



**P R A K A R S A**  
Welfare Initiative for Better Societies

*Research Report*

# The 'Go-Jek' Problem

Congestion, Informality and Innovation in  
Urban Transport in Indonesia





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Transport in Indonesia**



THE UNIVERSITY OF  
**SYDNEY**



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RESEARCH INSTITUTE



**LIPI**

## **The 'Go-Jek' Problem: Congestion, Informality and Innovation in Urban Transport in Indonesia**

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# Glossary of Term

<b>ASKES</b>	Health Insurance (Asuransi Kesehatan)
<b>BBM</b>	Fuel (Bahan Bakar Minyak)
<b>BPKB</b>	Certificate Vehicle Ownership (Bukti Kepemilikan Kendaraan Bermotor)
<b>BPJS</b>	Organized Social Security Agency (Badan Penyelenggara Jaminan Sosial)
<b>BPS</b>	Statistic Agency Center (Badan Pusat Statistik)
<b>DPR</b>	Representation of Citizen Council (Dewan Perwakilan Rakyat)
<b>FES</b>	Friedrich Ebert Stiftung
<b>HAM</b>	Human Rights (Hak Asasi Manusia)
<b>ILO</b>	International Labour Organization
<b>JAMSOSTEK</b>	Manpower Security (Jaminan Sosial Ketenagakerjaan)
<b>JKN</b>	National Health Security (Jaminan Kesehatan Nasional)
<b>KK</b>	Head of Family (Kepala Keluarga)
<b>LIPI</b>	Science Indonesian Institute (Lembaga Ilmu Pengetahuan Indonesia)
<b>LITBANG</b>	Research and Development (Penelitian dan Pengembangan)
<b>MENA</b>	Middle East North Africa
<b>OECD</b>	Organization of Economic Cooperation and Development
<b>PDB</b>	Gross Domestic Product (Produk Domestik Bruto)
<b>PHK</b>	Discountinuan Work Relation (Pemutusan Hubungan Kerja)
<b>PP</b>	Government Law (Peraturan Pemerintah)
<b>FGD</b>	Focus Group Discussion
<b>SD</b>	Elementary School (Sekolah Dasar)
<b>SJSN</b>	National Health Security System (Sistem Jaminan Sosial Nasional)
<b>SPSS</b>	Statistical Package for the Social Science
<b>SMA</b>	Senior High School (Sekolah Menengah Atas)
<b>SMP</b>	Junior High School (Sekolah Menengah Pertama)
<b>STNK</b>	Certificate Vehicle Sign Number (Surat Tanda Nomor Kendaraan)
<b>THR</b>	Celebration Faith Day Subsidy (Tunjangan Hari Raya)

<b>TIK</b>	Technology Information and Communication (Teknologi Informasi dan Komunikasi)
<b>UMP</b>	Province Minimum Wages (Upah Minimum Provinsi)
<b>UMR</b>	Region Minimum Wages (Upah Minimum Regional)
<b>UU</b>	Law (Undang-Undang)
<b>YLKI</b>	Foundation Institution Indonesian Consumer (Yayasan Lembaga Konsumen Indonesia)

# Executive Summary

*Ojek* – or motorbike taxi – has been around in Indonesia since 1960s. In 2010, online *ojek* was introduced. Various developments of digital technology innovation over the last decade with impact to economic and business sector are named as post-industrial society, science and technology based economy, innovation economy, online economy, new economy, e-conomy, and digital economy. Technological developments are made a business opportunity by one of the application companies in the transportation sector, such as application-based *ojek*.

*Ojek* driver is arranged through an application-based platform. The existence of an online *ojek* has been around for seven years when Go-Jek first operated in Indonesia in 2010. There are currently 300,000 drivers joining Go-Jek in 50 major cities in Indonesia and thousands of online *ojek* drivers in several other application companies. The decline in unemployment rates in big cities is also claimed among others to be the result of the large number of labor force absorbed in this sector. However, it is still a debatable claim since the partnership relation cause in drivers having to bear their own risks.

This study was conducted to understand the issue of the development of online *ojek* services related to employment issues in big cities, such as Jakarta and Surabaya. This study also explores the perception of commuters who use their services. The approach is survey the drivers of online *ojek* and conventional *ojek* (*ojek pangkalan* or traditional *ojek* which base on particular public places), survey the *ojek* users (consumers) on their perceptions of the use of these services, and interviews with key resource persons. The survey was conducted on 309 consumers and 213 *ojek* drivers

using a monkey survey (online-based). In general, 58.3% of consumer respondents are in Jakarta and 41.7% are in Surabaya. Respondents of *ojek* drivers accounted for 50.7% in Jakarta and 49.3% in Surabaya. Consumers are dominated by women while the *ojek* drivers are mostly male.

Mobility of the population commuting in major cities of Indonesia also affects the current transportation conditions. The commuter from Bodetabek (City of Bogor, Depok, Tangerang, Bekasi) with activities in Jakarta reached 1,382,296 people and commuters from Jakarta with activities outside Jakarta reached 255,986 people. Most of the population is doing mobility for work and school.

Based on the survey results to consumers, most of the respondents use *ojek* because the travel time is considered more quickly. They choose it to avoid stuck in traffic and jostling in public transport. In addition, the road condition and other available public transport could not solve the travel time issue. Congestion brings impact on productivity and other opportunities. When we spend more time on the streets there will be many opportunities loss.

People prefer to use online ojek with the following considerations: easier payment options available (go-pay, grab-pay or credit card), complaint portal available, discounted prices offerings, cheaper rates and easy in ordering. When compared in terms of price to do mobility by public transport, respondents choose to pay more expensive with a shorter time than paying cheaper with longer travel time.

Although the presence of online ojek facilitate the mobility of commuters, it also create new problems. It contributes to the growing congestion problem of the capital city with the number of ojek on the sides of the road and causes horizontal conflicts among other transport drivers because the presence of online ojek are admitted to decrease their income. From the side of the online ojek drivers they also encountered various obstacles, such as at the time of registration and after becoming an online ojek drivers. Based on the research findings, ojek drivers feel objected to provide guarantee in the form of family card/school diploma/proof of ownership of motor vehicles (BPKB), the terms of their own motor vehicle and ownership of android phone at the time of joining the company. Obstacles felt when working in online ojek are the tariff given is too cheap, communication barrier with customers (signal, phone credit, internet), unilateral management associated with discounts and ratings thus making it difficult to get bonuses, motor maintenance costs, and the requirement to have minimum balances.

For bonuses, each app company offers different bonus schemes. Nominal

bonus can be given every day but the number continues to decrease. Bonus system by the ojek application company is claimed to increase driver's revenue. However, the regulation is considered very detrimental to the driver because when the driver does not provide good performance then the driver will fail to obtain it even though he has met the requirements to get a bonus. The bonus system also often makes ojek drivers work excessively to get a daily bonus.

Furthermore, the survey provides data on the interest of online consumers in the future. From the user side, as many as 40.4% of respondents admitted will plan to continue using online ojek within the next 1 - 5 years. From the driver side, 60% of online ojek plan to remain as online ojek driver in the next 1 - 5 years, 20% will work for more than 5 years, 56% will work for 1-5 years, and 23% will work as an online ojek for less than a year.

The trend of flexible work patterns and the many opportunities to find freelance work is currently increasing. The rapid growth of this independent workforce has fueled the growth of on-demand economy, including online ojek. Not all respondents (online ojek) make this as their main job, there are as many as 40% stated that this is a side job. It is quite interesting that based on the survey result among respondents who take ojek as their main job, there are 7 of them who hold a Bachelor's degree and 8 diploma (vocational) graduates. In the future, it is estimated that the required workforce for the service sector are for high skill and low skill, while medium skill will be replaced with technology. So, even though there are many workforce of university graduates and vocational

graduates, if they do not have high skills they only have the opportunity to fill in low-skilled job opportunities.

The research finding reveals that the education level of online ojek drivers shows a big gap between the education qualifications with the availability of employment (over qualified). Skill mismatch is also a problem in Indonesia. Viewed from the trend of switching workers, there was a shift from formal workers to informal workers where 82.09% of respondents switched jobs from before. Their reasons for being an online ojek driver are due to flexible time, looking for additional income, high bonuses, can do other jobs, impacted by layoffs, and unemployment.

Things to notice from the survey result is on decent work. Decent work can be seen from the duration of work and wages earned. As many of 30% online ojek spend their time to work more than 8 hours a day. Of the 30% (53 people), as many as 45 people work between 9 - 19 hours per day and can be said to have no decent work. Flexible working hours make drivers work longer hours and often at irregular hours simply to maximize their income. However, they do not consider risks, such as health problems and occupational accidents.

Speaking of working hours, the majority of workers in Indonesia have long hours with low wages. Low wages will increase a person's risk of being economically vulnerable. There are 68% online ojek earn less than 2 million rupiah per month. Employment with high levels of vulnerability and informality, capacity constraints in implementing labor inspection, and minimum wage as

inadequate safety net, is a variety of issues that overshadow the current world of ojek employment.

Regarding the needs of ojek drivers, 22% of online ojek felt that their income was not sufficient to meet daily needs. Online ojek drivers also feel the operational costs they have to spend is quite burdensome, such as fuel, service vehicles, and mobile phone credit. Average fixed costs incurred most in a month, namely: (1) for average fuel of Rp. 426,296 per month; (2) average vehicle maintenance cost Rp. 159,131 per month; (3) for cellular phone call charge of Rp. 131,428 per month; and (4) other expenses mostly for parking and meals averaging Rp. 139,838.

There are special expectations of online ojek drivers for the companies they partner with. Their expectations are: (1) the company raises their revenue share, (2) increase the bonus, (3) the company provides fee for periodic vehicle maintenance, (4) the company limits the acceptance of new drivers, (5) the company provides insurance and holiday allowances, and (6) the company provides training or job skills to them.

The issue of online transportation is becoming one of the controversial issues. Not only in Indonesia, the presence of online transportation companies creates a considerable regulatory gap in many countries. Until now there is no law that regulates it both in terms of transportation and employment. Without a clear legal protection, the future of an online ojek will always be in the gray area. Associated with the absence of this legal protection, the existence of ojek is considered as a form of government neglect of the law in force in Indonesia.

It is increasingly encouraging the proliferation of motorcycles that turned function into a public transport or online ojek. In fact, this online ojek has already contributed to the complexity of existing transportation issues, such as accidents, security, the absence of job protection, and others. Therefore, the urgency of such regulation should be a priority.

From the side of employment, until now also there is no policy that regulates the workers in the field of transportation, especially on the online ojek driver. With the increasing number of ojek online drivers, the employment protection of ojek drivers should also need to be considered. If there is no regulatory policy, online ojek drivers would be vulnerable to the uprooting of their citizenship rights for decent work and livelihood.

In the Manpower Law, the employment relationship (at least) occurs if there are elements of employers, orders/job duties and wages/income for those who receive jobs/income. The working relationship in the online transportation service between the driver and the employer does not refer to the employment agreement as stipulated in the Manpower Law. Partnership agreement enforced by the app company makes drivers and their families should address their own job-related risks. This form of employment relieves the company from the obligation to meet minimum wages, overtime, social security (health, pensions and employment), religious holiday allowances (THR), as well as other workers' normative rights.

There should be a clear working relationship so the rights of online

ojek drivers can be better protected in accordance with Law No. 13 of 2003, mainly related to social security (BPJS Employment). Another important point in this online ojek issue is the ownership of social security. Based on the survey, only 58% online ojek drivers have social security limited only to a health insurance. This is because current health insurance is a priority of the government to achieve universal health coverage. Only 23% of online ojek drivers have an accident insurance, but the ownership of this insurance is originated from the previous company they worked for.

As we know, the transport sector is highly vulnerable to work accidents. Accidents caused by two-wheeled vehicles (motorcycle) is the highest. Although the app company claims that online ojek drivers have been trained in road safety issues, some online ojek drivers give the opposite statements; they are not supported by adequate accident insurance. They can only get an accident insurance when they are transporting passengers or orders. However, when they drive alone, they do not get accidental insurance protection.

In addition, it is also necessary to mapping the characteristics of ojek drivers so there is a differentiated working relationships by type, such as full-time work and part-time work. Once there is a certainty of working relationship, the formation of labor unions, cooperatives and entrepreneurship through the micro-credit (KUR) from the government can be encouraged.

It is also important to note the gap between the skills of the workforce and the needs of the company. This

necessarily requires improving the skills of the workforce, especially with the improvement of school quality and access to higher education. In this case, the government needs to think of alternative jobs for other ojek drivers in the future through the provision of training that can improve their skills.

Matters such as job security, unions, cooperatives, skills training, and capital, are necessary considering the economic and legal vulnerability of online ojek drivers. In addition to these reasons, the

acceleration of road infrastructure and public transportation that are predicted to absorb the portion of conventional online transportation customers, potentially will reduce the revenue of online ojek drivers. In fact, some drivers will be in danger of losing their jobs due to infrastructure-disruption. Therefore, it is necessary to create creative policies to engineer the vulnerabilities faced by online drivers by ensuring the sustainability of jobs and livelihoods that are appropriate for them.

Chapter 1

# INTRODUCTION



## 1.1 Background

Online ojek has appeared recently as a new breakthrough in terms of public transportation, which can be booked through our smart phone. This online ojek is very different from the conventional ojek system that already existed since the 1960s. In conventional ojek, prices must be agreed between passengers and drivers. However, online ojek offers the use of fares in accordance with mileage.

Since the introduction of online ojek application "Go-Jek" in 2014, this company dominates the ojek market in urban areas. This is influenced by services with relatively cheap tariffs and registered riders. Customers can order ojek and other services through applications on their smartphones. According to Go-Jek (2017), there are currently about 300,000 Go-Jek drivers, in major cities in Java and Bali.

The existence of Go-Jek and other similar transportation application companies, such as GrabBike and Uber in major cities are causing controversy. Problems arising on the high official level, for example, through the cancellation of one of the Minister of Transportation regulations related to the prohibition of online transportation applications. The cancellation is due to the inability the government to provide fast and decent mass transportation for public. Others argue with the contribution to labor absorption despite many opinions stating that these costumers of the new transportation mode are merely moving from a stable public transport provider to a more unregulated provider.

Related to the phenomenon, a research from Robbie Peters (anthropologist from the University of Sydney) conducted in early 2016 in several pockets of poverty in Jakarta and Surabaya shows that many of the men aged between 18-60 years old who were previously unemployed and underemployed have been Go-Jek's drivers in the past six months. While it is natural for informal sector workers to switch jobs when better opportunities arise, the phenomenon of being a Go-Jek driver is significant in terms of the scale of the shift and the rapid time and the political shocks it causes.

Perkumpulan Prakarsa has also conducted a quick survey in the area around Jabodetabek in May 2016 to 250 respondents of online ojek drivers to illustrate the profile of those working in this sector. The current findings from this survey indicate that those who are working as online ojek drivers are men aged 20 to 60 with a majority of high school education background and previously worked as informal and formal sector workers looking for better income.

