hukum Administrasi Dan Pemerintahan," *Jurnal Bengawan Solo Pusat Kajian Penelitian Dan Pengembangan Daerah Kota Surakarta* 3, no. 1 (June 4, 2024): 75–84, <https://doi.org/10.58684/jbs.v3i1.51>.

<sup>4</sup> Dyah Fitriani Adiningsih, Sutaryono Sutaryono, and Wahyuni Wahyuni, "Penyelenggaraan Perizinan Kesesuaian Kegiatan Pemanfaatan Ruang Pada Sektor Berusaha Di Kabupaten Pati Jawa Tengah," *Tunas Agraria* 6, no. 1 (January 2, 2023): 12–29, <https://doi.org/10.31292/jta.v6i1.198>.

<sup>5</sup> Novia Ayu Tantri, "BEVERAGE STORE BUSINESS LICENSE REGULATION," *Communale Journal* 1, no. 1 (March 23, 2023): 36–49, <https://doi.org/10.22437/communale.v1i1.22406>.

understood not merely as a procedural mechanism but as a substantive expression of governance values, including transparency, accountability, and legal certainty.<sup>6</sup>

From the perspective of business actors, licensing provides legal certainty and protection against the risk of future disputes. A valid license constitutes the legal basis for conducting business activities, establishing cooperation with third parties, and obtaining access to financing or investment facilities. In the context of business competition, possession of complete and valid licenses also reflects a commitment to legal compliance and sound governance. Conversely, businesses operated without the requisite licenses risk exposure to administrative sanctions, suspension of operations, and even the revocation of operating rights. Licensing is therefore not merely a legal obligation but also a strategic necessity for the long-term sustainability of the business itself.<sup>7</sup> Empirical evidence from regional contexts in Indonesia confirms that law enforcement on business licensing in the framework of regional autonomy remains a persistent challenge, particularly where institutional capacity and inter-agency coordination remain limited.<sup>8</sup>

Furthermore, licensing plays an important role in supporting regional revenue generation and development planning. Licensing data enables the government to map the types and numbers of businesses operating within a given territory, thereby allowing development policies to be formulated in a more targeted manner.<sup>9</sup> Such data also serves as a basis for the supervision of regional taxes and levies, which ultimately contributes to an increase in locally generated revenue. Through an integrated and transparent licensing system, the government is able to enhance the accountability of public services while simultaneously fostering a conducive investment climate. The relationship between licensing data and fiscal governance is especially significant in regions with growing tourism and investment sectors, where the volume and diversity of business activities place increasing demands on supervisory capacity.<sup>10</sup>

Beyond its administrative and fiscal dimensions, licensing reflects a reciprocal relationship between the government and the public within the framework of good governance. The government bears an obligation to provide licensing services that are accessible, expedient, and transparent, while business actors bear an obligation to fulfill all prescribed requirements. The balance between

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<sup>6</sup> Fatma Ulfatun Najicha et al., "Implementation of Licensing Services in the Perspective of State Administrative Law in Indonesia," *Baltic Journal of Law & Politics* 15, no. 3 (2022): 228–35, <https://doi.org/10.2478/bjlp-2022-002018>.

<sup>7</sup> Rohmah, Ramadhani, and Ragiliawan, "Efektivitas Kebijakan Perizinan Usaha Di Kota Surakarta Analisis Hukum Administrasi Dan Pemerintahan."

<sup>8</sup> Mukidi et al., "Law Enforcement of SMEs Licensing in Empowerment of People's Economy Connected to Regional Autonomy in North Sumatra, Indonesia," *International Journal of Criminology and Sociology* 10 (February 22, 2021): 506–16, <https://doi.org/10.6000/1929-4409.2021.10.59>.

<sup>9</sup> Xiaohua Zhu et al., "Open Government Data Licensing: An Analysis of the U.S. State Open Government Data Portals," 2021, 260–73, [https://doi.org/10.1007/978-3-030-71305-8\\_21](https://doi.org/10.1007/978-3-030-71305-8_21).

