

Catalyzing Development in Agricultural-Based Regions: Exploring the Impact of Business Licensing, Governance, and Public Trust in the Agricultural Logistics

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Various reports state that investment in the ASEAN region has a good future, especially investment in the agricultural sector in general. One of the important instruments in investment is the permits obtained, which are widely reported to influence good governance and the level of public trust in licensing actors. The research aims to reveal the effects of implementing easy permits, and public trust in good governance, by taking cases as the latest research in agricultural-based areas. The research uses a quantitative paradigm, taking cases in Southeast Sulawesi Province, Indonesia. The sample size of 100 people was determined purposively. An important finding that is a scientific contribution is the proof that ease of business licensing can create public trust, and good governance, as well as the public trust that is formed can improve good governance, especially in areas that generally operate in the agricultural sector. The practical consequence is that every government, to absorb investment activities in the future, must strengthen good governance created through ease of doing business and creating public trust.

Keywords: Development, Agricultural Based Areas, Business Licensing, Governance, Public Trust, Transportation Sector, Rural Development.

INTRODUCTION

Licensing is a process of investment activities. Every country and region needs investment to spur economic growth. Economists generally define investment as expenditures to purchase capital goods and production equipment to replace, especially increase capital goods in the economy that will be used to produce goods and services in the future. Investment in the view of unbalanced growth theory (Albert O. Hirschman), that investment is only invested in certain strategic sectors which are leading sectors, and this will create further investment opportunities. This is the best way for economic growth (Irawan, 2002).

According to Sutedi (2010), Licensing is a government policy instrument to control negative externalities that may arise from social and economic activities. Permits are also instruments for efficient and fair allocation of public goods, preventing information asymmetry, and legal protection for ownership or carrying out activities. Government intervention

in the form of licensing must be referred to the main government functions, namely the allocation function, distribution function, and stabilization function. Licensing instruments that are too strict may encourage informal activities in the economy (black market economy), whereas licensing that is too loose will also lead to high social costs that must be borne by society, such as traffic jams, environmental damage, inflation and pollution as a result of uncontrolled market activity.

Explanations regarding investment and licensing in several countries also use the "Savings" and "Investment" theory by Harrod-Domar. This theory explains that investment activities are considered an important factor and have two roles at once in influencing the economy. First, investment has a positive relationship with state income. Therefore, the easier the investment process is, the more investment activities will be carried out and the higher the income generated by the country. Second, investment can expand economic production capacity by increasing the capital stock. This

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capital formation is considered an expenditure that will increase the demand for the entire community's needs. In general, the function and purpose of licensing is to control government activities in certain matters where the provisions contain guidelines that must be implemented by both interested parties and authorized officials (Sutedi, 2010). The purpose of licensing can be seen from two sides, namely the government and society. From the government's perspective, the purpose of granting permits is to implement regulations, the provisions contained in the regulations, and as a source of regional income. For this, an instrument is needed as a provision for administering permits. Provisions regarding licensing have two functions, namely a regulatory function and a regulatory function. As a regulatory function, it is intended that permits or permits for business places, buildings, or other forms of community activities do not conflict with each other. Meanwhile, the regulatory function is intended so that existing permits can be carried out under their intended purpose.