Based on the previous research, University of Sydney researchers, Perkumpulan Prakarsa and the Indonesian Institute of Sciences (*Lembaga Ilmu Pengetahuan Indonesia*, LIPI) attempted to conduct research on workers in the online transportation sector in Jakarta and Surabaya in early 2017. It aims to understand the issue of the development of online ojek service in relation to labor issues in big cities, such as Jakarta and Surabaya. In addition, this study also seeks the perception of commuting citizens who use their services. It is hoped that the results of this study will provide arguments to

encourage evidence-based policies by looking at online transportation trends in Jakarta and Surabaya.

This study uses case studies conducted with several methods. These methods include interviews, surveys and observations of ojek drivers, as well as a comparison of the prevailing practices and conditions of online transport workers. This study was also conducted by interviewing transport consumers about their perceptions of the use of these transport services as well as interviews with key informants.

## 1.2 Research objectives

The research objectives are as follows:

1. To understand the perception of commuters in Jakarta and Surabaya who use transportation service both based on application (online) and conventional (base/traditional).
2. To understand the linkage between the development of application-based ojek (online) service with employment issues in the transportation sector in big cities, such as Jakarta and Surabaya.

## 1.3 Research methodology

### 1.3.1. Approach

This research is done by mix-method, that is qualitative and quantitative approach. In addition, this study also used descriptive method.

### 1.3.2. Data collection technique

#### a. Quantitative

This research was conducted by survey to online consumers, online ojek drivers, and conventional ojek drivers using monkey survey applications. The instrument used in the survey is a questionnaire containing the questions that should be answered by the respondent. This survey aims to obtain data in the form of response from users of online ojek service to the presence of online ojek as an alternative means of transportation. Meanwhile, survey for ojek drivers is intended to see the drivers' response to their application usage and job before turning into an online ojek driver. The following is a quantitative survey framework conducted in this study:

Table 1 Quantitative Survey Framework

Quantitative study	Jakarta	Surabaya	Location
Ojek Survey	<p><b>Sampling: purposive</b> 100 respondents:</p> <ul style="list-style-type: none"> <li>• 20 conventional ojek</li> <li>• 80 online ojek</li> </ul> <p>Data retrieve: 108 respondents:</p> <ul style="list-style-type: none"> <li>• 16 conventional ojek</li> <li>• 92 online ojek</li> </ul>	<p><b>Sampling: purposive</b> 100 respondents:</p> <ul style="list-style-type: none"> <li>• 20 conventional ojek</li> <li>• 80 online ojek</li> </ul> <p>Data retrieve: 105 respondents:</p> <ul style="list-style-type: none"> <li>• 21 conventional ojek</li> <li>• 84 online ojek</li> </ul>	<ul style="list-style-type: none"> <li>• Cluster/resident areas</li> <li>• Bus terminals</li> <li>• Train stations</li> <li>• Ports</li> <li>• Schools</li> <li>• Universities</li> <li>• Markets/malls</li> </ul>

Consumers/ users survey	<p><b>Sampling: snowballing</b></p> <p>100 respondents through Survey Monkey, questionnaires are sent to the app users.</p> <p>Data retrieve: 180 respondents</p>	<p><b>Sampling: snowballing</b></p> <p>100 respondents through Survey Monkey, questionnaires are sent to the app users.</p> <p>Data retrieve: 129 respondents</p>	Distribution through personal/ official network
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Source: research findings

#### b. Qualitative

This study uses data retrieval techniques through in-depth interviews to online ojek consumers, online ojek drivers, conventional ojek drivers, and other urban transport drivers, both in Jakarta and Surabaya. The instruments used are interview guidelines. In addition, this research also uses data collection method using focus group discussion (FGD) to stakeholders, namely Ministry

of Transportation, Jakarta Transportation Department, Public Transport User Community, Commission V DPR RI, Indonesian Consumers Foundation (Yayasan Lembaga Konsumen Indonesia, YLKI), Jakarta Barrier Free Tourism, and Indonesian Institute of Sciences (LIPI). The description of informant framework in this qualitative research method can be seen as follows:

Table 2 Qualitative Informant Framework

Qualitative study	Jakarta	Surabaya	Location
In-depth interviews with ojek drivers ( <i>unstructured dan semi-structured interview</i> )	<ul style="list-style-type: none"> <li>• Angkot drivers</li> <li>• Online ojek</li> <li>• Conventional ojek</li> <li>• Ojek companies</li> <li>• Consumers</li> </ul>	<ul style="list-style-type: none"> <li>• Angkot drivers</li> <li>• Online ojek</li> <li>• Conventional ojek</li> <li>• Consumers</li> </ul>	<ul style="list-style-type: none"> <li>• Cluster/resident areas</li> <li>• Bus terminals</li> <li>• Train stations</li> <li>• Ports</li> <li>• Schools</li> <li>• Universities</li> <li>• Markets/malls</li> </ul>
In-depth interviews with ojek users/consumers (scoping)	The interviews are conducted to gain qualitative information as well as to contribute in the survey questionnaire design (quantitative)		Urban Surabaya (Dinoyo Area).
		<ul style="list-style-type: none"> <li>• Becak (trishaw) drivers</li> <li>• Taxi drivers</li> </ul>	

		<ul style="list-style-type: none"> <li>• Online ojek</li> <li>• Neighborhood head</li> <li>• Conventional ojek</li> <li>• Bemo drivers</li> <li>• Gocar drivers</li> </ul>	
Observation	Observation on the condition of ojek in Jakarta	Observation on the condition of ojek in Surabaya	

Source: research findings

### 1.3.3. Data Analysis Technique

Survey results will be entered and analyzed using SPSS. The data analysis is a univariate descriptive analysis. The data collected from survey results are then analyzed by: (1) data reduction, (2) data display, and (3) conclusion and verification. Meanwhile, the primary data obtained from the in-depth interviews is further classified according to the information.

### 1.3.4. Research Time and Location

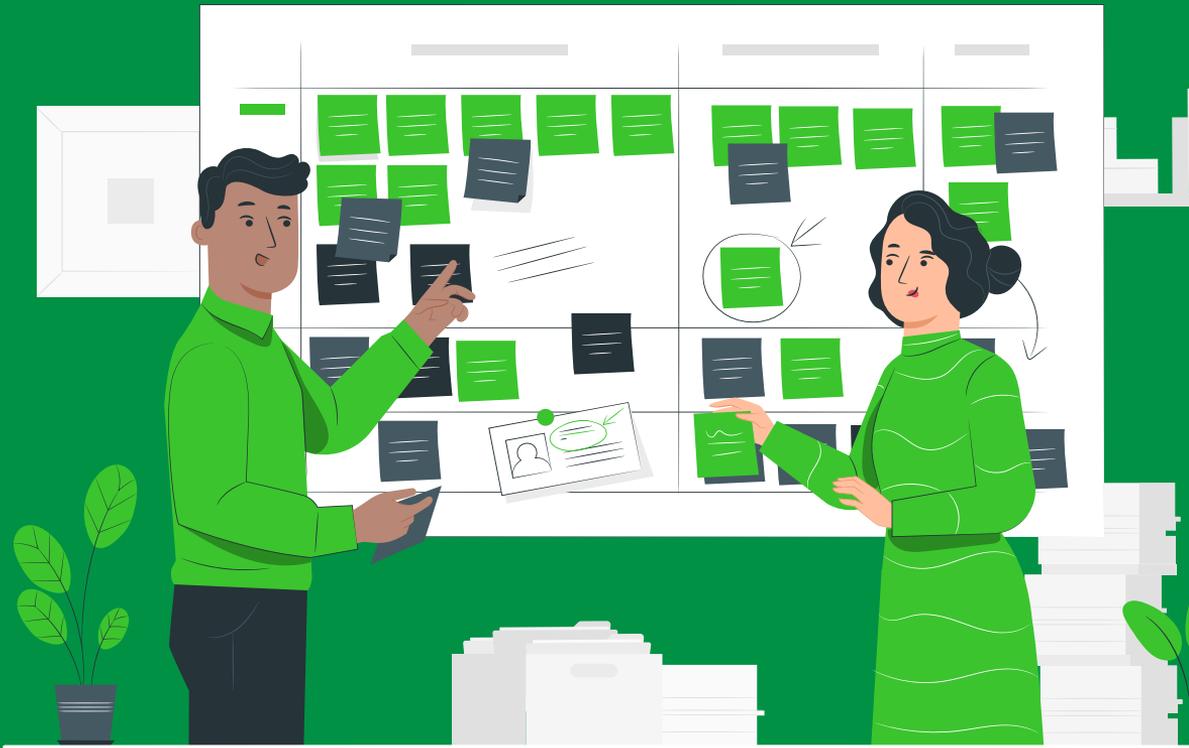
The research was conducted from the end of 2016 until 2017. This research was conducted in two cities, namely Jakarta

and Surabaya. The location of data retrieval in Jakarta is scattered almost in all areas of the city administration, but mostly in South Jakarta, Central Jakarta and East Jakarta as well as several other areas. While for Surabaya most commonly conducted around Tegalsari, Simokerto, Gubeng, and several other areas. The location selection is based on the characteristic structure of places that can be easily found by the ojek drivers, both online ojek and conventional ojek, such as in residential complexes, bus terminals, train stations, ports, schools, campuses, and markets/malls.

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Chapter 2

# THEORETICAL FRAMEWORK



## 2.1 Decent Work

The concept of decent work is a fairly new term. Launched in 1999 by the Director-General of the ILO in an activity report of the 87th Session of International Labor Conference, decent work has gained a special attention at the level of concept, model, strategy, and policy. The concept illustrates the wide and varied dimensions associated with today's working conditions. Departing from the urgency to implement an inclusive and equitable globalization, alleviate poverty, equal opportunities for women and men, and realizing substantive development policies, the formulation of a decent work concept is developing.

The idea of decent work is then developed in four major components. These components include: employment, social protection, workers' rights, and social dialogue. The term occupies various types of work with both qualitative and quantitative dimensions. These terms mean that the concept of decent work is not only applied to the formal economy, but rather includes unregulated wage workers, self-employed and home workers. The term also includes access to adequate employment opportunities, remuneration, and occupational safety and health conditions (Ghai, 2003). These four components also indicate that decent work struggles in the provision of productive employment that have fulfilled decent wages, workplace security, social security for workers and their families, self-development and social integration, freedom of association and equality of opportunity and treatment in work place (de Pascual-Teresa, 2011).

In support of the achievement of decent work, Indonesia has a National Social Security System (*Sistem Jaminan Sosial Nasional*, SJSN), a social security system established in Law No. 40 of 2004. This social security is one form of social protection provided by the Republic of Indonesia to ensure its citizens to meet the needs of decent basic life, as set forth in the UN Declaration on Human Rights of 1948 and ILO Convention No.102 of 1952.

The presence of the SJSN Law has formed a new system of social security program in Indonesia and replaces existing social security programs, such as Health Insurance (*Asuransi Kesehatan*, Askes) and Social Security Workers (*Jaminan Sosial Tenaga Kerja*, Jamsostek). The new system called the Social Security Agency (*Badan Penyelenggaraan Jaminan Sosial*, BPJS) is a form of state responsibility to provide full social protection to the people of Indonesia. BPJS is divided into two institutions based on its function: BPJS Health and BPJS Employment. BPJS Health guarantees that every Indonesian citizen or foreign citizen who resides in Indonesia for more than six (6) months are entitled to social health insurance. Meanwhile, BPJS Employment is related to the employment security, such as work accident insurance, death insurance, pension insurance, and old age pension. With the presence of BPJS, the implementation of social security in Indonesia has been implemented as it should and not for commercial purposes or profit.

## 2.2 Digital Economy

The current development and advancement of information and communication technology (ICT) impacts almost every aspect of community life. As every other communication technology advances, the internet goes into different forms of community life. This happens because communication is one of the basic needs of society. Internet technology grows and blends in a world or cyberspace, a world or a place where people can communicate, meet, and perform various economic or business activities.

Various developments in ICT or digital technology innovation over the past decade have had an impact on economics and business as a post-industrial society, science-based economy, innovation economy, online economy, new economy, e-economy and digital economy (Cohen et al., 2000).

Digital economy is a transformative process, driven by ICT advances that have made technology cheaper and more powerful, transforming business processes and strengthening innovation across all sectors of the economy, including conventional industries. At present, diverse sectors, such as the retail sector, the media, manufacturing and agriculture are affected by the rapid spread of digitalization. In the broadcasting and media industries, for example, the expansion of data roles through user-generated content and social networking has enabled internet advertising goes beyond television as the largest advertising medium. In other words, digitalization has been so pervasive in some sectors of economists

that it is very difficult or even impossible to prevent the process of digitizing other economic sectors that have not been exposed to digitalization (Saint-Amans, 2017).

The concept of the digital economy was first introduced by Tapscott (1998). He describes a sociopolitical and economic system that has characteristics as an intelligence space, including information, access to information instruments and information processing and communication capacity. The first identified digital economic components are the ICT industry, e-commerce activities between companies and individuals, the digital distribution of goods and services, support to the sale of goods, especially systems and services that use the internet.

Another digital economy concept is the digitalization of information and ICT infrastructure (Zimmerman, 2000). This concept is often used to describe the global impact of information and communication technology, not only on the internet, but also on the economy. This concept becomes a view of the interaction between the development of innovation and technological progress and its impact on macroeconomics and microeconomics. The digital economy is an economic sector, covering goods and services when developing, producing and selling or supply dependent on digital technology. A country is said to be developing its digital economy if it is marked by the increasingly widespread business development or trade transactions that use the Internet as a medium of communication, collaboration and cooperation between companies or interindividuals.

ILO (2001) observes that the application of information and communication technology (ICT) in the business environment creates two types of skills needs. The first deals with a variety of basic skills, such as the ability to communicate, analyze and solve problems. Other skills relate to technical components that go beyond the ICT sector to the overall economy (Mutula and Van Brakel, 2007).

According to the MENA report (2016), the platform business model is one of the biggest opportunities for digitally driven growth. This model enables organizations to create new markets and find value by bringing partners and customers together across common digital platforms. In many cases, platform players can enjoy robust growth without having to own or manage assets so as to help them develop at a low marginal cost. For example, businesses that use the platform business model are Amazon, Alibaba, Ebay (Product Market Place Platform), PayPal and Google Wallet (Payments Platform), Uber and Air BnB (Services Marketplace Platform), and many more. While in Indonesia, companies using platform business models are dominated by online transportation business companies (Gojek, GrabBike Indonesia and Uber), online travel and accommodation services business (Traveloka, Agoda, Tiket.com, Pegi-Pegi), and e-commerce (BukaLapak, Lazada, Tokopedia, BliBli, Shopee, etc.). Many startup businesses also use this platform business model.

Economic digitalization, such as e-commerce, is not without obstacles or problems (Congressional Documents and Publications, 2010). There are several important issues related to the digital

economy, such as privacy protection of consumer personal data, security in transactions and consumer protection. Regulations that prevent or eliminate barriers to physical movement of goods and services are not always as effective when applied to the trade in goods and services electronically (digital).

## 2.3 Sharing Economy and On-Demand Economy

The concept of online transportation is generally categorized as sharing economy. Forbes defines the sharing economy as peer to peer lending, leasing to others. According to Rosa (2016), sharing economy, also known as collaborative consumption, rust-economy or peer-to-peer economy, is based on the idea that individuals borrow, use and/or rent assets to each other (such as physical products, space and skills). The concept of sharing economy is based on the existence of high-value assets that are unused or under-utilized. The role of the digital technology platform here is to intermediate the process of sharing the underutilized assets and bring security and effectiveness in its operation to users or consumers. The development of sharing economy shows the result of changing the economic pattern of society and leads to the emergence of new business models.