<sup>10</sup> Tantri, "BEVERAGE STORE BUSINESS LICENSE REGULATION."

ease of doing business and regulatory compliance is central to creating an orderly and equitable business governance environment. Licensing's significance therefore lies not only in its administrative dimension but also in its function as a legal instrument guaranteeing certainty, protection, and the sustainability of economic development in harmony with the public interest.<sup>11</sup> Regional autonomy, as the constitutional framework within which local governments exercise licensing authority, further amplifies this dynamic by devolving regulatory responsibility to subnational actors who must balance local development needs with national regulatory standards. However, the implementation of regional autonomy has not been free from normative inconsistencies, particularly in the domain of business licensing regulation, which has created persistent regulatory gaps at the local governance level.<sup>12</sup>

Administrative law enforcement by the Government of Kabupaten Buleleng in the management of business licensing constitutes a relevant issue in the context of regional governance, particularly in a territory experiencing significant growth in the tourism and investment sectors. As one of the regencies within the Province of Bali, Kabupaten Buleleng is characterized by a wide geographical area with an economic potential based on tourism, trade, and service industries that continue to expand. Such business growth necessarily carries implications for the increasing demand for licensing as an instrument of control and supervision over economic activities. Within the framework of the rule of law, every business activity conducted by members of the public must be subject to the provisions of applicable statutory regulations, including those pertaining to licensing, as a means of ensuring legal certainty, protecting the public interest, and controlling social and environmental impacts. Licensing must therefore be understood not merely as an administrative procedure but as a public law instrument with preventive and repressive functions in maintaining order in the administration of government and regional development.<sup>13</sup>

In conjunction with the implementation of the risk-based business licensing system through the Online Single Submission (OSS) mechanism, the paradigm of licensing services in Indonesia has undergone significant transformation. The government has sought to simplify licensing procedures in order to enhance ease of doing business and attract investment, while at the same time continuing to demand effective supervision and law enforcement against business actors who fail to fulfill their commitments or who violate applicable provisions. In this context, the Government of Kabupaten Buleleng holds the authority to exercise functions of

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<sup>11</sup> Najicha et al., "Implementation of Licensing Services in the Perspective of State Administrative Law in Indonesia."

<sup>12</sup> Dede Suhendra et al., "Regional Autonomy Inconsistency in Indonesia Post Amendment to the 1945 Constitution," *Journal of Law and Sustainable Development* 11, no. 11 (November 15, 2023): e1693, <https://doi.org/10.55908/sdgs.v11i11.1693>.

<sup>13</sup> Rohmah, Ramadhani, and Ragiliawan, "Efektivitas Kebijakan Perizinan Usaha Di Kota Surakarta Analisis Hukum Administrasi Dan Pemerintahan."

guidance, supervision, and administrative enforcement against business activities within its territory. Such authority derives from statutory regulations in the fields of regional government and administrative governance, which confer upon local governments the legitimacy to regulate and manage local community interests in accordance with the principle of regional autonomy. Administrative law enforcement thus constitutes an integral component of the exercise of such authority.<sup>14</sup>

Administrative law enforcement is fundamentally distinguished from criminal law enforcement in its approach and objectives. Within the administrative domain, the approach adopted places greater emphasis on guidance and prevention prior to the imposition of repressive sanctions. Mechanisms commonly applied include field inspections, the issuance of written warnings, the temporary suspension of business activities, and the revocation of licenses where violations remain unremedied. This graduated pattern reflects the principle of *ultimum remedium*, pursuant to which severe sanctions represent a measure of last resort after persuasive and administrative efforts have proven ineffective. In the context of Kabupaten Buleleng, the implementation of administrative law enforcement involves various regional apparatus units, including the agency responsible for investment and integrated one-stop services, relevant technical agencies, and regional regulation enforcement officers. Inter-agency coordination constitutes a critical factor in preventing the overlapping of authority or the absence of enforcement action when violations are identified.<sup>15</sup>

Several prior studies have examined dimensions of this subject that are directly pertinent to the present inquiry. Yahman observed that law enforcement mechanisms must satisfy both the dimension of justice and that of expediency, arguing that enforcement approaches that prioritize formal sanctions without proportionate consideration risk eroding public trust in governmental authority.<sup>16</sup> This insight is particularly applicable to the context of business licensing, where a graduated administrative response reflects an institutional preference for restorative compliance over punitive deterrence. Ansrida and Efendi, examining state responsibility in the protection of individual rights affected by administrative decisions, concluded that the government's obligation extends beyond the mere issuance of regulatory instruments to encompass active supervision and the provision of institutional remedies where rights are compromised.<sup>17</sup> Mukidi et al.

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<sup>14</sup> Najicha et al., "Implementation of Licensing Services in the Perspective of State Administrative Law in Indonesia."

<sup>15</sup> Mukidi et al., "Law Enforcement of SMEs Licensing in Empowerment of People's Economy Connected to Regional Autonomy in North Sumatra, Indonesia."