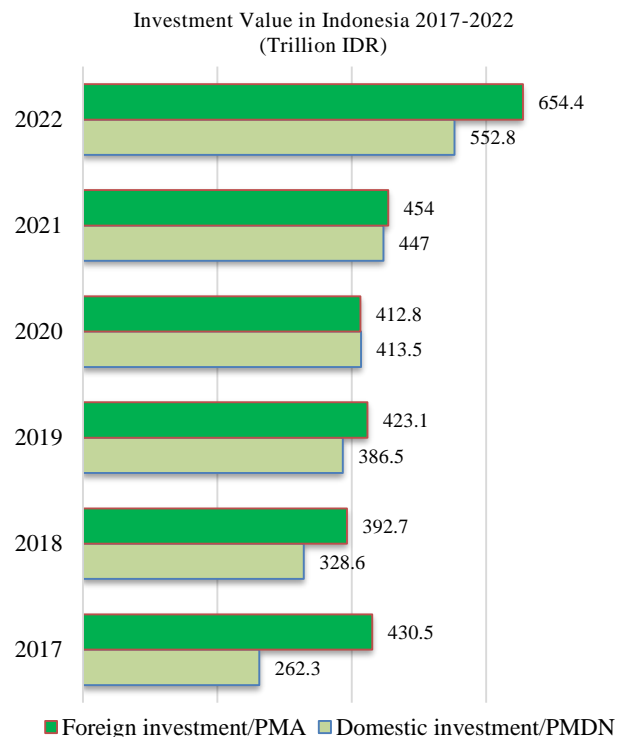
Licensing can encourage economic growth and job creation (Costantiello and Leogrande, 2023; Oktaviana and Wulandari, 2022). Therefore, creating a conducive environment and easy licensing services can attract many investment activities and other productive derivative businesses. This then supports the licensing contribution in encouraging the creation of labor absorption and economic growth (Costantiello and Leogrande, 2023; Oktaviana and Wulandari, 2022; Nawawi *et al.*, 2021; Anggraini and Inaba, 2020; Bonga and Mahuni, 2018; Ani, 2015; Howlett and Cashore, 2014).

Opportunities for developing licensing benefits from investment activities are predicted to experience growth, especially in Southeast Asia or the Association of Southeast Asian Nations (ASEAN). This statement refers to the Foreign Direct Investment (FDI) report that investment in this region relatively increases every year. The total value of direct investment (FDI) to ASEAN in 2022 was recorded at US\$ 224.2 billion or an increase of 106.7% compared to 2010 which was around US\$ 108.4 billion (Hoang and Bui, 2014). In other words, the average increase in FDI to ASEAN since 2010 is US\$ 9.65 billion per year (Aslam and Rudatin, 2022). FDI to ASEAN countries in 2022 will be dominated by Singapore, Vietnam, and Indonesia. The interesting thing is that these three countries have very different economic strengths and structures. FDI to Singapore is US\$ 141.18 billion or around 63% of total FDI to ASEAN in 2022 (Aslam and Rudatin, 2022).

Vietnam is one of the countries that managed to enter the top 20 foreign investment destinations in 2020. From 1986 until before COVID-19, the total number of Foreign Investment projects (PMA) in Vietnam has almost reached 27 thousand with PMA registered at US\$ 334 billion. Meanwhile, Vietnam's foreign direct investment (FDI) in 2022 will reach

US\$ 14.9 million. In 2019, Vietnam's FDI also set a record high, reaching US\$ 19.9 million (Aslam and Rudatin, 2022). Indonesia itself is also a very attractive country because it has the advantage of very high public consumption and a population dominated by the younger generation and a growing middle class. Apart from that, Indonesia is also rich in various commodities. Furthermore, strong economic policies are also a concern for investors. Indonesia's realization of Foreign Direct Investment (PMA) continues to increase and even outperforms Domestic Investment (PMDN). This information is presented in Figure 1.

The value of PMDN between 2017-2022 has consistently increased. In 2017, PMDN recorded a figure of IDR 262.3 trillion, then grew to IDR 413.5 trillion in 2020 and to IDR 552.8 trillion in 2022. This fact is slightly different from the PMA investment value. As can be seen in Figure 1, the PMA achievement is greater than the PMDN value, however, there is a downward curve that occurred in 2018 and 2020.



Source: Authors, (2024)

Figure 1. Indonesian Investment Value 2017-2022.