Although most of the new sharing economy companies were established around 2010, it was around 2014 they began to gain market share and significant impacts on society. According to Stein (2015), there are at least 10,000 companies involved in sharing economy. Air BnB, a house-sharing

company is one of the forerunners of sharing economy, and Uber's online transportation company now has a value of approximately \$ 1.2 billion, making it one of the 150 largest corporations in the world (bigger than Delta or FedEx). Sharing economy allows anyone to be able to run their own taxi services, car rentals, hotels and restaurants, which brings many advantages.

Technological developments improve and create various services and new business models. New technologies, such as network services (internet), big data, mobile devices, independent data systems and effective microtransaction payment systems, and online reputation scoring (rating) systems, create trust among strangers (who don't know each other) to engage in sharing economy. These and other elements, has enabled the right environment to maintain the assured and growing sharing economy to date. Although the sharing economy is believed to be capable of successfully bringing business innovation and opening up new job opportunities, it also has some criticism, such as the distribution of unfair revenue commissions, the lack of workplace protection for workers in the work place and the vulnerability of workers working in sharing economy (Rogers, 2015). Another issue is the existence of sharing economy enables a company to not open an office or have assets in a country or a new territory that is certainly detrimental from the state's point of view.

The trending online transportation often categorized in the concept of this sharing economy. However, Rachel Botsman, one of the pioneers in this concept, defines further that sharing economy rents underutilized assets

owned by an individual directly to another individual. Whereas online transportation, in particular online ojek, is not included in that category, but rather to the category of on-demand economy, as the provider's function here is to deliver goods or services to customers. As a result, this concept of online transportation can not be referred as the concept of sharing economy and more precisely referred as an on-demand economy.

Trends in the number of independent workers currently increasing. This is not surprising because independent workers have a flexible lifestyle and work pattern, and have many opportunities to find more solid freelance jobs. The independent worker chooses not to become a permanent employee of a company or institution because of the conflict between his desire for social freedom and also to be financially secure.

The rapid growth of this independent workforce has driven the growth of an on-demand economy or gigs economy. The on-demand economy has recently paved the way for a wide range of innovative jobs available to provide timely and efficient service to the society. This means there is a constant need to hire quality workers in various service areas in a rapidly-responsive manner to meet continuous consumer demand. In the on-demand economy, the provider/company becomes the link between consumers who need services with independent workers who provide professional services to consumers in real-time (Rubin, 2016).

Still according to Rubin (2016), almost all types of on-demand economy services

use the business model platform. The various types of job platform offerings are so diverse: from platforms to online transportation jobs, freelance marketers, yoga instructor services, graphic design services, home appliance repair services, and more. It is possible that the number of independent workers who will switch to the on-demand platform will continue to grow because to work as a beginner, the process and requirements are very easy.

Anyone can access to this job as long as he/she has access to the internet, has a vehicle to reach consumers, and of course, has the ability and a strong desire to provide good customer service. Once accepted, independent workers have access to 24 hours a day for a week on

demand, and when demand is right at their fingertips, they can choose when to accept requests and how many requests to receive on a given day. Independent workers can utilize their services across multiple platforms to maximize their exposure and profits. Such a system is also applied to online transportation services.

The rise of the on-demand economy or gigs economy has brought a new way to live and earn money for independent workers. Statistics and surveys have shown that there is such a great and legal opportunity to gain a decent life by putting itself on many on-demand economy platforms. It also encourages the creativity and professionalism of the self-employed in providing services.

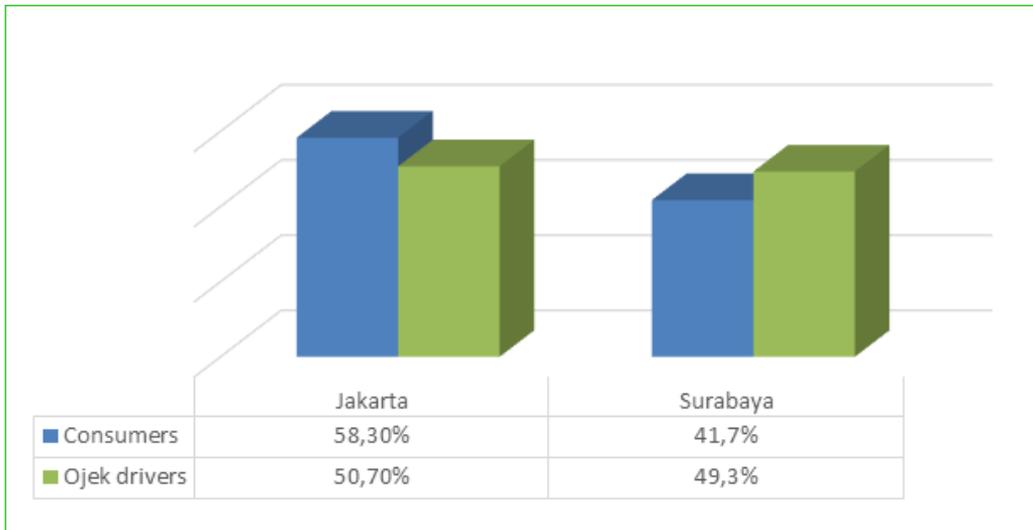
## Chapter 3

# RESPONDENT PROFILE

This research was conducted in two cities, there are DKI Jakarta and Surabaya. The distribution of respondents based on the study area is quite comparable in number - can be seen in the graph below. Respondents in this study consisted of 309 consumers and 213 ojek drivers (motorcycle taxi). For respondents who are consumers/motorcycle users, 58.3% are in Jakarta and 41.7% in Surabaya. Respondents of drivers is 50.7% in Jakarta and 49.3% in Surabaya.



Graph 1 The City of Respondens Residence

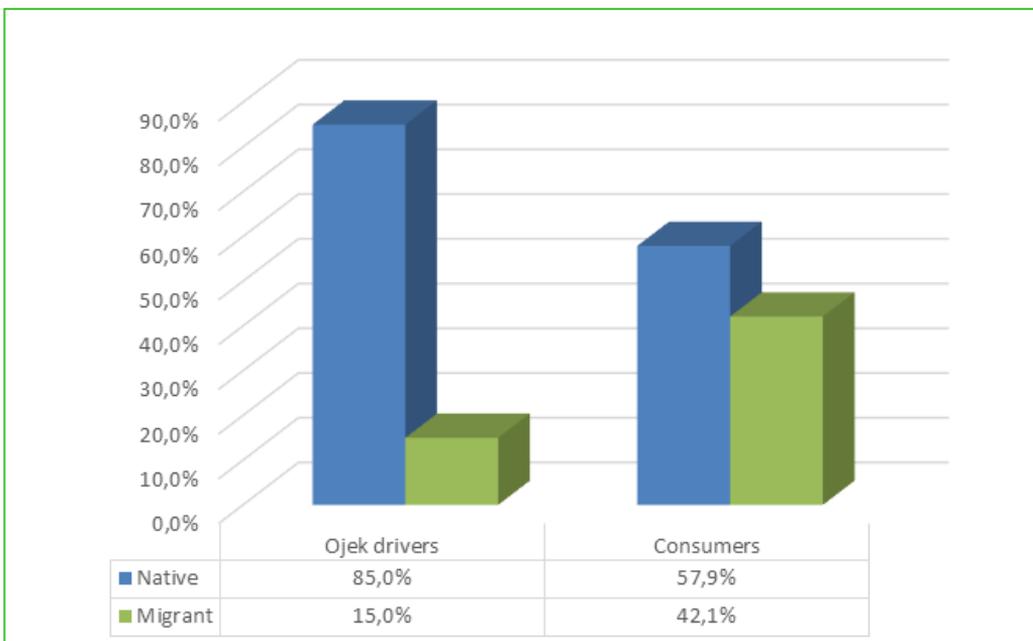


Source: research findings

In addition, based on the status of residence, both consumers and drivers, 85% of drivers are native cities and 15% are migrants (graph can be seen below). Meanwhile, the driver owns 57.9% of

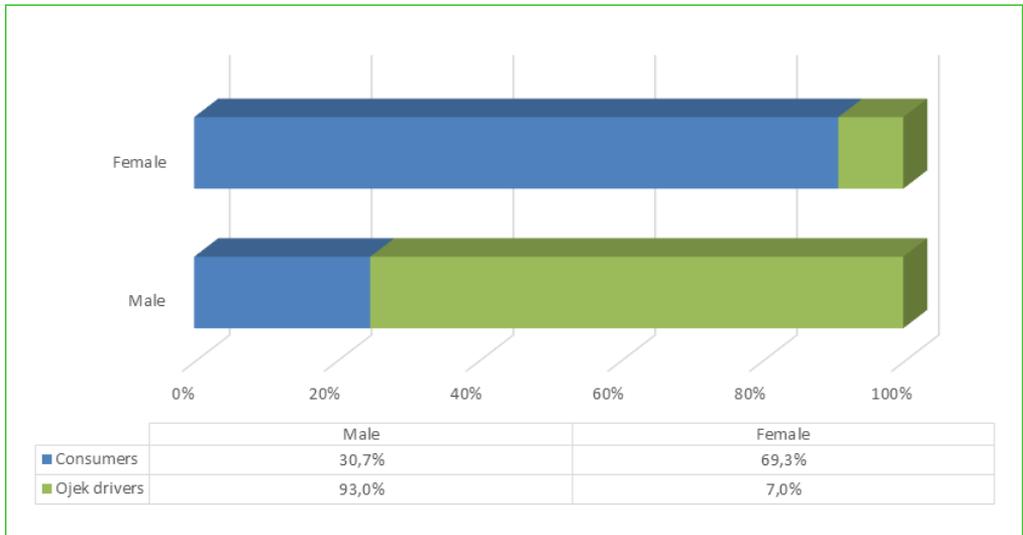
the population and 42.1% are migrants. People who are migrants are residents who mobilizing to Jakarta or Surabaya from the surrounding cities.

Graph 2 Status of Residence



Source: research findings

Graph 3 Respondents by Gender

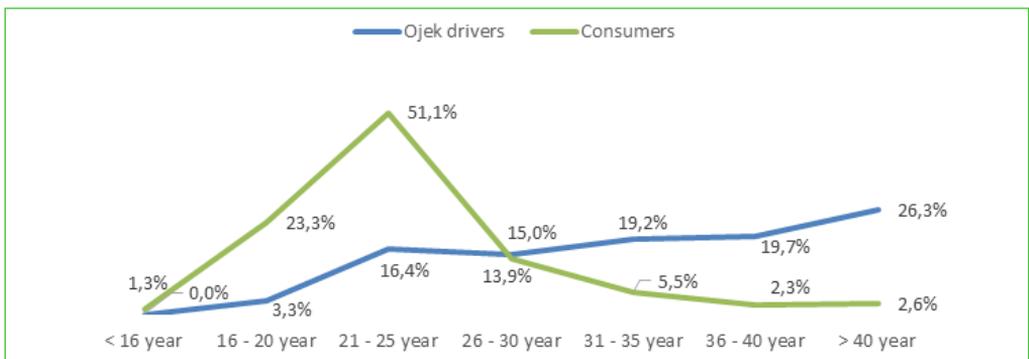


Source: research findings

Graphs for the distribution of respondents by sex can be seen above. For consumers dominated by women 69.3% and 30.7% of men. Meanwhile, for drivers dominated by men 93% and 7%

by female drivers. Based on the data shows that the work as a ojek driver is also in demand by women, the driver is entirely an ojek online drivers.

Graph 4 Respondents by Age

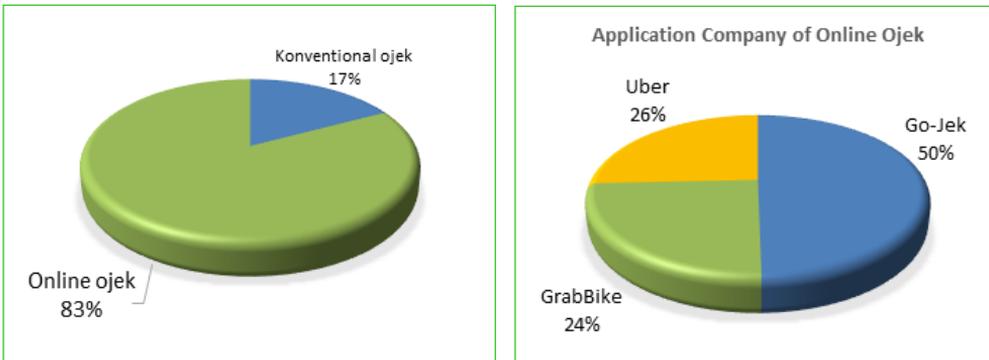


Source: research findings

Viewed in the graph above, the most age for driver, the age range >40 years of 26.3%, while for the largest consumers age range in the 21-25 year of 51.1%. In addition, the age of the youngest driver,

between 16 - 20 years of 3.3%, while for the youngest consumers in the range <16 years of 1.3%.

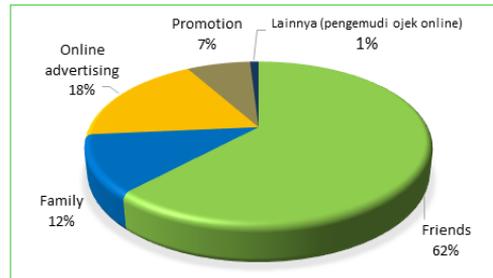
Graph 5 Classification Respondents (ojek drivers)



Source: research findings

Based on the graph above of 213 respondents, 83% (176) of respondents are online ojek and 17% (37) are traditional ojek. Respondents online ojek itself consists of several enterprise applications with proportions, which amounted to 50% joined the Go-Jek company, 24% in the GrabBike company and by 26% in Uber. From the results of field findings, it is known not infrequently from the online motorcycle taxi drivers are also joined in two companies at once, such as Go-Jek and GrabBike applications. In addition, it is known as much as 7 ojek online drivers are also traditional ojek.

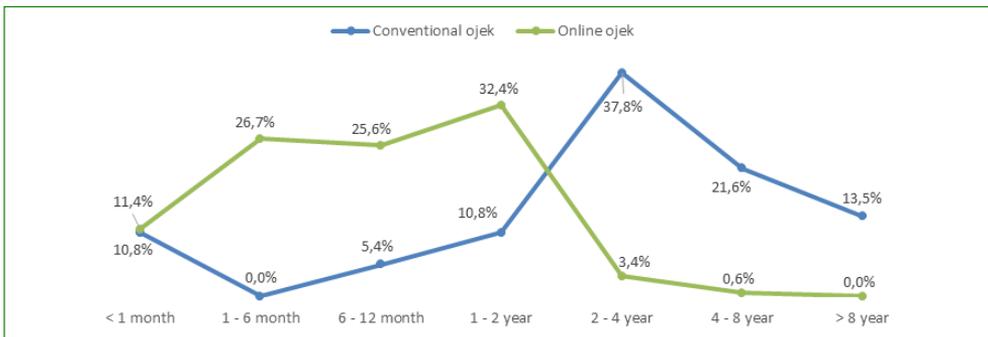
Graph 6 Information Source Become an Online Ojek



Source: research findings

The graph above explains the origins of information related to online ojek opportunities. About 62% of online ojek drivers get information from friends, 18% from online advertising, 12% from siblings or family, 7% from promotions or events, and another 1% from online ojek drivers.