<sup>16</sup> Dr. Yahman Yahman, "UNDERSTANDING LAW ENFORCEMENT IN THE PERSPECTIVE OF EXPEDIENCY AND JUSTICE," *Journal of Law Theory and Law Enforcement* 3, no. 1 (February 7, 2024): 26–34, <https://doi.org/10.56943/jlte.v3i1.468>.

<sup>17</sup> Destin Desy Ansrida and Dr. Jonaedi Efendi, "STATE RESPONSIBILITY IN SAFEGUARDING WORKERS DISMISSED FROM EMPLOYMENT: A STUDY OF JOB LOSS INSURANCE

demonstrated through an empirical study in North Sumatra that law enforcement on SME licensing within the regional autonomy framework remains uneven, with licensing services still constrained by procedural and institutional obstacles that impede the empowerment of the local economy.<sup>18</sup> Najicha et al. further emphasized that the implementation of licensing services in Indonesia must be aligned with state administrative law principles, including legal certainty and proportionality, to ensure that both government and business actors fulfill their respective rights and obligations.<sup>19</sup> Jaelani and Hayat additionally found that regional regulatory inconsistencies, particularly those arising from the cancellation and reformulation of regional legal products, have created persistent uncertainties in the licensing governance landscape.<sup>20</sup> Collectively, these studies establish that the intersection of administrative law enforcement, licensing governance, and regional autonomy demands rigorous institutional analysis, which the present study seeks to contribute through its empirical examination of Kabupaten Buleleng.

A further dimension shaping the dynamics of administrative law enforcement concerns the level of legal awareness among business actors. Not all business actors possess adequate understanding of the procedures and licensing obligations they are required to fulfill. The complexity of licensing stages, changes in regulations, and the need to satisfy technical commitments frequently give rise to confusion, particularly among micro and small business operators. In such circumstances, law enforcement cannot rely solely on a sanctions-based approach but must also incorporate strategies of sustained guidance and socialization. Regional governments are therefore required to perform not only the role of regulator and enforcer, but also that of facilitator, assisting business actors in understanding and fulfilling their legal obligations in a manner consistent with the principles of participatory and responsive governance.<sup>21</sup>

## RESEARCH METHODOLOGY

This study employs empirical legal research with a juridical-sociological approach. Empirical legal research is directed at examining how law operates in practice, specifically in relation to the implementation of administrative law enforcement by the Government of Kabupaten Buleleng in the management of

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(JKP),” *Journal of Law Theory and Law Enforcement* 4, no. 2 (April 25, 2025): 66–89, <https://doi.org/10.56943/jlte.v4i2.805>.

<sup>18</sup> Mukidi et al., “Law Enforcement of SMEs Licensing in Empowerment of People’s Economy Connected to Regional Autonomy in North Sumatra, Indonesia.”

<sup>19</sup> Najicha et al., “Implementation of Licensing Services in the Perspective of State Administrative Law in Indonesia.”

<sup>20</sup> Abdul Kadir Jaelani and Muhammad Jihadul Hayat, “The Proliferation of Regional Regulation Cancellation in Indonesia,” *Journal of Human Rights, Culture and Legal System* 2, no. 2 (November 13, 2022): 121–38, <https://doi.org/10.53955/jhcls.v2i2.38>.

<sup>21</sup> Suhendra et al., “Regional Autonomy Inconsistency in Indonesia Post Amendment to the 1945 Constitution.”

business licensing.<sup>22</sup> The focus of this study is directed at analyzing the exercise of regional government authority in conducting supervision, guidance, and the imposition of administrative sanctions against business actors, as well as identifying the obstacles that affect the effectiveness of such enforcement. Accordingly, this study does not merely examine the positive legal provisions governing licensing and regional government authority, but also investigates their actual implementation in the field. The approaches adopted encompass the statute approach, the conceptual approach, and the empirical approach. The statute approach is applied through an examination of various regulations pertaining to administrative governance, regional government, and the risk-based business licensing system.<sup>23</sup> The conceptual approach is employed to analyze the theory of authority, the theory of the legal system, and the theory of law enforcement as the theoretical foundation for evaluating administrative law enforcement practices.<sup>24</sup> The empirical approach, meanwhile, is carried out through field data collection in order to obtain a factual account of the mechanisms of supervision, guidance, and enforcement against business actors in Kabupaten Buleleng.<sup>25</sup>