The dynamics of foreign investment indicate that there are still problems faced in terms of investment, especially licensing as one measure of starting investment activities. This fact, several studies such as Ekawati and Sarikun (2023); Herniati (2021); Yadav *et al.* (2020); Uthaman and Vasanthagopal (2020); Munyoka and Maharaj (2019); Handoyo (2018) reported that obstacles in the licensing



process include, among other things, the costs for obtaining permits are quite high, the licensing procedures are complicated, the licensing requirements are quite difficult and the permit completion time is quite long. If investment licensing services exist in the area, the costs for processing permits are quite low, the licensing procedures are not complicated, the licensing requirements are quite easy and the permit completion time is quite short, so this has a direct impact on increasing permit levies, these permit levies increase the realization of investment value.

Rusmanto (2017) continued that various problems are most frequently encountered regarding licensing (specifically in Indonesia), namely the long and complicated licensing bureaucracy which is one of the problems that hinders the realization of increasing investment value. Because, making licensing easier is mandatory, with the principle of not ignoring other aspects that are detrimental and have the potential to violate the law. There must be comprehensive and centralized regulations so that the licensing mechanism from the center to the regions is one system to facilitate implementation and supervision.

In Indonesia, this effort is starting to be implemented by establishing Stop Integrated Service Institutions/ Agencies/ Departments in all regions (Presidential Regulation Number 97 of 2014). It is hoped that this regulation will provide convenience and certainty in efforts to increase the competitiveness of the region itself. The next effort is the Job Creation Law through Law No. 6 of 2023 encourages the birth of guidelines regarding ease of doing business and services to local governments. This effort is very logical because Olagunju and Ikeolumba (2019); Canare (2018); Keping (2018) stated that the government must implement national policies including licensing and ease of doing business so that it can encourage a conducive environment, especially in encouraging many productive business activities that contribute to encouraging the creation of employment and economic growth (Costantiello and Leogrande, 2023; Oktaviana and Wulandari, 2022; Nawawi *et al.*, 2021; Anggraini and Inaba, 2020; Bonga and Mahuni, 2018; Ani, 2015; Howlett and Cashore, 2014).

Gizaw *et al.* (2023) also explained that licensing which has been improved and reformed by the government, will be able to encourage the achievement of a better standard of living, reduce inflation uncertainty, and reduce poverty levels, the corruption that occurs, and encourage better economic growth.

Licensing problems in Indonesia tend to be convoluted and complex. The government system and bureaucracy, including the licensing process carried out by government agencies in Indonesia, still show apathy. Government officials tend to be cold and dismissive of the public as underserved and often shift responsibilities when problems arise. This is also believed by Herniati (2021) who concluded that licensing problems greatly hamper the level of investment and capital

investment in Indonesia. As the digital era develops, licensing has also experienced a very revolutionary evolution with the introduction of electronic licensing systems and risk-based licensing systems to simplify licensing management (Ekawati and Sarikun, 2023).

Ease of processing business permits according to many researchers is closely related to good government governance, and if it is better it will create public trust (Lee and Yu, 2013; Myeong *et al.*, 2014; Khattab *et al.*, 2015; Fakhoury and Baker, 2016; Purwanto and Susanto, 2018; Munyoka and Maharaj, 2019; Uthaman and Vasanthagopal, 2020; Handoyo, 2018; Yadav *et al.*, 2020). Almost all of these researchers stated that the easy granting of permits encourages the realization of good government governance. Good government governance will be better if public trust is good, which in the end can improve investment performance.

Beshi and Kaur (2020), continued that good governance can have a good effect and/or influence in forming public trust. This means that the better it is to increase public trust, the better good governance will be, no matter what because this will correlate with investment. So, the types and aspects of good governance that are implemented and will continue to be implemented by the government because they have been proven to give a good impression to the community are indicated by increasing trust and investment value.

Mardiyanta (2013) explains that public trust is a very important and fundamental element in obtaining legitimacy in public administration. Houston and Harding (2014) explained that public services provided by the government to gain public trust require strategies to increase the competency of human resource personnel so that they have good performance in achieving public trust. Public trust will be very valuable in every service provided by government agencies (Salminen and Norrbacka, 2010), and realizing the concept of good governance requires cooperation (Ndukme and Allison, 2021; Khotami, 2017).