Graph 7 Long worked as an ojek driver



Source: research findings

Of all respondents note that the online ojek drivers at most have been working for 2-4 years are 37.8%. In fact, there are already working more than 8 years are 13.5%. That if related with its history, the profession of work as an ojek already

existed since the 1960s. Meanwhile, for online ojek itself at most between 1 - 2 years, which amounted to 32.4%, but there are also drivers who claimed to have worked of 4-8 years since the online ojek start is 0.6%.

Picture 1 Online Ojek in the Middle of the Capital Street Congestion

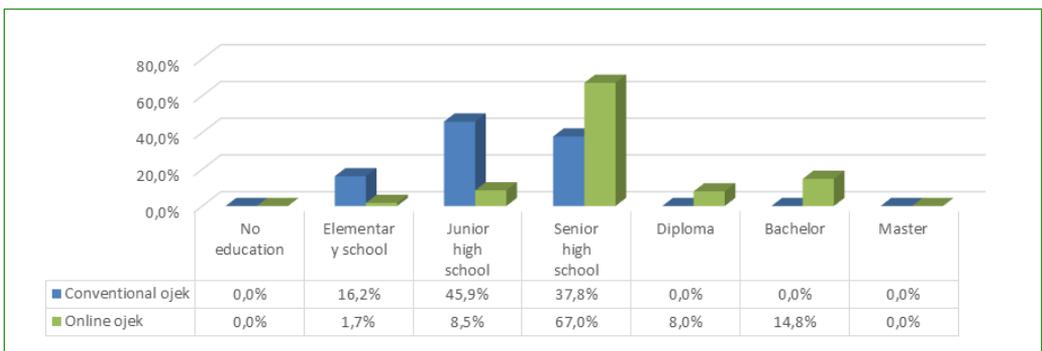


Source: research documentation

Among of high unemployment rates, both in Jakarta and Surabaya, the existence of an online ojek provides a glimmer of hope in the form of employment. Employment is certainly siding, especially for people who are

less educated or for those who just graduated from high school because the registration online ojek does not need to have a college or diploma certificate. Here is the level of education of ojek drivers:

Graph 8 Education Level Ojek Drivers



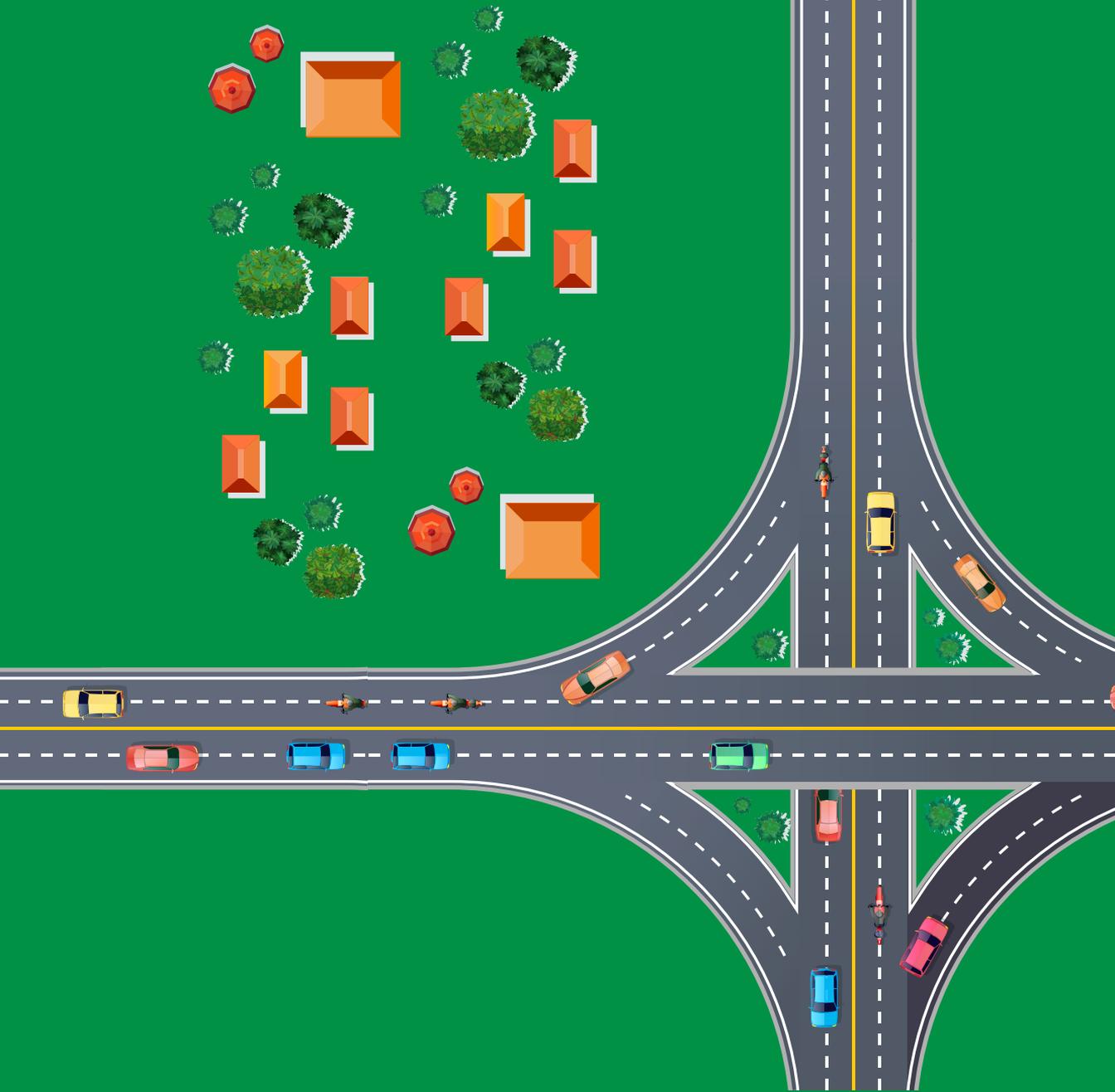
Source: research findings

The level of education of the largest traditional drivers is junior high school graduates, which amounted to 45.9%. Meanwhile, for the most online drivers is senior high school, which is equal to 67%. Based on the data it is seen that the

average level of ojek driver's education is quite low which is also influenced by the requirements of online ojek drivers who do not require certain educational qualifications.

Chapter 4

# OVERVIEW OF TRANSPORTATION IN INDONESIA



## 4.1 The Condition and Problems of Transportation in Indonesia

Indonesia's geographical condition is an archipelago that allows transport by land, sea and air to reach the whole region. With these geographical characteristics, Indonesia certainly has a means of transportation that interconnect with each other. These conditions make the transportation system plays an important role in supporting the development of a region. Nowadays, there is an increasing need for transportation services for the mobility of people and goods from and to all corners of the region.

Mobility is often seen simply as a way of moving between different places. In general, mobility is defined as the movement of people and goods (Litman, 2011). This includes the amount of movement of people and goods by the distance and transportation used. From that sense, mobility becomes an important aspect for society and should be affordable to everyone, especially in the transportation sector. A good transportation policy is expected to serve the needs of the community in improving public space (FES, 2017). When public spaces are connected from one place to another, the availability of interconnected and accessible transport is necessary.

Mobility of the population commuting in major cities of Indonesia also affects the current transportation conditions. Commuting is the movement of people back and forth on the way to the center of activity and return when the activity has been completed to home. Continuous movement like this

then leads to a significant level. The statement was reinforced by Center for Statistics Bureau (Badan Pusat Statistik, BPS) data of 2014 on Jakarta's Commuters which shows that commuter level from Bodetabek (Bogor, Depok, Tangerang and Bekasi) with activities in Jakarta reached 1,382,296 people and commuters from Jakarta with activities outside Jakarta reached 255,986 people. The projection of Jakarta's population at night in 2014 reached 10,075,310 people, and the number of Jakarta's day population reached 11,201,620 people. Jakarta residents themselves commute with main activities of work (85.47%) and schools (14.28%), while the people of Bodetabek also have the main activities similar to each percentage of 79.28% and 20.68% (BPS, 2014).

Based on the research conducted by Kompas, as many as 2.4 million people at least spend as much as 30 minutes on the road in a day. Some even spend more than 2 hours one way. This is because 69.7% of them use private vehicles. As many as 73% of commuter homes away from work (Kompas Research and Development, 2017). Of course the numbers are indeed quite large, considering other supporting data on the percentage of population based on residence and commuting status and the modes of transportation used are quite complex. The table below briefly shows data on population by residence and commuting status:

Table 3 Number of Population Aged 5 Years and Above by Domicile and Status of Commuter, 2014

Domicile	Commuter		Non Commuter		Population	
	Number	(%)	Number	(%)	Number	(%)
DKI Jakarta	1,303,441	14.09	7,945,172	85.91	9,248,613	100.00
Bodetabek	2,262,737	11.97	16,635,882	88.03	18,898,617	100.00
Jabodetabek	3,566,178	12.67	24,581,054	88.03	28,147,232	100.00

Source: BPS, 2014

There are many reasons why residents outside Jakarta commute to Jakarta. Activity-oriented residents in big cities prefer commuter movements because they prefer to live in the suburbs due to the more affordable land prices than near the activity center. The development of supporting facilities in the suburbs like shopping centers, hospitals, and others increasingly make the population migrate to the periphery. In addition, the more complete infrastructure in the periphery, such as tolls and commuter trains, becomes one of the considerations. Another consideration is the level of practicality and cost-saving

transportation for users of motor vehicles (Kompas Research and Development, 2016). These reasons are the background to why the mobility of commuters is very high in Jakarta as stated above.

Based on these conditions, commuters' mobility would affect the number of motor vehicles. In general, the growth in the number of motor vehicles also climbed significantly from year to year. It is evidenced as shown by table on the growth of the number of motorcycles specifically in Jakarta and Surabaya City below:

Table 4 Number of Registered Motorcycles in Jakarta and Surabaya from 2011 to 2015

Year	Jakarta	Surabaya	Indonesia
2011	9.861.451	1.274.660	68.839.341
2012	10.825.937	1.402.190	76.381.183
2013	11.949.280	1.482.115	84.732.652
2014	13.084.327	1.566.595	92.976.240
2015	13.980.000	1.655.891	98.881.267

Source: BPS, 2015

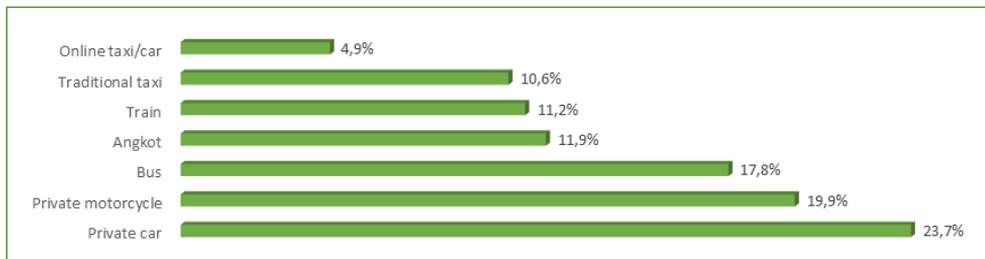
In general, the table shows that the growth of motorcycle ownership in both areas is quite high. There are several reasons why motorcycle ownership in the two cities is quite high. In addition to the level of relatively easy mobility,

another reason significant enough to affect is the ease of motorcycle credit with a fairly affordable cost. Many leasing companies are competing to market motorcycles with low down payment and quite easily ownership process (BPS

Jakarta, 2015). As a result, the current number of motorcycles outnumbered the total residents in Jakarta, a city with population of 10,075,310 inhabitants. Meanwhile, in Surabaya, the number of motorcycles is still below the number of population that reached 2,848,583 (BPS, 2015).

In general, the high number of private vehicle ownership shows that the pattern of public consumption of motor vehicles is very high. The statement is supported by survey to ojek consumers on vehicles that are often used daily for mobility as shown by the graph below:

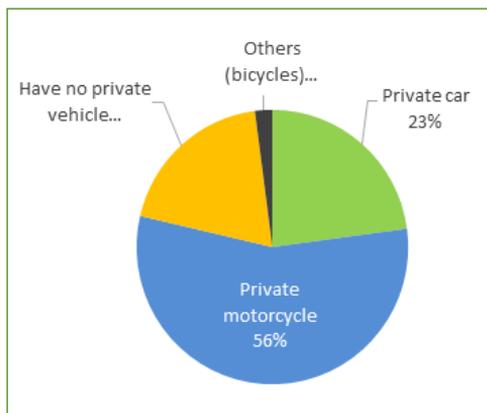
Graph 9 Motor Vehicle Used Everyday (consumers)



Source: research findings

The graph above directly shows that the public still use many private motorcycles for mobility. With a percentage of 23.7%, it is enough to indicate that private vehicle ownership is still quite high, especially for motorcycles. Further, the following graph reinforces the previous statement regarding the ownership of private vehicles gained from the research respondents (consumers):

Graph 10 Ownership of Personal Vehicles (consumers)

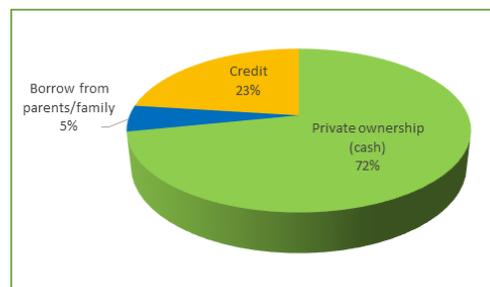


Source: research finding

From data collected on respondents' mobility other than using motorcycles and public transportation, 56% (172) people own private motorcycles, 23% (71) own private cars, 2% (6) have bicycles. Meanwhile, 19% (60) of respondents do not have a vehicle. The graph adequately illustrates that motor vehicle ownership is a common sight in large cities with high mobility, such as Jakarta.

This research also seek out the ownership of motor vehicle from ojek drivers either online or conventional as follows:

Graph 11 Ownership of Motorcycle (Research Respondents: Ojek Drivers)



Source: research finding

As many as 72% use their own private motorcycles, and 23% of respondents admitted that the motor they are using is still in credit status. This shows that the credit system has a tendency to influence people's choice to own a private motorcycle. The number of installments they paid is between Rp. 600,000 - Rp. 4,000,000 per month and taken from the leasing company or their immediate family.

With a fairly high level of motorcycle ownership, there are significant changes in transportation trends in Indonesia. Seeing these opportunities, the use of motorcycles are widely diverted to online ojek service. The transition of private motorcycles into two-wheeled public transportation is considered to be a solution for urban transportation problems. Although the presence of motorcycles in Indonesia has existed since decades ago, rapid technological developments resulted in innovations in the field of application-based transportation. With this influence, online ojek trend becomes intense and a promising alternative transportation option.