The sources of data in this study consist of primary data and secondary data. Primary data were obtained through interviews with officials of the relevant regional apparatus units, including the agency responsible for investment and integrated one-stop services, technical agencies, and regional regulation enforcement officers. Secondary data encompass primary legal materials in the form of statutory regulations governing administrative governance and business licensing, as well as secondary legal materials comprising books, scientific journals, research findings, and official documents relevant to the research topic. Data collection was conducted through library research and direct interviews. Legal research must be understood as an activity that extends beyond the reading of books, principles, doctrines, and regulations; it is equally an activity of data-gathering, and contemporary legal scholarship increasingly requires that normative and sociological approaches be treated as complementary rather than dichotomous.<sup>26</sup> The distinction between primary and secondary data in socio-legal research is accordingly significant, as primary data obtained through direct engagement with legal actors and institutions constitutes an independent evidentiary basis for evaluating the gap between *das sein* and *das sollen*.<sup>27</sup>

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<sup>22</sup> Agus Budiarto, "Legal Research Methodology Reposition in Research on Social Science," *International Journal of Criminology and Sociology* 9 (April 5, 2022): 1339–46, <https://doi.org/10.6000/1929-4409.2020.09.154>.

<sup>23</sup> Najicha et al., "Implementation of Licensing Services in the Perspective of State Administrative Law in Indonesia."

<sup>24</sup> Yahman, "UNDERSTANDING LAW ENFORCEMENT IN THE PERSPECTIVE OF EXPEDIENCY AND JUSTICE."

<sup>25</sup> Mukidi et al., "Law Enforcement of SMEs Licensing in Empowerment of People's Economy Connected to Regional Autonomy in North Sumatra, Indonesia."

<sup>26</sup> Budiarto, "Legal Research Methodology Reposition in Research on Social Science."

<sup>27</sup> Budiarto.

Data analysis was conducted qualitatively using a descriptive-analytical method. The data obtained were systematized to describe the pattern of administrative law enforcement, evaluate its effectiveness, and identify the practical obstacles encountered in its implementation. Subsequently, an argumentative analysis was performed by connecting empirical findings with applicable legal theories and provisions, with a view to arriving at comprehensive conclusions regarding the implementation of administrative law enforcement in the management of business licensing in Kabupaten Buleleng.<sup>28</sup> This approach is consistent with the methodological position that legal research on the gap between legal norms and their social implementation requires both a rigorous engagement with legal texts and a grounded analysis of institutional behavior and structural constraints, as the validity of legal conclusions in empirical studies depends on the coherence between normative frameworks and factual findings.<sup>29</sup>

## RESULT AND DISCUSSION

### **Pattern of Administrative Supervision and Guidance as Implementation of Administrative Law Enforcement in Business Licensing in Kabupaten Buleleng**

The pattern of administrative supervision and guidance as implementation of administrative law enforcement in business licensing in Kabupaten Buleleng fundamentally reflects the character of administrative law, which prioritizes preventive and corrective approaches prior to repressive ones. In the context of managing villa business licensing as part of the tourism sector, the regional government does not immediately deploy sanctions as the primary instrument; rather, it constructs a graduated mechanism that commences with systematic supervision, proceeds to guidance, and only at the final stage imposes administrative sanctions where violations remain unaddressed.<sup>30</sup> This pattern demonstrates that the primary objective of law enforcement is not merely to penalize, but to ensure compliance and to create business governance that is orderly, transparent, and sustainable. Supervision is conducted to ensure that every villa in operation has fulfilled the basic licensing requirements, including spatial planning compliance, Building Approval (PBG), Business Identification

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<sup>28</sup> Najicha et al., "Implementation of Licensing Services in the Perspective of State Administrative Law in Indonesia."

<sup>29</sup> Mukidi et al., "Law Enforcement of SMEs Licensing in Empowerment of People's Economy Connected to Regional Autonomy in North Sumatra, Indonesia."

<sup>30</sup> Cinta Saraswati, I Made Arjaya, and Diah Gayatri Sudibya, "Penegakan Hukum Terhadap Guest House Dan Villa Tanpa Izin Di Kabupaten Badung," *Jurnal Interpretasi Hukum* 1, no. 2 (September 26, 2020): 30–34, <https://doi.org/10.22225/juinhum.1.2.2430.30-34>.