Among the many researchers, none has reviewed in detail the implementation of licensing with good government governance and public trust as investment actors in the case of regions where the basis of development is based on the agricultural sector. Meanwhile, according to Osly *et al.* (2020); Waluyo and Rozza (2020); Meyer (2019); Smolińska (2019); Martín-Retortillo and Pinilla (2015) stated that agriculture, as a vital sector in the global economy, has given rise to many other sub-sectors which are closely related to licensing, thus absorbing a lot of labor.

Likewise, in Indonesia, the economy during 2023 is supported by 10 sectors that contribute greatly to GDP. Agriculture ranks third highest at 12.53% after Trade (12.94%) and Processing Industry (18.67%). Based on this fact, an investigation into the ease of licensing concerning good government governance and public trust has become a new thing to do.



The agricultural sector in Indonesia is generally produced in the eastern region of Indonesia, such as on the island of Sulawesi. The challenge is that the Sulawesi region still has relatively low connectivity and transportation between regions compared to developed areas on the island of Java. Meanwhile, the transportation and warehousing sector ranks 6th highest in contribution to national GDP.

Starting from the facts and research gaps as discussed above, the position of this research is to analyze the role of ease of business permits, good government governance, and public trust in transportation actors. The novelty and sophistication of the analysis lie in the relationship between these three variables and the uniqueness of regions based on the agricultural sector. The case study in the Eastern Region of Indonesia is Southeast Sulawesi Province.

This research aims to analyze the relationship between ease of business permits and good government governance. Then analyze the relationship between ease of business permits and public trust; as well as the relationship between public trust in good government governance. The object of analysis is licensing in the transportation sector in areas with an economic basis in the agricultural sector.

MATERIALS AND METHODS

This research uses a quantitative approach, to test and find relationships between variables statistically based on the hypotheses that have been developed. The research location is Southeast Sulawesi, Indonesia, which was determined purposively as one of the base areas for agricultural development and transportation services to support connectivity between regions.

The sample in this study was 100 people, namely people who applied for business permits in the transportation sector and those related to agricultural matters. The sample for this research was taken deliberately, with the criteria being people who live in Southeast Sulawesi Province; as well as people who have or are currently applying for land or sea transportation business permits under the authority of Southeast Sulawesi Province.

Research data comes from primary and secondary sources. Primary data is in the form of respondents' statements obtained through distributing questionnaires and supported by observations to confirm answers. Secondary data includes the performance of the agricultural sector and economic growth obtained from the authorized agency, namely the Central Statistics Agency.

The variables that will be measured in this research consist of three, namely ease of business licensing, public trust, and good government governance. Each variable acts as an independent variable (X) and in another connection, the independent variable becomes the dependent variable (Y). The variable model in question is shown in Figure 2 below,

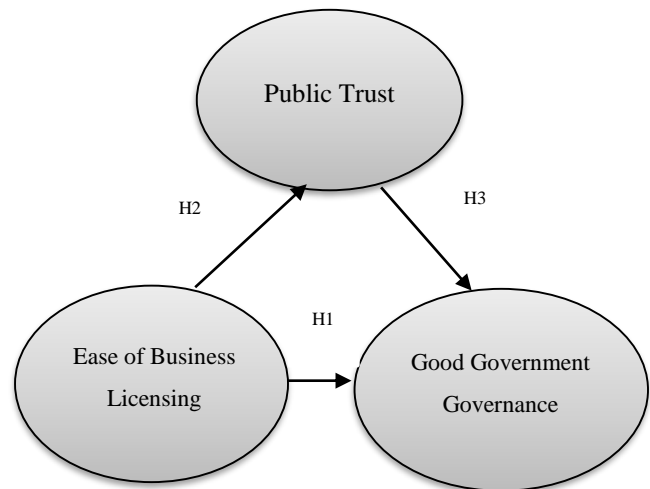


Figure 2. Research Conceptual Framework.

There are three hypotheses developed. The first is that the ease of licensing seeks to have a significant positive influence on good government governance (H1). Second, the ease of business licensing has a significant positive influence on public trust (H2); and Third, public trust has a significant positive influence on good government governance (H3).