The level of motor vehicles ownership has logical consequences for the number of accidents on the public road. The number of accidents caused by motor vehicles in Indonesia in general is still quite high, in 2016 the death toll was up to 25,859 people and caused losses of up to Rp. 226,416 million (One Data Indonesia, 2016).

From the table below, it can be seen the highest number of accidents is the type of motorcycle vehicle, both in Jakarta and Surabaya. In Jakarta, the number of motorcycle accident victims reached 55.2% and Surabaya was 74.8%. The number of accidents that occurred in the last two years shows that transportation problem is a serious problem and need to get the main attention. This is because transportation is closely related to people and society as service users or consumers so that the need for decent public transportation becomes a priority. Of course, it is related to the condition in major cities in Indonesia that do not yet have a convenient transportation system so it pushes people to own private motor vehicles.

Table 5 Number of Traffic Accidents by Type of Vehicle Year 2015

Type of vehicle	Jakarta	%	Surabaya	%
Kopaja (type of non-AC bus)	48	0.8%	-	-
Bus	234	4.0%	7	0.4%
Metro Mini (type of non-AC bus)	52	0.9%	-	-
Mikroler (small non-AC mini bus public transport)	49	0.8%	-	-
Taxi	151	2.6%	-	-
KJ IV	6	0.1%	-	-

Omprengan (small non-AC mini bus public transport)	23	0.4%	-	-
Truck	463	7.9%	45	2.8%
Pick up	292	5.0%	70	4.4%
Mini bus	943	16.1%	-	
Saloon car	243	4.2%	24	1.5%
Jeep	47	0.8%	24	1.5%
Motorcycle	3.231	55.2%	1.187	74.8%
Bicycle	70	1.2%	19	1.2%
Cold Station	-		198	12.5%
<i>Becak</i> (pedicab)	-		13	0.8%
<b>Total</b>	<b>5.852</b>	<b>100%</b>	<b>1.587</b>	<b>100%</b>

Source: research finding from BPS Jakarta, 2015 and BPS Surabaya, 2016

## 4.2 Development of Ojek in Indonesia and Online Transportation Innovation

It is estimated that the existence of ojek starting from the city of Jakarta has existed since tens of years ago, precisely at the end of the 1980s during the rampant Jakarta government policies related to the service of *becak* (pedicab). At first, everyone's daily routine was provided by *becak* to transport from home to the public road. Although initially the use of ojek is estimated to have existed for the first time around 1969-1970 in Central Java and Jakarta, their existence was considered official in 1980 to coincide with the policies of the Jakarta government to wipe out the use of *becak* services in the capital city. The number of ojek increased massively during the economic crisis in the 1997-1999 period. Many workers who experienced layoffs invested their severance to buy a motorcycle and change their profession to an ojek driver.

The emergence of ojek in Central Java had another story. In small rural areas of Central Java many people offered the services of transporting people. The reason was the often damaged main roads and so it was hard to pass by car. People responded well to the service. The reason to use ojek service is because of the much cheaper cost than hiring a driver or refuel the car (Beritaterbaru, 2015).

Ojek is an informal public transportation in Indonesia in the form of motorcycle or bicycle, especially motorcycle. It is categorized as informal because its existence is not recognized by the government and there is no legal permission to operate it. Passengers are usually one person but sometimes can be both. The price is determined by bargaining with the driver, then the driver will deliver to the desired destination passengers. Ojek can also be found in several other countries outside Indonesia, including India, Thailand

and the United Kingdom. In contrast to Indonesia, some ojek services in these countries exist as an official public transportation service.

Ojek is widely used by residents of big cities, for example in Jakarta. It has advantages compare to other transportation which is faster and can pass through the city congestion. In addition, ojek can also reach areas with narrow alleys and difficult to pass by car. They usually hung out at a busy intersection or in the entrance road to residents areas. With these conditions, ojek greatly facilitates the mobility of the population.

Bicycle ojek are rarely found. Although in Jakarta this type of ojek existed first, circa the year 60-70s, bicycle ojek is not much developed and even more eroded with other transportation innovations, such as online ojek. However, in the surrounding Jakarta Kota and Tanjung Priok, there are still many bicycle ojek operating up to now, although only short distance and mostly used for tourism purposes.

With the increasing interest of people toward ojek, the transportation service providers are growing. Nowadays we do not have to reach them in the bases only but they can be reached online by utilizing application technology. In Indonesia many ojek online emerge and enjoy rising popularity along with the success stories of the drivers. Income above the average as well as the minimum of necessary capital, have made many people register to be an online ojek driver. While at the service provider level, a number of start-ups are also competing to make their application fulfill the market preference with various advantages of each.



Picture 2 Base of Conventional Ojek in One Area in Surabaya

Source: research documentation

### Case box 1 The idea of an obsession with new trends

In mid 2015 agate (gemstones) is very popular, but it turned out to had a setback and able to be exceeded by Go-Jek. Here's the review:

The agate trend was similar to the previous trend of togel (gambling with numbers). This had drawn much interest among men. There are two 'belief' concepts in Surabaya society: nerimo (receiving what comes), and flow (taken altogether). In Dinoyo (Surabaya) they say 'agate' functions as a 'social stress escape', 'stress medicine'.

Almost the same as smoking, the existence of agate is able to distract them while they are experiencing difficulties such as hunger, debt, poverty, and others. Like togel, when a man wakes up from his dream then he searches for his number. Like an agate, a person wakes up immediately to polish the stone. It was the impact of SBY's idea when he promoted agate and gave Obama a bacan stone. Plus Jokowi promoted it in a campaign that he will build stone edge as a creative industry. However, Go-Jek took over this trend.

The agate trend also occur in Go-Jek: when they wake up they immediately check the phone. There is something interesting here, about how to focus one's energy especially for the economy. In the early days of Go-Jek, men were very enthusiastic: talking about the money they made, how smart and fast they were in smartphone apps, responding to customer orders, mastering customer service, navigating the city, juggling different forms of work, etc.

Basically, the main reason for the innovation is providing the low-income society an activity to do that certainly generates revenue and simultaneously solves some traffic problems. In this case, Go-Jek also gave encouragement to the people employed to help alleviate the famous national problems: traffic congestion and infrastructure bottlenecks.

**Robbie (Lecturer at University of Sydney, 2017)**

*Source: research finding*

This phenomenon has also directly changed the image of ojek that have been existed in the community. Ojek is no longer seen as a lowly job but has been transformed into a promising profession. Originally online ojek service in Indonesia was spearheaded by Go-Jek and GrabBikebike, then appeared various other online ojek services, such as Uber, BluJek, LadyJek, TransJek, Wheel

Line, BangJek to Ojek Syar'i. Each of these online ojek services offers unique and different services including advantages in terms of rates and other facilities.

To support the statement of the advantages of each service, below is a comparison table of online ojek services that are developed in Indonesia:

Table 6 Comparison of Online Ojek available in Indonesia

Service type	Explanation
Go-Jek	<p>Established in 2010, the company is originated from Indonesia. Officially operates in 25 major cities in Indonesia, including Medan, Batam, Palembang, Pekanbaru, Jambi, Padang, Bandar Lampung, Jabodetabek, Bandung, Sukabumi, Yogyakarta, Semarang, Solo, Surabaya, Gresik, Malang, Sidoarjo, Balikpapan, Samarinda, Pontianak, Banjarmasin, Manado, Makassar, Denpasar, Mataram with development plans in other cities in the coming year.</p> <p>Services provided: Go Car, Go-Send, Go-Food, Go-Mart, Go-Box, Go-Clean (services cleaners), Go-Glam (beauty services) and Go-Massage (massage services). Gojek provides a minimum rate of IDR 4,000, rush hour (04: 00–07: 00 pm) Rp 4,000 for first 1-2 km, next Rp 2,000 / km - outside Rush Hour Rp 4,000 for 1-2, 7 km next next Rp 1,500 / km Outside Jabodetabek: distance 1-4 km Rp 8,000, more than &gt; 4km Rp 2,000 / km</p>
GrabBike (GrabBike)	<p>Established in 2012 in Indonesia, origin of Malaysian company. Services provided: GrabBikeCar, GrabBikeExpress, GrabBikeTaxi and GrabBikefood. Minimum tariff rush hour: Rp 10,000, normal hour Rp 5,000, distance 0 - 12 Km first Rp 1,500 / Km and distance 12 km next Rp 2,500 / km.</p>
Uber (Uber Motor)	<p>Established in 2014, originated from a San Francisco company. Services provided: In addition to Uber Motor service also available Uber X (car) and Uber Black (premium car). calculation based on combination of distance and time with minimum tariff Rp 1,000 / km. Time: Rp 100 / minute.</p>
LadyJek	<p>Established in 2015, origin of Indonesian company. For rates LadyJek imposed the first 6 km tariff of Rp 25,000 and Rp 4,000 / Km afterwards.</p>
Ojek Syar'i (Ojesy)	<p>Established 2015 in Indonesia. Areas of coverage include Surabaya, Sidoarjo and Malang. The first 5 km ojek service costs Rp 20,000, then Rp 3,000 / km. Courier service Rp 15,000 for the first 5 km, and IDR 3.000 / km afterwards</p>
Wheel line	<p>Shopping and package courier with Honda Scoopy, its operational area in West Jakarta. Rates are calculated by zone of every 3 km. Start from Rp 30,000 to Rp 120,000.</p>
Teknojek	<p>Established in 2015, the service provides T-Drop for goods, T-Jek for ojek order, T-Food for culinary order and T-Shop for shopping in mini market. The first 8 km minimum Rp 1,250 / km and Rp 2,500 / km afterwards.</p>

Transjek	A company established in Jakarta in 2012. The first km Rp 4,000 and Rp 3,000/km afterwards.
Bangjek	Established in 2015. The first km Rp 4,000 and Rp 3,4/m.

Source: research finding from various sources

Of the various ojek service providers mentioned above, there are three major application providers, namely Go-Jek, GrabBike and Uber. Generally, the public only need to install applications that have been provided by an online ojek company to use the service. Then, by selecting the menu available, we can see the ojek drivers available around where we are. That way, we can be directly positioned with the nearest ojek driver so

they can quickly pick us up. Then, we just enter the destination address and soon will appear tariffs to be paid by users based on the distance of kilometers. In addition to the means of transportation, we can use online ojek for the purpose of buying food or deliver our goods somewhere. Some ojek applications even offer goods shopping services, ticket purchases, on-call automotive repair services, and others.

“ Not just an online ojek, Grab online vehicle application emerged because of transportation problems in the city. Particularly, the problem of time estimation, because people never know when they will be able get the vehicle. So, the existence of this application is made so that people know where is the position of our vehicle and know the time estimation to where we want to go, and know how much it costs.  
(FN, Company Staff of GrabBike, March 2017)

With a fairly diverse service, the trend of the number of users of these applications is very high. The Go-Jek app itself has been downloaded as many as 15 million users and GrabBike has been downloaded by 10 million users until September 2017. Furthermore, the number of driver partners joining Go-Jek reaches 300,000 in 50 cities in Indonesia (Kumparan, 2017). With such large numbers, Go-Jek temporarily stops the recruitment of drivers. Meanwhile, its closest competitor, GrabBike Bike has 8,000 drivers. Blue-Jek that comes later has 1,000 drivers. While LadyJek who has a special market segment for women has 800 drivers.

Currently the profession as an online ojek driver is very tempting. In some news, there are mentioning the income of an online ojek driver can reach hundreds of thousands rupiah, even if diligent, they can reach one million rupiah per day. This opportunity is certainly very promising for many people and make the job very popular. Of course in addition to financial factors, there are also several reasons that make someone prefer to become an online ojek driver than their previous work. These reasons include time freedom, work rhythm and better stress management. These reasons are influenced by target-based work system with income and effort that can be independently managed. The following interview result corroborate the statement:

“ First, the time is flexible because well, you know, [I am] a student who needs extra income so [I] need a flexible time as a sideline while studying. Second, the income can be good. Third, job as a driver means no one tells us what to do, there is no boss because we are partner with the company and more flexible.

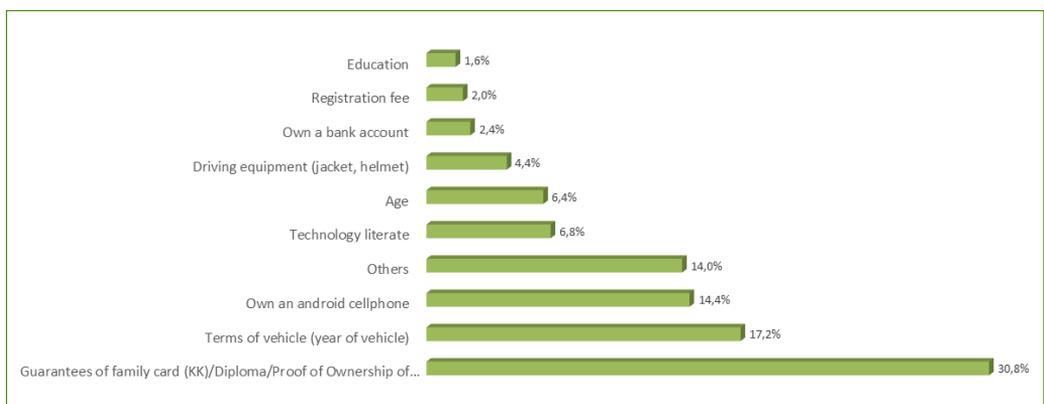
*(ADP, Go-Jek, March 2017)*

However, the presence of an online ojek turned out to create new problems. In addition to the growing congestion problem of the capital city with the number of ojek on the sides of the road, online ojek also cause horizontal conflicts among the drivers of transportation. One that arises is when the conventional ojek at the base often protests and even triggers conflict that lead to violence. Not only with fellow ojek drivers, but also they often argued with other drivers of public transport and other types of transportation. The presence of an online ojek is considered to lower their income. For example, information obtained from *becak* drivers found in Tunjungan Plaza,

Surabaya, stated that their daily income decreased from Rp 100,000 / day to Rp 50,000 / day after online ojek appears. The same thing is also experienced by taxi drivers who claim a decrease in their revenues by 60% from 2015–2016 when Go-Jek and Uber began in Surabaya. Average earnings decreased from 6 million to 4 - 3.5 million per month.