Number (NIB), environmental documentation, and other administrative obligations in accordance with the risk-based licensing system.<sup>31</sup>

Institutionally, supervision is carried out through a cross-agency coordinative model. The Investment and Integrated One-Stop Services Office of Kabupaten Buleleng (DPMPTSP) functions as the coordinator within the OSS system and holds administrative authority over the issuance and evaluation of business licenses. In practice, supervision is conducted through a process of sorting and tracking data based on the Indonesian Standard Business Classification (KBLI) integrated within the OSS system. Such data are analyzed to determine the priority of field visits, particularly in respect of businesses with large investment values or those that have never previously been subject to supervision. Once basic commitments such as the Spatial Utilization Activity Conformity (KKPR) have been approved, factual verification in the field is conducted through an official assignment letter. This pattern demonstrates that administrative supervision is no longer based solely on manual reporting, but is supported by a digital system that enhances accuracy and accountability.<sup>32</sup> The transformation of the business licensing system through a single submission framework has been shown to improve public service efficiency by centralizing data management and reducing bureaucratic fragmentation, a development that is directly reflected in the supervisory practices observed in Kabupaten Buleleng.<sup>33</sup>

On the other hand, the Civil Service Police Unit of Kabupaten Buleleng (Satpol PP) performs the function of supervision and regional regulation enforcement within the framework of its principal duties. However, Satpol PP does not act as the primary decision-maker on substantive licensing matters, but rather provides assistance and backup to the authorized technical agency. In practice, supervision frequently begins with coordination with the local village government to obtain preliminary information concerning the presence of villas and their operational status. Field visits are conducted together with village officials to inspect the completeness of documents such as PBG, NIB for commercial enterprises, and regional tax obligations. This model demonstrates that the supervisory pattern is participatory and collaborative, involving the village government as the frontline actor in the early detection of administrative violations.

Where inconsistencies or documentary deficiencies are identified during the supervision stage, the approach adopted is administrative guidance. Guidance

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<sup>31</sup> Andi Sri Rezky Wulandari, Andi Rahmah, and Nurmiati Nurmiati, "Renewal of Business Licensing Policy Through OSS Implementation: Perspective of the Job Creation Law," *Amsir Law Journal* 5, no. 1 (October 30, 2023): 48–54, <https://doi.org/10.36746/alj.v5i1.298>.

<sup>32</sup> Rizha Febriyanti et al., "Transformation of Business Licensing through a Single Submission System on Public Service Efficiency: A Case Study of the Indonesia National Single Window Agency (LNSW)," *The Indonesian Journal of Computer Science* 13, no. 5 (October 28, 2024), <https://doi.org/10.33022/ijcs.v13i5.4411>.

<sup>33</sup> Febriyanti et al.

is carried out through the recording of findings in official minutes, the provision of a specified grace period for the fulfillment of obligations, and the issuance of graduated warning letters. For micro and small enterprises, the regional government tends to allow a period of up to one semester to complete licensing commitments. Thereafter, should no progress be evident, a first warning letter is issued with a 30-day deadline, followed by a second and third warning in accordance with the applicable provisions. This approach reflects the *ultimum remedium* principle in administrative law, pursuant to which severe sanctions constitute a measure of last resort after persuasive and corrective efforts have proven ineffective. Accordingly, guidance is not merely an administrative formality, but a strategy for promoting voluntary compliance without immediately imposing drastic economic consequences on business actors. The risk-based licensing framework, as implemented through the OSS mechanism, has further reinforced this paradigm by institutionalizing a compliance-first approach in which license issuance is conditional upon the fulfillment of substantive commitments rather than the mere submission of documents.<sup>34</sup>

This guidance pattern is consistent with the Law Enforcement Theory advanced by Satjipto Rahardjo, which emphasizes that law must be genuinely realized in social life by maintaining a balance among legal certainty, justice, and social utility. Legal certainty is reflected in the existence of clear sanctioning stages as regulated in risk-based licensing regulations, including the Regulation of the Minister of Investment and Downstream Processing Number 5 of 2025, which governs the forms of administrative sanctions ranging from warnings to license revocation. Justice is realized through the provision of proportional opportunities for business actors to remedy deficiencies. Social utility, meanwhile, is reflected in the effort to maintain a conducive investment climate without disregarding legal order.<sup>35</sup>

Where guidance is not observed, the mechanism proceeds to firmer non-judicial measures, including the temporary suspension of business activities or referral to Satpol PP for further action within its authority. However, in practice in Kabupaten Buleleng, repressive measures such as sealing have tended to be the last resort and have been applied relatively infrequently in the villa sector, as most business actors remain within the guidance stage. This gradual enforcement pattern illustrates that administrative law enforcement is designed as a continuous process that prioritizes correction and improvement over instant punishment. Analytically, the pattern of administrative supervision and guidance in Kabupaten Buleleng exhibits a systemic and collaborative character. The integration of OSS data, cross-agency coordination, and village involvement creates a more

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<sup>34</sup> Hariyanto Hariyanto, "Risk-Based Business License and Problems Arising After The Job Creation ACT," *Jurnal IUS Kajian Hukum Dan Keadilan* 10, no. 2 (August 23, 2022): 354–66, <https://doi.org/10.29303/ius.v10i2.1082>.