Data were analyzed using multiple regression analysis techniques with SPSS. The consideration is that it is not based on a model that does not have many assumptions, and the sample used is relatively small so this tool is suitable for use in this research.

RESULTS AND DISCUSSION

Performance of the Agricultural and Transportation Sectors in the Economy of Southeast Sulawesi Province: 17 sectors form the regional economic structure (GRDP) in Southeast Sulawesi Province, including agriculture and transportation. The agricultural sector in GRDP is simultaneously integrated into one sector, namely Agriculture, Forestry, and Fisheries. Especially for transportation together with warehousing.

As can be seen in Table 1, during 2019-2022 the Agriculture, Forestry, and Fisheries sectors consistently ranked 1st as the highest sector contributing to the GRDP of Southeast Sulawesi Province. The contribution value reaches 23% of the total GRDP. Followed by the Mining and Quarrying sector at around 20% and in third place is the Construction sector at around 13%. Meanwhile, the transportation sector ranks seventh with the largest contribution to the GRDP of Southeast Sulawesi Province at 4%. Almost the same as the highest national ranking, namely 6th out of 10 sectors contributing highest to GDP.



Table 1. Sector Contribution to GRDP of Southeast Sulawesi Province Based on Current Prices 2019-2022.

Business Field/Sector	Year (%)				Highest Rating
	2019	2020	2021	2022	
Agriculture, Forestry and Fisheries	23,73	24,13	23,60	23,25	1
Mining and excavation	21,04	19,79	19,35	20,27	2
Processing industry	6,40	7,25	7,63	8,36	5
Procurement of Electricity and Gas	0,04	0,04	0,04	0,04	
Water Supply, Waste Management, Waste and Recycling	0,17	0,17	0,17	0,15	
Construction	13,69	13,58	14,51	13,55	3
Wholesale and Retail Trade; Car and Motorcycle Repair	12,77	12,54	12,78	12,81	4
Transportation and Warehousing	4,43	4,07	3,82	4,34	7
Provision of accommodation and food and drink	0,56	0,55	0,53	0,52	
Information and Communication	1,79	1,90	1,76	1,69	9
Financial Services and Insurance	2,34	2,39	2,50	2,42	8
Real Estate	1,34	1,34	1,30	1,22	10
Company Services	0,20	0,20	0,19	0,20	
Government Administration, Defense and Mandatory Social Security	4,89	5,18	4,99	4,61	
Education Services	4,48	4,67	4,64	4,51	6
Health Services and Social Activities	0,91	1,00	1,02	0,93	
Other Services	1,22	1,20	1,17	1,14	
Total GRDP of Southeast Sulawesi	100	100	100	100	

Source: Southeast Sulawesi Provincial Central Statistics Agency. (2023)

The contribution of the Agriculture, Forestry, and Fisheries sectors of Southeast Sulawesi is very good because it is greater than the national average of 12%. The facts confirm the previous statement that the Indonesian agricultural sector is produced from the eastern region of Indonesia, one of which is Southeast Sulawesi Province.

During this time, the Agriculture, Forestry, and Fisheries sectors of Southeast Sulawesi grew around 2.02% per year. The highest growth occurred in 2022, around 6.74%, while the lowest was in 2020, only growing 0.68%.

The Transportation and Warehousing sector during 2019-2022 grew around 4.97% per year. The highest growth will occur in 2022, reaching 10%, and the lowest in 2021, only 0.14%.

The slow growth of these two sectors is closely related to the Covid-19 pandemic, which began to feel its impact between 2020-2021. But then Namoak is better because in 2022 both

will experience quite significant growth. This means that the economy of Southeast Sulawesi can recover quickly, so it can be said to be strong enough to deal with turmoil.