The online ojek drivers also encountered various obstacles, such as at the time of registration for online ojek. Although popular, ojek drivers also have difficulties in registering on the service platform provided:

*Graph 12 The Incriminating Conditions When Registering Online Ojek*



*Source: research finding*

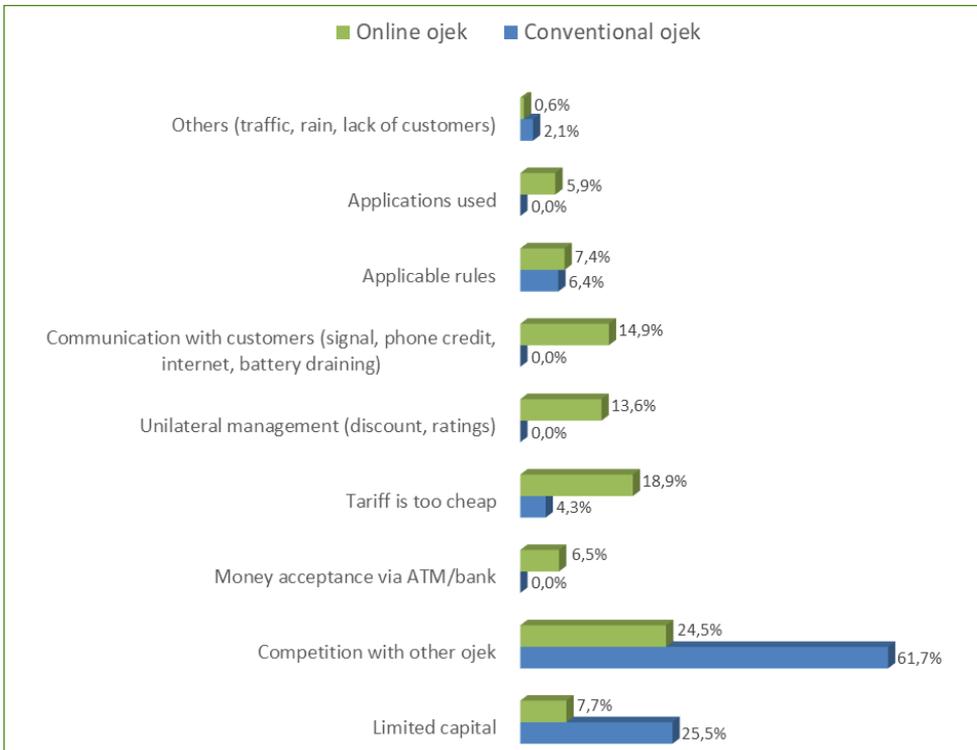
The most incriminating terms when registering as a driver of online ojek is shown by 30.8% respondents objected to provide guarantees in the form of family card (KK)/Diploma/Proof of Ownership of Motor Vehicles (BPKB). Such guarantees may only be taken

when the ojek driver resigns from the company or no longer cooperate with the application company. As many as 17.2% find it difficult with the terms of their motor vehicle, i.e the year of the vehicle, while 14.4% feel difficult because they are required to have an android cellphone.

In addition, the problems are not only the conflict or registration requirements often experienced by the ojek drivers both online and conventional (bases).

Below is a table about the difficulties experienced by both of them in carrying out their work:

Graph 13 Difficulties Experienced During Working as an Ojek Driver



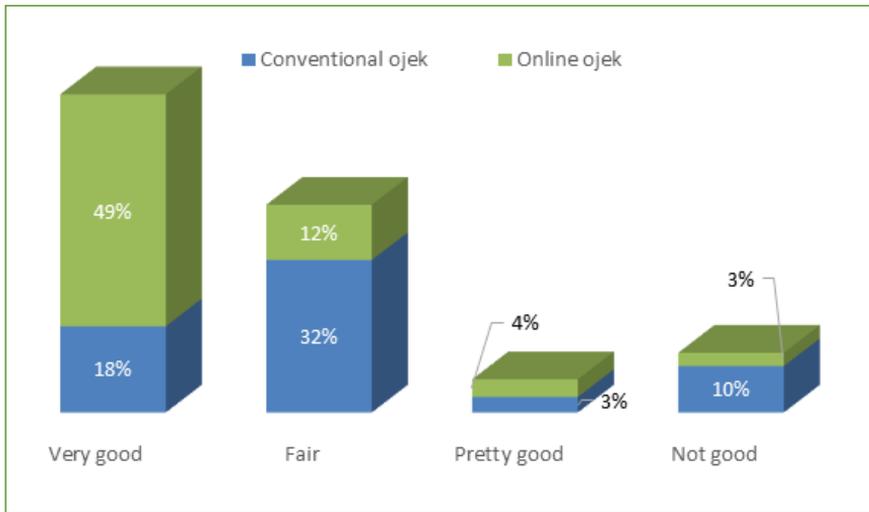
Source: research finding

The graph above explains the various difficulties of online ojek drivers and conventional ojek drivers. As many as 61.7% of conventional ojek have difficulty to compete with other ojek. Then, 25.5% of conventional ojek feel they have limited capital, such as the purchase of minimum balances. In addition, 6.4% of the conventional ojek drivers feel that the rules at the base are very burdensome. Meanwhile, for online ojek, 24.5% of them feel there is a competition with other ojek. Then, as many as 18.9% of online ojek drivers consider their rates too cheap, 14.9% of online ojek drivers feel

that there are barriers to communicate with customers (signal, phone credit, internet). Another considerable percentage of 13.6% consider the issue of unilateral management on discounts and ratings.

Based on the problems above, it appears that competition with other ojek is still quite high, both on online or conventional ojek. Furthermore, this research seeks perception of ojek drivers towards the relationship among ojek drivers. Here's a chart about relationship among fellow ojek drivers:

Graph 14 Relationship among Ojek Drivers

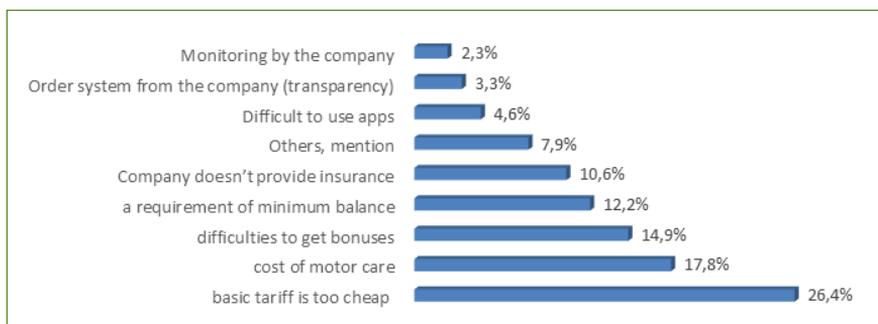


Source: research finding

From the above graph, 49% of online ojek drivers feel the relationship with other ojek is very good. There are only 3% of online ojek drivers who feel that the relationship is not good, such is also expressed by the conventional ojek drivers. As much as 36% of the conventional ojek drivers feel they have good relationships with other drivers and

there are 10% who feel the relationship with other ojek drivers is not good. This suggests that in general, the relationship between groups of ojek drivers does not experience significant problems because they share the same experience and situation that leads to solidarity and good bonding.

Graph 15 Particular Difficulties After Becoming an Online Ojek Driver



Source: research finding

Furthermore, there are particular difficulties faced by online ojek drivers. In general, they often have difficulty with regard to day-to-day technical operations. As many as 26.4% of online ojek drivers feel that the basic tariff

is too cheap that it disadvantages them. Moreover, as much as 17.8% of them consider the cost of motor care incriminating. The maintenance cost must be borne personally by the online ojek driver. With another significant

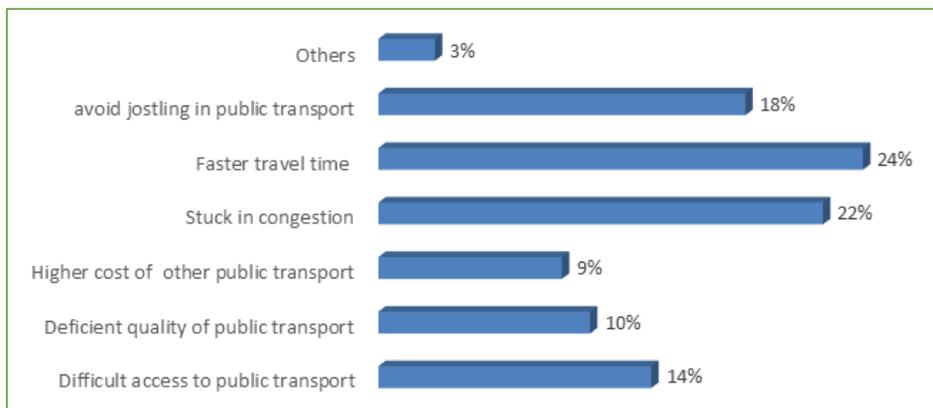
percentage, 14.9% assume that they have difficulties to get bonuses to supplement their income, and, the other 12.2% find a requirement of minimum balance in their account is difficult to keep.

### 4.3 Public Perception towards Online Ojek

Nowadays people in big cities are infatuated by online ojek. Jakarta, Surabaya, Yogyakarta, Denpasar, and Bandung are among those. In addition

to better service from conventional ojek, qualified technological support and price transparency making online ojek much in demand by urban communities who deal with daily congestion. The increasingly crowded road, especially during office hours or holidays, making online ojek an alternative choice of urban public transport to escape the traffic jam. Various layers of society can use it very easily, ranging from school kids to college students, employees, and others.

Graph 16 Reasons for Choosing an Online Ojek Compared to Public Transport

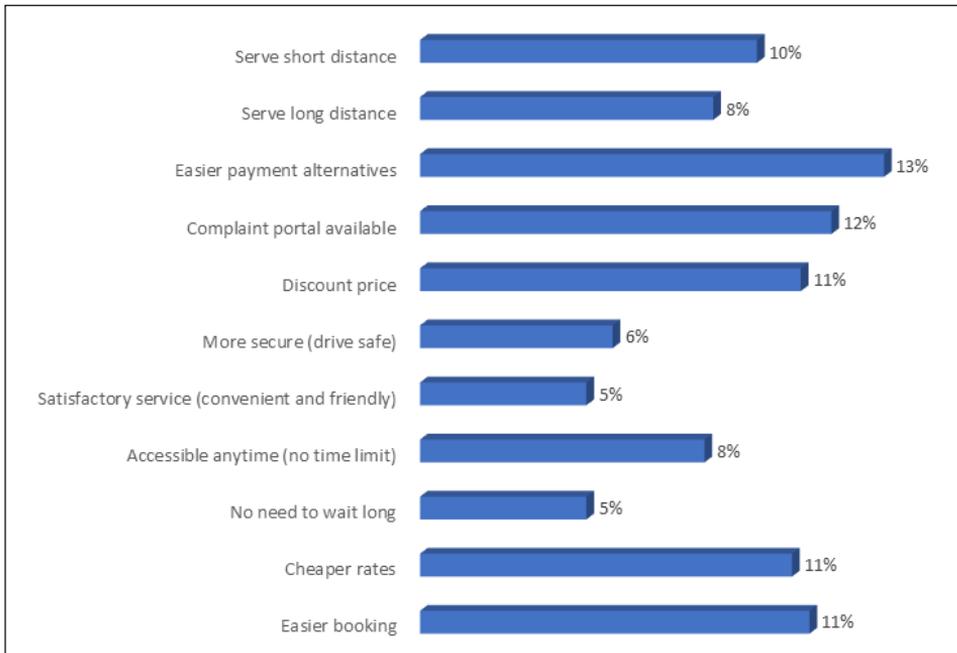


Source: research finding

The graph above illustrates the reason why users choose an online ojek over other transportation. Based on the survey result to consumers, 24% of respondents use ojek because the travel time is considered faster, 22% of respondents choose it because of congestion, and 18.2% due to avoid jostling in public transport. Based on the above reasons, the presence of online ojek becomes a promising alternative solution for users, especially in urban areas with the complexity of transportation problems.

In addition to the lack of proper availability of public vehicles, respondents were also asked about their reasons to use an online ojek as a means of transportation compared to conventional ojek.

Graph 17 Reasons to Use an Online Ojek Compared to a Conventional Ojek

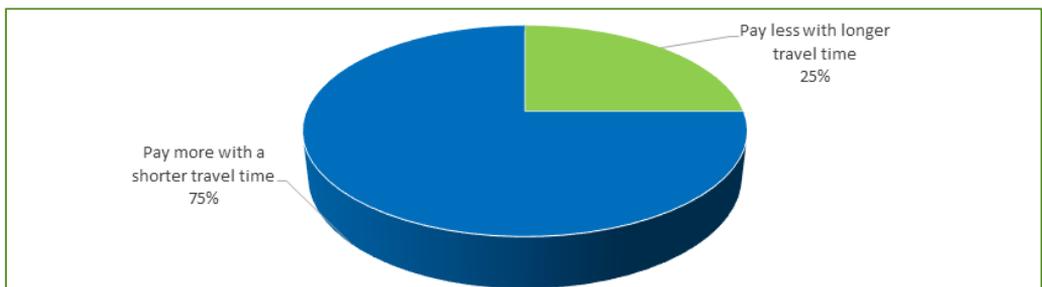


Source: research finding

The graph above illustrates the considerations to choose online ojek as the main transportation option. The highest, 13% of respondents prefer to use online ojek because there are easier payment alternatives, such as go-pay, grab-pay or credit card. Furthermore, 12% of respondents answered because there is a complaint portal that makes it easier for them to communicate with the company about the services used.

In addition, 11% of respondents choose online ojek because there are discount prices, cheaper rates and easier booking. When compared in terms of price to do mobility by public transport, 75% of respondents choose to pay more expensive with a shorter time and by 25% others tend to choose to pay less with longer travel time. The chart below reinforces the statement.

Graph 18 Options About Price and Time

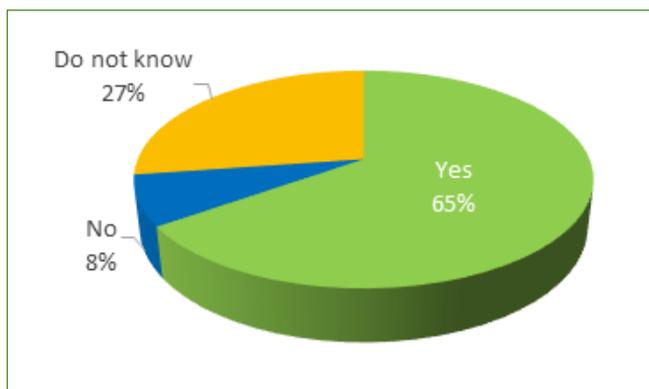


Source: research finding

The graph above shows that price is not a priority in considering the selection of the type of transportation used by urban communities. The public is willing to pay more as long as they can take a shorter time. This is influenced by the traffic road condition and the lack of available other public vehicles to address the time travel issue. Congestion brings huge impact on productivity and other opportunities. When we spend more time on the streets that will be many opportunity loss.

Nevertheless, public interest to use public transport is still quite high with a record of proper availability of public transportation, both in terms of quantity and quality of service. The statement is reinforced by the graph below which shows that 65% of respondents who are consumers will switch to public transport with the aforementioned condition. Meanwhile, 27% of respondents answered they do not know and by 8% others do not want to switch.