<sup>35</sup> Hariyanto.

comprehensive supervisory network. However, its effectiveness remains contingent upon the consistency with which sanctioning stages are applied when guidance is not observed. Without such consistency, the coercive force of administrative law may weaken, creating inequity among compliant business actors. The balance between a persuasive approach and firm repressive action is therefore central to ensuring that administrative law enforcement genuinely functions as a legal, orderly, and sustainable instrument for controlling tourism development in Kabupaten Buleleng.

The analysis of administrative supervision and guidance patterns in villa licensing in Kabupaten Buleleng may be examined through the theory of governmental responsibility in state administrative law. The theory of governmental responsibility (state responsibility or government liability) affirms that every action or decision of an administrative official must be legally accountable if it causes harm or is carried out unlawfully. In this context, responsibility is not merely understood as the obligation to bear the consequences of wrongdoing (liability), but also as the obligation to exercise authority lawfully, proportionally, and in accordance with the general principles of good governance.<sup>36</sup>

According to Philipus M. Hadjon, governmental responsibility in administrative law is closely associated with the concept of legal protection for citizens against governmental actions.<sup>37</sup> A distinction is drawn between preventive legal protection and repressive legal protection. Preventive protection is afforded through mechanisms that enable citizens to raise objections before a definitive decision is issued, while repressive protection is provided through the administrative court in the event of a dispute. In the context of villa licensing supervision, the provision of guidance and graduated warning letters reflects a form of preventive protection, as business actors are given the opportunity to remedy deficiencies before more severe sanctions are imposed.

Furthermore, from the perspective of the theory of official responsibility (*faute de service*), the government is responsible for wrongs committed in the course of performing official functions, and not merely for personal wrongs of officials (*faute personnelle*). This means that if arbitrary conduct, abuse of authority, or negligence in supervision occurs that causes harm, the governmental institution may be held accountable. This demands that every supervisory and enforcement action by regional apparatus units be conducted on the basis of the principles of legality and proportionality. Accordingly, when the regional government carries out sealing or license revocation, such action must have a clear legal basis and be supported by transparent procedures, so as not to give rise to potential administrative litigation.

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<sup>36</sup> Najicha et al., "Implementation of Licensing Services in the Perspective of State Administrative Law in Indonesia."

<sup>37</sup> Philipus M Hajon, *Perlindungan Hukum Bagi Rakyat Di Indonesia* (Surabaya: Bina Ilmu, 1987).

Furthermore, the theory of governmental responsibility also emphasizes the principle of public accountability. The government is not only accountable to the law, but also to the community as the holder of sovereignty. In the practice of OSS system-based licensing supervision and cross-agency coordination, accountability is realized through the recording of official minutes, the issuance of formal warning letters, and the documentation of each stage of guidance. This mechanism demonstrates that governmental responsibility does not conclude with the issuance of regulations, but extends to the consistency of implementation and supervision.<sup>38</sup>

The pattern of administrative supervision and guidance in Kabupaten Buleleng may therefore be understood as a form of the exercise of governmental responsibility in the discharge of its authority. The government is obliged to guarantee legal certainty for business actors, prevent the abuse of authority, and ensure that every administrative action is legally and morally accountable. The theory of governmental responsibility thus constitutes an important foundation for evaluating whether administrative law enforcement has proceeded in accordance with the principles of the rule of law and the protection of citizens' rights.

### **Situating the Findings within Prior Research**

The empirical findings of the present study both support and extend the conclusions of earlier scholarship on administrative law enforcement, licensing governance, and regional autonomy in Indonesia. The graduated supervisory and guidance pattern observed in Kabupaten Buleleng is consistent with Najicha et al.'s argument that the implementation of licensing services in Indonesia must be aligned with the substantive principles of state administrative law, including legal certainty and proportionality.<sup>39</sup> The DPMPTSP's practice of verifying OSS data before conducting field visits, and of issuing graduated warning letters before imposing sanctions, exemplifies precisely the kind of procedural alignment that Najicha et al. identified as essential for ensuring that both government and business actors fulfil their respective rights and obligations.<sup>40</sup> In this respect, the present study confirms that the normative prescription advanced by Najicha et al. is capable of empirical realization, even within regional administrations that face significant resource constraints.<sup>41</sup>

At the same time, the present study extends the findings of Mukidi et al., who demonstrated through empirical research in North Sumatra that law

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<sup>38</sup> Muhamad Tengku et al., "EFEKTIVITAS PELAYANAN IZIN BERUSAHA BERBASIS ONLINE SINGLE SUBMISSION," *Jurnal Governansi* 9, no. 2 (September 30, 2023): 144–50, <https://doi.org/10.30997/jgs.v9i2.9942>.