Agricultural Sector Achievements (Including Forestry and Fisheries): In the regional economic structure (GRDP), the agricultural sector was formed together with other sub-sectors, namely; 1) Agriculture, livestock, hunting, and agricultural services; 2) Forestry and logging; and 3) Fisheries. Specifically, the Agriculture, livestock, hunting, and agricultural services sub-sectors are reclassified into five business sectors, namely: a) food crops; b) Horticultural plants; c) Plantation crops; d) Livestock; and e) agricultural and plantation services.

Table 2. Contribution of Sub-Sectors in the Agriculture, Forestry, and Fisheries Sector in Southeast Sulawesi Province Based on Current Prices 2019-2022.

Business Field/Sector	Year (%)			
	2019	2020	2021	2022
1. Agriculture, Livestock, Hunting and Agricultural Services	11,92	12,00	11,68	11,07
a) Crops	1,97	1,97	1,87	1,61
b) Horticultural plants	0,96	0,97	0,94	0,87
c) Plantation crops	6,30	6,29	6,18	6,09
d) Farma	2,53	2,60	2,53	2,34
e) Agricultural and hunting services	0,16	0,17	0,16	0,15
2. Forestry and Logging	0,56	0,54	0,48	0,41
3. Fishery	11,25	11,60	11,44	11,78
Total Agriculture, Forestry and Fisheries Sectors	23,73	24,13	23,60	23,25

Source: Southeast Sulawesi Provincial Central Statistics Agency. (2023)

Information in Table 2 shows that the contribution of the Agriculture, Forestry, and Fisheries sectors during 2019-2022 generally shows a downward trend, from 23.73% down to 23.25%. There is only one sub-sector whose contribution to the sector has increased, namely the Fisheries sub-sector, where in 2019 it was 11.25% to 11.78% in 2022.

The fisheries sub-sector has an important role in the sector because its contribution is the highest compared to other sub-sectors other sectors, in this case, Forestry, and the Agriculture, Livestock and Hunting sub-sectors. The development of sector achievements is shown in Figure 3.

Achievements of the Transportation and Warehousing Sector in the Economy of Southeast Sulawesi Province: The transportation and warehousing sector in the regional economic structure (GRDP) of Southeast Sulawesi Province results from five of the six activities. Information regarding the performance of this sector during 2019-2022 is presented in Table 3.



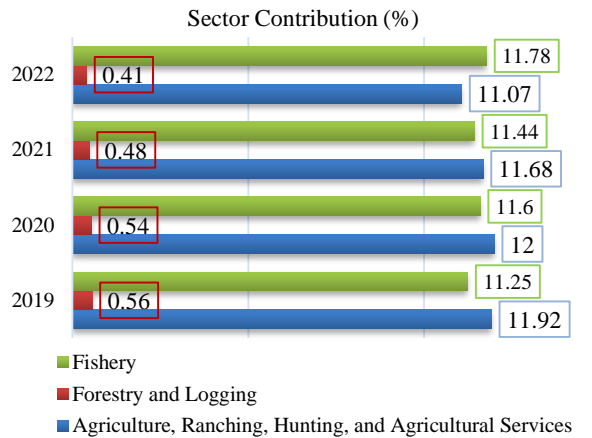


Figure 3. Contribution of the Agricultural Sector in Southeast Sulawesi Province 2019-2022.

Table 3. Contribution of Sub-Sectors in the Transportation and Warehousing Sector in Southeast Sulawesi Province Based on Current Prices 2019-2022.

Business Field/Sector	Year (%)			
	2019	2020	2021	2022
1. Railways transport				
2. Land transport	2,15	2,12	2,01	2,06
3. Sea transport	0,16	0,16	0,15	0,15
4. River, lake and ferry transport	0,23	0,22	0,21	0,23
5. Air rtransport	1,62	1,32	1,22	1,67
6. Warehousing and support services for transportation; postal and courier	0,27	0,26	0,23	0,22
Total from the transportation and storage sector	4,43	4,07	3,82	4,34

Source: Southeast Sulawesi Provincial Central Statistics Agency. (2023)

Visually the contribution of the transportation and warehousing sector is presented in Figure 4.