Graph 19 Public Interest to Switch to Public Transportation If Public Transport Is Well



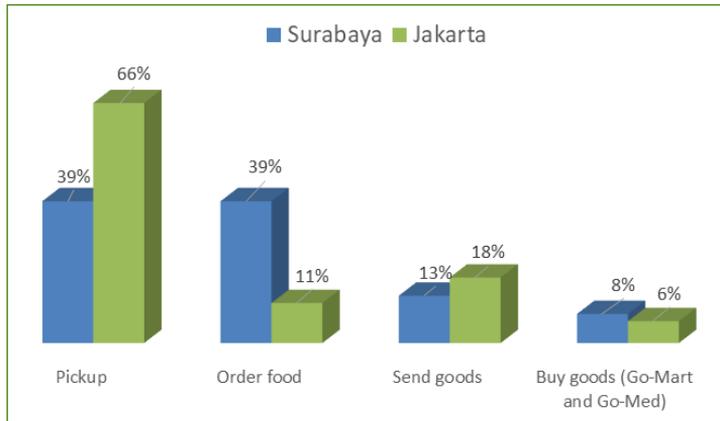
Source: research finding

Another sophistication that makes an online ojek a choice is the availability of other services in addition to the people pickup service. Online ojek, especially Go-Jek, has food delivery (Go-Food), package courier (Go-Send), shopping courier (Go-Mart), big size packages courier (Go-Box), house cleaning (Go-Clean), massage (Go-Massage), beauty (Go-Glam), and Busway location detector (Go-Busway). This diversity of features is arguably makes other online ojek services difficult to compete with. For example, GrabBike, which is the closest competitor of Go-Jek, have just launched its courier service (GrabBikeExpress) and food delivery service (GrabBikeFood).

Meanwhile, for Uber, it now provides uberEATS service for food delivery.

With the various services provided by application companies, it certainly encourages the opportunity for online ojek taxi drivers to provide a variety of services. The following graph is the frequency data of the services provided by the online ojek drivers in two big cities, Jakarta and Surabaya. The graph illustrates the diversity of service frequencies provided. Online ojek drivers in Jakarta provide the most people pickup service with a percentage of 66%, while in Surabaya the largest is at 39% for people pickup and food delivery.

Graph 20 Frequency of Service Provided by Online Ojek  
(Respondents: Online Ojek Driver)

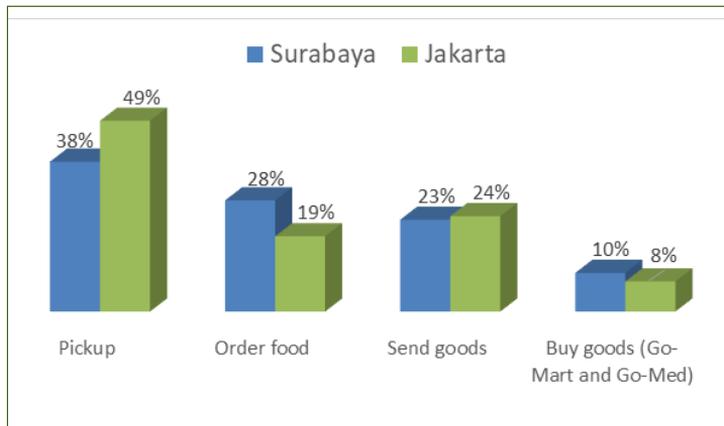


Source: research finding

Meanwhile, the frequency of services accessed by online ojek consumers is also quite diverse. In Jakarta, 49% use an online ojek to pickup people, 24% to

deliver goods and 19% for food order. In Surabaya, 38% to pickup people, 28% for food order and 23% for goods. Here's a graph from the above description:

Graph 21 Frequency of Service You Use Most from Online Ojek (consumers)

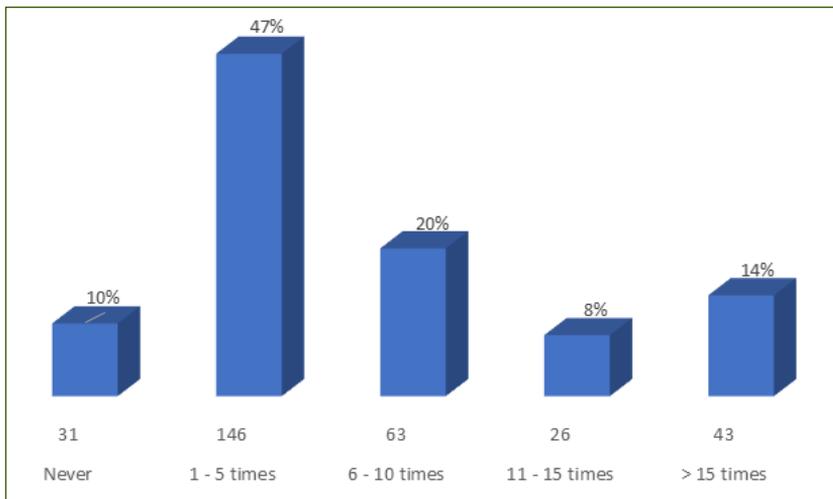


Source: research finding

With the dominant frequency in these services it indicates that the variations of those services are indeed required by application users. In fact, it also increases the number of usage apps every day. This was raised in the study result on the chart below which shown the frequency

of transportation services within a week's coverage. Online ojek consumer respondents mostly use ojek service between 1 - 5 times a week as shown by 47% of respondents, while 20% between 6 - 10 times and 14% more than 15 times a week.

Graph 22 Frequency of Use of Transportation Service in the Last One Month

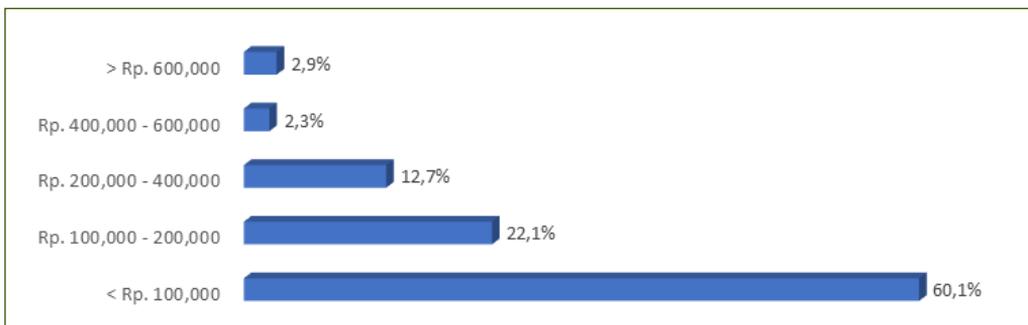


Source: research finding

Better fares, better security and supported technology make online ojek is preferred over conventional ojek. In addition, the rates charged on the online ojek can be directly seen by the user so that the transparency of tariff is guaranteed. In fact, at the beginning of its presence, the providers of online ojek services provide attractive promo rate. Go-Jek for example, gave a promo rate

of Rp 15,000 to any destination with a maximum distance of 25 km. GrabBike Bike gives a similar rate, but cheaper, which was Rp 12,000 with a maximum distance of 25 km. With a very transparent tariff and promotion, the transportation cost of online ojek has being taken into account. The graph below shows the costs people incurred for transportation using ojek within a month.

Graph 23 Average Monthly Spending for Ojek (Conventional and Online) by Consumers



Source: research finding

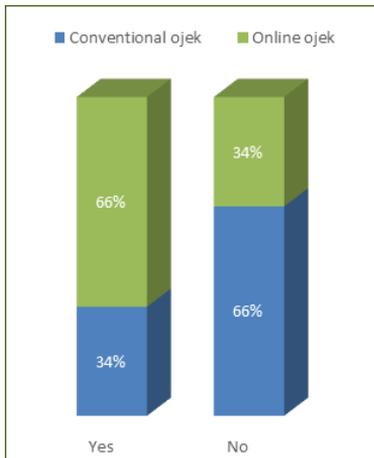
The graph illustrates that 60.1% of respondents spend an average cost of less than Rp 100,000 per month. This is due to the duration of using motorcycles

between 1-5 times a week with close range. However, there were 2.9% of respondents who spent an average cost > Rp 600.000 per month for ojek with

the use of ojek service that is quite often every month or with a long distance (for pickup) or the quite expensive price (for food orders or deliver goods). Thus, it can be said that online ojek is used as a choice of daily transportation with more frequent duration and quite diverse variations of services.

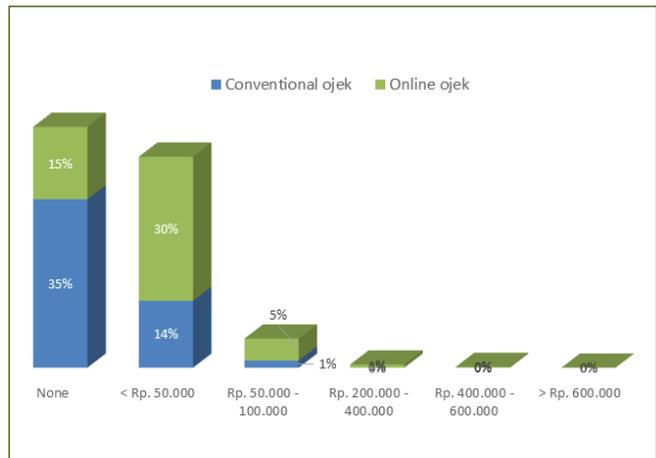
Another thing that affects the amount of expenses incurred for online ojek is the tip money. In addition to paying the main cost of ojek service, usually online ojek consumers also often give tips to the driver. This is shown in the graph below which generally illustrates that 32.8% of consumers give tips to online ojek drivers and 17% of consumers give tips to conventional ojek drivers. The graph can be seen below:

Graph 24 Tips for Ojek Driver from Consumers



Source: research finding

Graph 25 Range of Tips to Ojek Driver from Consumers (Per Month)

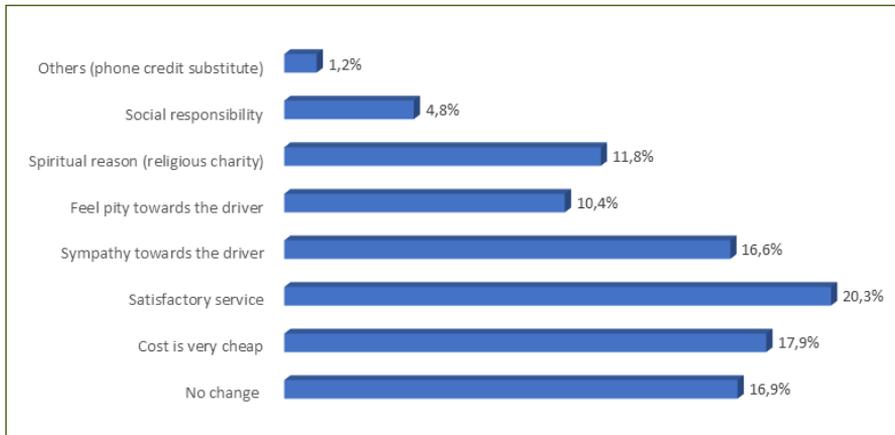


Source: research finding

From the graph, it is known that the amount of tip money given to online ojek is quite diverse. The highest percentage of 29.7%, give less than Rp. 50,000. However, it turns out there are also 0.2% of respondents who give tip money of Rp. 400,000 - 600,000. The information is certainly very interesting to explore the reasons behind the users giving tips to online ojek. The graph below tells us

these reasons, as 20.3% of respondents give tip for satisfactory service (easiness of getting ojek driver when booking, hospitality and courtesy from driver, availability of helmet and mask, etc.). Another 17.9% of respondents feel the cost is very cheap. Meanwhile, 16.9% of other respondents give tip money because there was no change.

Graph 26 Reasons for Giving Tips (Money) to Online Ojek Driver

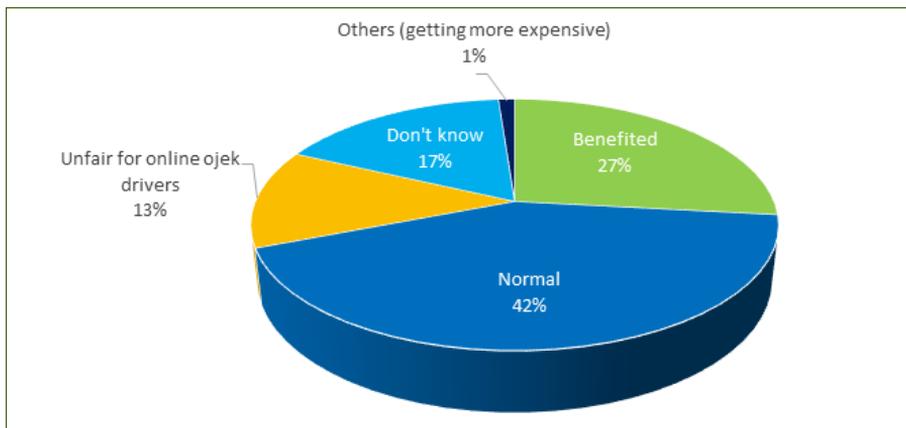


Source: research finding

Regarding the pre-determined rates, there is a difference of perception among the online ojek consumers. It is influenced by the price competition

offered by several online ojek application provider companies. The statement is shown in the following graph relating to the assessment of online ojek tarif.

Graph 27 Price Scheme Determined by Online Provider (according to consumer)



Source: research finding

Of the total respondents of online ojek consumers, 42% of respondents feel normal with the company's set price, 27% of respondents feel benefited, 17% respondents do not know, 13% of respondents feel unfair to ojek drivers,

and 1% feel more expensive. The data supports the statement that the existing price scheme is one of the considerations of the current consumers' partiality towards online ojek drivers.

## 4.4 Legal Protection for Online Ojek Policy

Currently the phenomenon of transportation-based online applications has become the highly favorable alternative options for public. Not only has the tariffs are cheap and easily accessible from anywhere, but the diversity of services from the application also supports its development. The presence of application-based online transport has brought together the transportation sector, communications, payment systems, and community (driver and user) in an integrated platform. However, the statement reinforces the perception that technological advancement destroys sectoral boundaries and creates confusion in defining the new business model. This is evident when Uber, GrabBike, and Go-Jek claim that they are not a transportation company, but a provider of technology platforms.

Not only in Indonesia, the presence of online transportation companies creates a considerable regulatory gap in many countries. Therefore, it is necessary to immediately formulate new rules by maintaining a balance between two things. First, the need for a regulation that provides certainty and convenience for new technopreneur in the era of digital economy. Second, the regulation shall also guarantees the presence of fairness to every business actor in transportation services. In the law of business competition, the government needs to ensure equal and fair treatment among business actors in every industrial structure (Moneter, 2016).

The government has responded to the feud between conventional public

transport and application-driven riders exploded in different cities. Conventional taxi companies protest the existence of online ojek and taxis for eroding their profits. Meanwhile, application-based transportation is increasingly popular for cheap, easy and convenient reasons. However, the existence of this online application-based transportation needs to be regulated and given the legal protection because there has not yet a clear legal basis.

Responding to this, the government has made a policy for the management of transportation-based applications intended for four-wheeled vehicles. The following is a description of the contents of the policy (Tempo, 2017), that is, the classification for public transport will use a special license number and the license plate will be distinguished from private vehicle, engine capacity of at least 1,000 cc, the upper tariff and lower tariff determined by the local government, restriction of transport vehicles will be done through counting the supply of public transport and consumer, vehicle document (STNK) must incorporate an agreement between the company (legal entity) and the driver, conduct periodic testing (KIR and test type registration certificate), the garage for application taxi operator, cooperation between application provider and other parties (repairment shop) for vehicle maintenance, impose taxes in accordance to public transport specified by the tax directorate, digital dashboard access to the Directorate General of Land Transportation and licensing provider of public transport applications for supervision, and sanctions for violations through freezing the application.