<sup>39</sup> Najicha et al., "Implementation of Licensing Services in the Perspective of State Administrative Law in Indonesia."

<sup>40</sup> Najicha et al.

<sup>41</sup> Najicha et al.

enforcement on SME licensing within the regional autonomy framework remains uneven and is constrained by institutional obstacles.<sup>42</sup> The Kabupaten Buleleng context confirms this diagnosis: the graduated enforcement mechanism functions coherently at the normative level, but its practical effectiveness is significantly diminished by budgetary limitations, geographical challenges, and unresolved inter-agency coordination gaps. Importantly, the present study adds nuance to Mukidi et al.'s findings by demonstrating that digital integration through the OSS system constitutes a partial but insufficient remedy, as data-driven supervision cannot substitute for the logistical and financial capacity required to conduct field verification in a geographically dispersed regency.<sup>43</sup> This finding highlights a structural limitation in the current reform paradigm that deserves attention from both policymakers and future researchers.

The obstacles documented in Kabupaten Buleleng also resonate with Yahman's observation that enforcement mechanisms must satisfy both the dimension of justice and that of social utility, and that approaches which prioritize formal sanctions without proportionate consideration risk eroding public trust.<sup>44</sup> The Buleleng government's preference for sustained guidance over punitive sanctions reflects an institutional awareness of this risk, particularly given the vulnerability of micro and small villa operators who constitute a significant proportion of the regulated population. However, as the present study demonstrates, this preference for a persuasive approach can, in the absence of consistent follow-through, paradoxically undermine the deterrent function of administrative law, disadvantaging compliant operators who have invested in legal compliance. Taken together, these findings underscore that the effectiveness of administrative law enforcement is not determined solely by the adequacy of the normative framework, but equally by the institutional capacity, inter-agency coordination, and resource availability that determine whether graduated enforcement can be applied with the consistency and equity that the rule of law demands.

### **Obstacles in Administrative Law Enforcement in Villa Licensing in Kabupaten Buleleng**

The obstacles in administrative law enforcement in the management of villa business licensing in Kabupaten Buleleng are fundamentally associated with limitations in resources, budgetary support, and inter-agency coordination that have yet to be fully optimized. In practice, the existence of clear regulations does not necessarily guarantee smooth implementation in the field where structural and operational readiness is lacking. Administrative law enforcement requires

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<sup>42</sup> Mukidi et al., "Law Enforcement of SMEs Licensing in Empowerment of People's Economy Connected to Regional Autonomy in North Sumatra, Indonesia."

<sup>43</sup> Mukidi et al.

<sup>44</sup> Yahman, "UNDERSTANDING LAW ENFORCEMENT IN THE PERSPECTIVE OF EXPEDIENCY AND JUSTICE."

continuity among the functions of supervision, guidance, and enforcement, all of which are highly dependent on adequate resource support.

Based on the statement of Putu Sandra Paramitha Dewi, who serves as a Senior Expert Investment Governance Analyst at the Investment and Integrated One-Stop Services Office of Kabupaten Buleleng, the primary obstacle in the implementation of licensing supervision and law enforcement is the limitation of the operational budget. She affirmed that budget and human resources are two elements that cannot be separated in the context of administrative law enforcement. Although human resources are relatively supported by the presence of functional positions such as the Licensing Management Functional Position (JFPP) and JFKM that assist in the implementation of supervision, the currently more dominant issue lies in budgetary constraints. The implementation of field supervision requires financial support such as Official Travel Orders (SPPD), transportation, and accommodation, especially given that the supervision target reaches approximately 100 business actors. With a limited budget, the frequency and coverage of supervision become sub-optimal, such that not all instances of potential administrative violations can be promptly addressed.