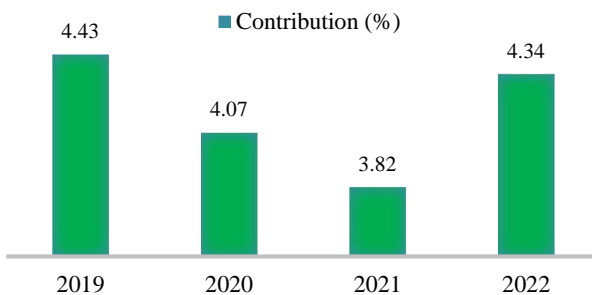


Figure 4. Contribution of the Transportation and Warehousing Sector in Southeast Sulawesi Province 2019-2022.

As illustrated in Figure 4, the transportation and warehousing sector's contribution to the GRDP of Southeast Sulawesi Province fluctuated during the years under consideration. It experienced a slight decline from 4.02% in 2019 to 3.98% in 2020. However, there was a notable recovery in 2021, with the sector's contribution increasing to 4.21%. This positive trend continued into 2022, when the sector's contribution reached 4.36%.

The fluctuation in the transportation and warehousing sector's contribution can be attributed to various factors, including changes in demand for transportation services, infrastructure development, and external economic conditions. Despite these fluctuations, the sector remains an integral part of the region's economy, providing essential services for businesses and individuals alike.

Variable Testing Data Analysis: The equation model in this research examines the independent and dependent variables, namely ease of licensing (X1), good government governance (Y1), and public trust (Y2), respectively. Public trust is an independent variable (X2) towards good government governance (Y1). The individual reflexive measure is said to be high if the correlation is more than 0.70, but a loading of 0.50 to 0.60 is still acceptable if the correlation output between the indicator and the construct is good.

The results of the analysis of the r-square value of the relationship between variables are presented in the following table,

Table 4. R-Square.

	R Square
X	
Good government governance	0.760
Public trust	0.469

Sources: Results (2024)

It can be seen that the R-square value for Good Government Governance is 0.760, this shows that the Good Government Governance variable is 76% influenced by ease of business licensing and public trust, and the R-square value of the square value of public trust is 0.469. This shows that public trust is 46% influenced by the ease of licensing.

From this value, Chin in Ghazali (2011) provides a classification of R-square values, namely: ≥ 0.67 is strong; ≥ 0.33 is moderate; and < 0.19 is weak. Thus, the results of this analysis for R-square for good government governance (Y) are classified as strong, while for public trust (x) it is classified as moderate.

Next, hypothesis testing and coefficients are carried out in the research as presented in Table 5,

It can be seen that the R squared value of Good Government Governance (Y) is 0.760, this shows that the Good Government Governance variable is 76% influenced by the ease of licensing and public trust.



Table 5. Coefficients.

Direct influence between variables		Coef. Track	T-statistics	Sig.t	Results
H1	Ease of Licensing (X) → Good Government Governance (Y)	0.496	8,679	0,000	Accepted
H2	Ease of Licensing (X) → Public Trust (Z)	0.685	14,510	0,000	Accepted
H3	Public Trust (Z) → Good Government Governance (Y)	0.453	9,114	0,000	Accepted

Sources: Results (2023)

The R-value squared for public trust is 0.469. This shows that 46% of public trust is influenced by the ease of licensing. According to Chin (Ghozali, 2011), the R square value is 0.67 (strong), 0.33 (medium), and 0.19 (weak). From the values above, it can be said that the r square value for Good Government Governance (Y) is classified as strong, while for Public Trust (X) it is classified as moderate.

It can be seen that the R square value of good governance (Y) is 0.760, this shows that the Good Government Governance variable is 76% influenced by ease of licensing and public trust.

First Hypothesis, ease of business licensing has a positive (positive) effect on good government governance. The results of the calculation of the effect of ease of licensing on good government governance in terms of business licensing are proven by the estimated path coefficient value of 0.496 in the same direction as the t value of 8.769. The Sig t value is 0.000 < 0.05, then H0 is rejected and H1 is accepted or the hypothesis is accepted. This means implementing easy business licensing which is implemented as long as it can create good government governance.

Second Hypothesis, ease of licensing seeks to produce a positive value in reflecting public trust in the implementation of licensing in the transportation sector. The results of path analysis produce an estimated path coefficient value of 0.685 in a positive direction, with a t value of 14.510. The resulting sig t value is <0.05 so H2 is accepted.

The Third hypothesis is that there is a strong (positive) relationship between public trust in the formation of good government governance in the implementation of licensing in the transportation sector. The calculation results of the estimated value of the data path coefficient are 0.453 in the same direction with a t value of 9.114, and a sig t value of 0.000 so that H3 is accepted. This means that there is a very strong role of public trust in good government governance in terms of licensing in the transportation sector.

DISCUSSION

The results of the analysis have proven that the ease of business licensing has a significant positive effect in creating good government governance in Southeast Sulawesi Province. The results confirm that the Southeast Sulawesi Provincial government has implemented efforts to simplify business permits for transportation activities to support agricultural development, which has a positive impact on

creating good government governance. These results theoretically support previous research such as Oktaviana and Wulandari (2022), and even Bonga and Mahuni (2018) in their research showing that there is a very close relationship between the two. Practically, to improve good government governance, every government can maintain the perception of ease of processing business permits.

Next, it has been proven that the ease of business licensing can create public trust, especially in the implementation of licensing in the transportation sector related to agricultural development activities. Theoretically, it supports the findings of (Costantiello and Leogrande, 2023) who in their research found the same thing. Theoretically, this means that the better the ease of business licensing, the better the public's trust will be, and the more interested they will be in obtaining business permits, all of which will lead to good agricultural development. Practically, these findings can be used as a reference that increasing public confidence in their willingness to obtain permits lies in making business permits easier.

The next finding is that there is a strong (positive) relationship between public trust in the formation of good government governance, especially in the case of licensing in the transportation sector in areas based on agricultural activities. Theoretically, this means that public trust has a very strong role in creating good government governance in terms of licensing in the field of transportation for agricultural activities. So practically, these findings can be used to create good government governance by maintaining the public trust that has been obtained.

The findings of the three hypotheses above when linked to the facts of the development performance of the agricultural sector in general, and the transportation and warehousing sectors in GRDP do not appear to be very strong in explaining this, because the performance of these two sectors in the 2019-2022 period shows a stagnant trend. Behind this, the performance of the two sectors appears to consistently contribute to GRDP, so it is clear that the consistency of this achievement is partly obtained from the ability of the Southeast Sulawesi Provincial government to provide easy business permits and maintain public trust, which ultimately creates good government governance. On the other hand, the better good government governance, the greater the public's motivation to obtain business permits, and the better the public's trust in the government in terms of licensing services.



Conclusion: Regions based on the agricultural sector continue to experience improved performance amidst economic pressure. However, there is still much hope for improving this, especially in terms of easy licensing services to support investment activities as the lifeblood of agricultural sector development supported by transportation.

The above is very reasonable, because this research has proven that ease of business licensing can create public trust and good governance, and ultimately the public trust that is formed can improve good governance, especially in areas that generally operate in areas the agricultural sector. Therefore, it is very important for the government to further improve licensing services to make them easier, which will then be able to create public trust and good governance.

Authors' contribution statement: All authors contributed equally to this research. In detail, author 1 created the concept, gap analysis, and data analysis, and drafted the manuscript. Authors 2, 3, 4, and 5 checked the manuscript draft so that it was suitable for submission to journal publication. Authors 6 and 7 helped prepare the manuscript, while author 8 assisted author 1 with assignments and acted as a correspondent.

Acknowledgments: this research was carried out independently, without the involvement of other parties.

Conflict of interest: There is no conflict of interest to declare.

SDG's Addressed: Decent Work and Economic Growth, Reduced Inequalities, Peace, Justice and Strong Institutions.

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