In addition to the budget factor, obstacles also arise in the area of coordination among Regional Work Units (SKPD). Administrative law enforcement of villa licensing involves various technical agencies, including the Kabupaten Buleleng Tourism Office, the Public Works and Spatial Planning Office, and the Civil Service Police Unit. In practice, differences in authority among agencies frequently give rise to the need to clarify the boundaries of enforcement responsibility. For example, if a business actor already possesses a Business Identification Number (NIB), certain administrative sanctioning authority rests with the DPMPTSP in accordance with the risk-based licensing provisions. However, if the violation relates to a regional regulation, Satpol PP holds the authority to enforce the perda. This ambiguity in the coordination forum has the potential to generate administrative confusion and delay the enforcement process, particularly when violations of a cross-sectoral nature are identified.<sup>45</sup>

From the perspective of field implementation, obstacles were also articulated by Kadek Arnaya, who serves as the Acting Head of the Cooperation Section at the Civil Service Police Unit of Kabupaten Buleleng. He explained that in addition to budgetary limitations, geographical factors constitute a particular challenge in the implementation of supervision. Kabupaten Buleleng covers a fairly large area with diverse terrain, including remote areas with inadequate road access. Several villas are located far from the center of government, requiring considerably more time and cost to reach. This condition directly affects the intensity of patrols and the effectiveness of monitoring, particularly where logistical support has not yet been fully sufficient.

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<sup>45</sup> Tengku et al., "EFEKTIVITAS PELAYANAN IZIN BERUSAHA BERBASIS ONLINE SINGLE SUBMISSION."

Additional obstacles relate to the need for increased technical capacity of the apparatus. Risk-based licensing supervision demands comprehensive understanding of business classification, environmental commitments, spatial planning compliance, and the procedures for the graduated imposition of administrative sanctions. Although functional official support is available, the distribution of workload and the complexity of regulations continue to present challenges. Without continuous competency development, the supervision process risks encountering obstacles in the areas of regulatory interpretation and the consistency of sanction application.

Overall, the obstacles in administrative law enforcement in villa licensing in Kabupaten Buleleng are structural and operational in character. Budgetary limitations constrain the mobility and reach of supervision; geographical conditions intensify the technical challenges of field implementation; and inter-agency coordination requires clearer and more structured mechanisms. These obstacles demonstrate that administrative law enforcement depends not only on written legal norms, but also on resource readiness, logistical support, and institutional synergy in exercising authority effectively and sustainably.<sup>46</sup>

## CONCLUSION

The pattern of administrative supervision and guidance in villa business licensing in Kabupaten Buleleng demonstrates that administrative law enforcement is implemented through a preventive, corrective, and graduated approach prior to the application of repressive sanctions. The regional government prioritizes a systematic supervisory mechanism based on the OSS system, cross-agency coordination, and the involvement of village governments to ensure compliance with foundational licensing requirements, including Building Approval (PBG), Business Identification Number (NIB), and environmental documentation. Guidance is administered through the provision of grace periods and graduated warning letters as a manifestation of the *ultimum remedium* principle, whereby severe sanctions constitute a measure of last resort. This pattern is consistent with Satjipto Rahardjo's framework concerning the balance among legal certainty, justice, and social utility, as well as with the theory of governmental responsibility advanced by Philipus M. Hadjon, which emphasizes preventive legal protection and public accountability as the foundational obligations of administrative governance. Nevertheless, persistent obstacles including budgetary constraints, geographical conditions, and unresolved inter-agency coordination gaps continue to affect the optimization of supervisory implementation and the consistency of enforcement. The effectiveness of administrative law enforcement is therefore contingent not only upon the adequacy of the normative framework, but equally upon institutional

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<sup>46</sup> Mukidi et al., "Law Enforcement of SMEs Licensing in Empowerment of People's Economy Connected to Regional Autonomy in North Sumatra, Indonesia."

capacity, logistical readiness, and the sustained commitment of all relevant regional apparatus units to apply sanctioning mechanisms with the coherence and equity that the rule of law demands.

The findings of this study carry broader implications for the governance of business licensing in regions experiencing rapid tourism and investment growth. The Kabupaten Buleleng experience illustrates that digital integration through the OSS system, while instrumental in enhancing data accuracy and supervisory targeting, constitutes a necessary but insufficient condition for effective administrative law enforcement. Structural deficiencies in budgetary allocation and inter-agency coordination remain capable of undermining the deterrent function of administrative sanctions, even where the normative architecture is relatively well-developed. Future policy reforms should therefore prioritize the strengthening of inter-agency coordination protocols, the allocation of dedicated operational budgets for field supervision, and the development of sustained technical capacity-building programs for licensing enforcement officials. Further empirical research across comparable regencies in Indonesia is also encouraged, so as to establish whether the patterns and constraints identified in Kabupaten Buleleng are systemic features of decentralized licensing governance or context-specific phenomena, thereby contributing to a more comprehensive understanding of administrative law enforcement in the framework of regional autonomy.

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