The provisions of the matters set forth above has been included in the revision of Regulation of the Minister of Transportation No. 32 of 2016 and came into effect on April 1, 2017. However, the problem is that the policy is only for four-wheeled vehicles only. Meanwhile, for motor vehicles, especially online ojek, there is no clear regulation to regulate them although online ojek itself has been around for 7 years when Go-Jek first operate in Indonesia in 2010. Without clear legal protection, the future of online ojek will always be in the gray area. That is why various parties including online ojek consumers expect the government to make regulations on ojek.

There are considerations claimed to be the reason why the regulation has not yet been established. One is the fact that motorcycles are not destined for public transport of people and goods. It is based on the Law on Road Traffic and Transport No. 22 Year 2009 that limits public transport for four-wheeled vehicles and above. Article 137 Paragraphs 1 and 2 explicitly mention two-wheeled vehicles or motorcycles are only for the transport of persons and goods, not for public transport as it currently occurs. The law is reinforced by several other policies, such as the Minister of Transportation Decree no. KM 35 Year 2003 on the Implementation of Human Transport on Public Vehicles, and the Minister of Transportation Decree No. KM 69 Year 1993 on the implementation of goods transport that explains that public transport shall be required to conduct motor vehicle testing or KIR test related to safety to transport people. Meanwhile, motorcycles used for online ojek is currently do not required to conduct the test.

Regarding the absence of legal protection, the existence of ojek is considered as a form of government omission of the law impose in Indonesia. It boosts the proliferation of motorcycles that turned function into public transport or known as an online ojek. In fact, this online ojek also has caused the complexity of already existing transportation issues, such as accident rates, security, job protection, and others. Therefore, the urgency of such regulation should be a priority.

From the side of employment, there is also no policy that regulates the informal workers in the field of transportation to date, especially on online ojek drivers. In fact, with the increasing number of ojek drivers, the employment protection of ojek drivers also need to be considered. If there is no regulating policy, ojek drivers will be in vulnerable position. Discussion of employment status will be discussed in the next chapter.

Chapter 5

# INFORMAL EMPLOYMENT IN TRANSPORTATION SECTOR



## 5.1 Development of Employment in Transportation Sector

The transportation sector is one of the development priorities for the Indonesian government. This is one of the important elements in the implementation of national development. However, various problems still prevalent nowadays, such as routine congestion on the roads and the insufficient facilities and infrastructure available.

Based on data from the Ministry of Transportation, the transportation

sector contributes 5.18 percent to Gross Domestic Product (GDP) in 2016. In addition, the average growth of the transportation sector per year is above 7% or greater than overall GDP growth (Samrut Lelloslisma, 2017). If it is linked to employment, it is known that the number of unemployed is significantly decreased. The number of unemployed has decreased from 7.6 million unemployed people in 2015 to 7.0 million unemployed people in 2016. The statement can be seen in the following table:

Table 7 Number of Indonesian Work Force from 2010 – 2016 (In Million)

In million	2011	2012	2013	2014	2015	2016
Work force	119,4	120,3	120,2	121,9	122,4	127,88
Employed	111,3	113,0	112,8	114,6	114,8	120,8
Unemployed	8,1	7,3	7,4	7,2	7,6	7,0

Source: BPS, 2017

Based on the above data, it appears that the number of unemployed has decreased. This is due to an increase in employment in almost all sectors, one of which is due to the large number of job vacancies in the transport sector, particularly online transportation (Go-Jek, GrabBike and Uber). The increase in the number of workers occurred in the social services sector as much as 1.52 million people (8.47%), the trade sector as much as 1.01 million people (3.93%), as well as the transportation, warehousing and communication sector of 500 thousand people ( 9.78%) (Kompas, 2016). In the table above, in 2016, the employment

situation has improved quite well. It can be seen from the data of the total labor force which reached 127.88 million people, increased by 5.48 million people compared to 2015 which only reached 122.4 million people. The position of the number of working population increased by 6 million people; from 114.8 million people in 2015 to 120.8 million people in 2016.

The open unemployment rate in Jakarta decreased by 1.11% and in East Java there was a decrease of 0.26% from 2015 to 2016. The statement can be seen in the table below:

Table 8 Open Unemployment Rate (TPT) by Province 2011 - 2016 (In%)

Province	2011	2012	2013	2014	2015	2016
Jakarta	11,69	9,67	8,63	8,47	7,23	6,12
East Java	5,38	4,11	4,30	4,19	4,47	4,21

Source: BPS, 2017

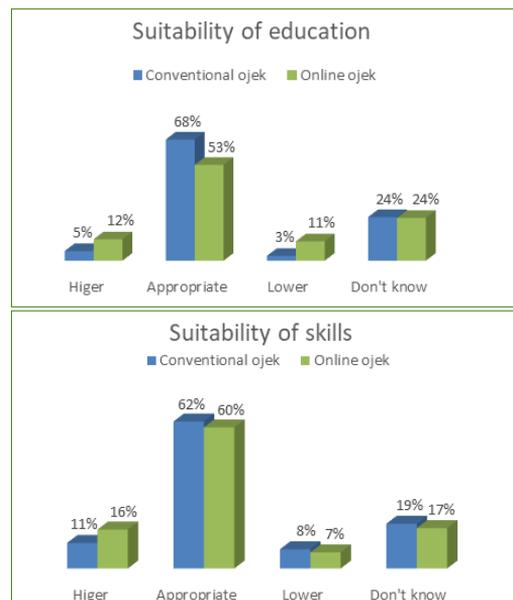
Open unemployment is also a problem for young people. Open unemployment rates among people aged 15 to 24 are estimated at 22.2% in August 2014 and 18.3% in February 2015 (ILO, 2015). Strong macroeconomic growth for more than a decade has slowly reduced the unemployment rate in Indonesia. With a total population of around 255 million people, Indonesia is the fourth most densely populated country in the world (after China, India and the United States). Furthermore, the young population is also quite large because about half of the total population of Indonesia aged under 30 years. If the two factors combined, Indonesia is indicated as a country with a large labor force and will grow even bigger in the future. The importance of the creation of more extensive employment is necessary to absorb the job seekers who continue to grow every year.

Ironically, on the other hand fresh graduates from universities, vocational and secondary schools have difficulty finding employment in the national employment market for formal sector. Almost half of the total workforce in Indonesia has only a primary school diploma. The higher the education, the lower the participation in the Indonesian labor force. Nevertheless, in recent years there has been a trend change with the increasing rate of higher education certificate holders and decreasing rate

of basic education graduates. As the findings of this study (section 3), it is known that most online ojek drivers are high school graduates by 67%, Bachelor degree of 14.8%, Diploma of 8%, junior high 1.7%, and primary school 1.7%. The higher education level of online ojek drivers also shows a large gap between educational qualifications and the availability of employment (over qualified).

The study also looked at the driver's assessment of the suitability of skills and education they have for the work they are currently undertaking. The data can be seen below:

Graph 28 Suitability of Skills and Education as an Ojek Driver



Source: research finding

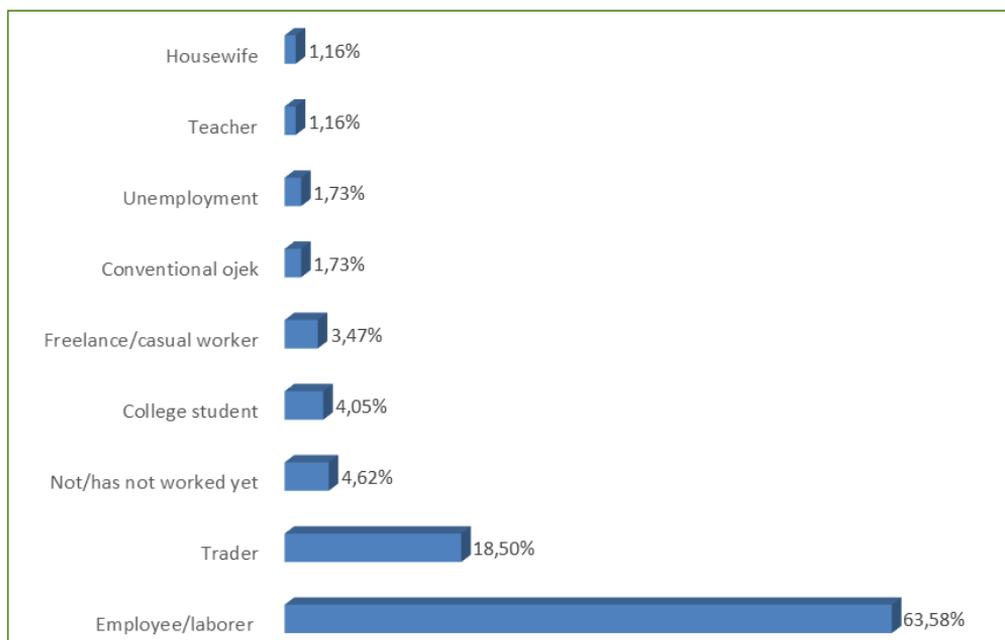
Based on the graph above, 68% of the conventional ojek drivers and 53% of online ojek drivers feel that their education is in accordance with their current job qualification as an ojek driver. About 62% of conventional ojek drivers and 60% of online ojek drivers feel their skills are appropriate as ojek drivers. However, 12% online ojek drivers feel their education has a higher qualification compare to the current job. Meanwhile, when viewed by skill, as much as 16% of online ojek drivers feel the skills they have is higher.

Skill mismatch is also a problem in Indonesia. Despite the high rate of

unemployment among higher education graduates, many companies claim that they have difficulties finding skilled workers. To reduce the gap between the skills of the workforce and the needs of the company it is necessary to improve the skill of the workforce, especially by improving the quality of schools and access to higher education.

Judging from the trend of the transition of workers, there is a shift from formal workers to informal workers. As in the case of online ojek, based on field findings from 176 online ojek drivers as respondents, 173 of them said online ojek are a new job for them.

Graph 29 Previous Works of Online Ojek Driver

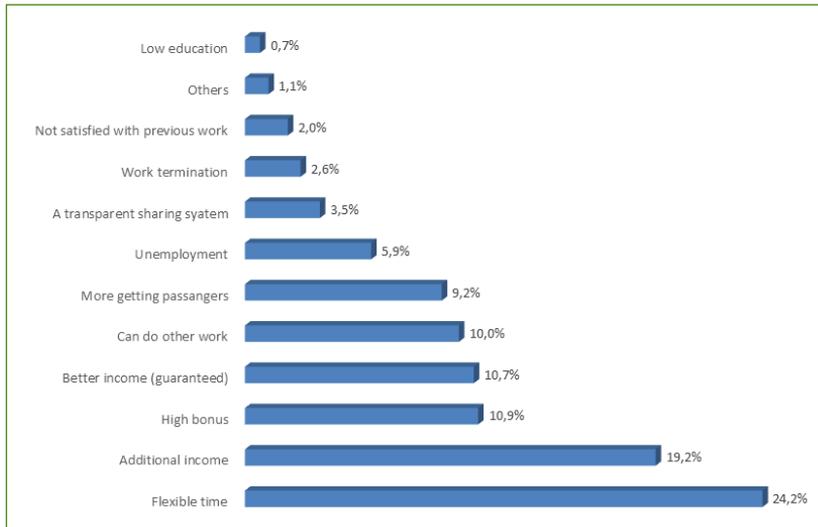


Source: research finding

Based on the graph above, it appears that 63.58% of respondents previously worked as an employee/laborer and 18.50% worked as a trader. Thus, it can be

said that 82.09% shifted from formal to informal work. The reason they work as an ojek online, namely:

Graph 30 Reasons to Become Online Ojek (Online Ojek Driver)

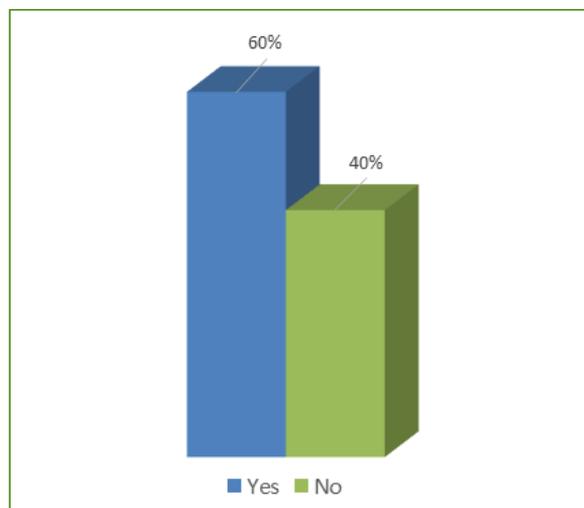


Source: research finding

Of the online ojek respondents, 24.2% stated that their reason for being an ojek driver is due to flexible time, 19.2% for seeking additional income, 10.9% due to high bonus, and 10% because they can do other work. However, not a few also become an online ojek drivers because of work termination, which amounted to 2.6%.

Currently the trend of flexible work patterns and many opportunities to find freelance work is increasing. The rapid growth of this independent workforce has fueled the growth of on-demand economy, including online ojek. Although not all online ojek respondents make this as the main job. There are as many as 40% stated that this is a side job.

Graph 31 Online Ojek as the Main Job (Online Ojek Driver)

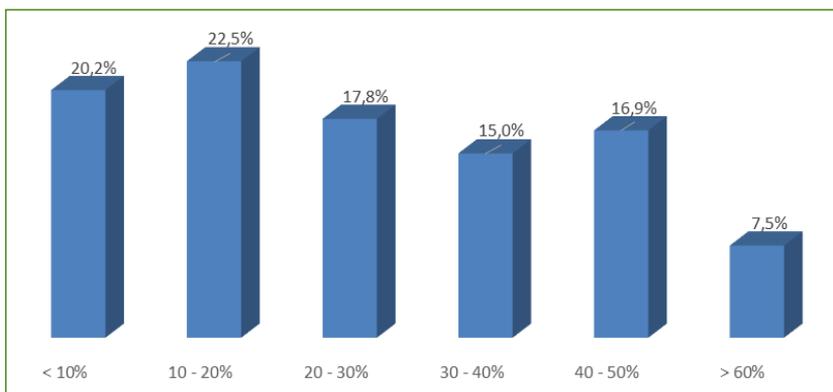


Sumber: olahan penelitian

It is quite interesting that based on survey results, as many as 7 respondents who make ojek as the main job have a Bachelor's degree and as many as 8 respondents are vocational graduates. This is in line with the development of the labor needs sector and skill mismatch discussed above. In the future, it is estimated that the required workforce

for the service sector are high skill and low skill. Meanwhile, medium skill will be replaced with technology. So, even though many workers have a Bachelor's degree and vocational graduates, if they do not have high skills, they would only have the opportunity to fill in low-skilled job opportunities.

Graph 32 Percentage of Income from Online Ojek Contributed to Main Income



Source: research finding

When asked the respondents who work part time as ojek drivers, 22.5% of respondents said the percentage of their income contribute mostly between 10-20% to the main income. However, there were 7.5% of respondents who stated that income from ojek contributed > 60% to their main income.

## 5.2 Ojek Driver Work System

Works system relates to work relationships, working hours and income/wages. Working relationships run by ojek companies are in the form of partnerships. From the understanding, partnership is a form of cooperation when the franchisor gives the franchise

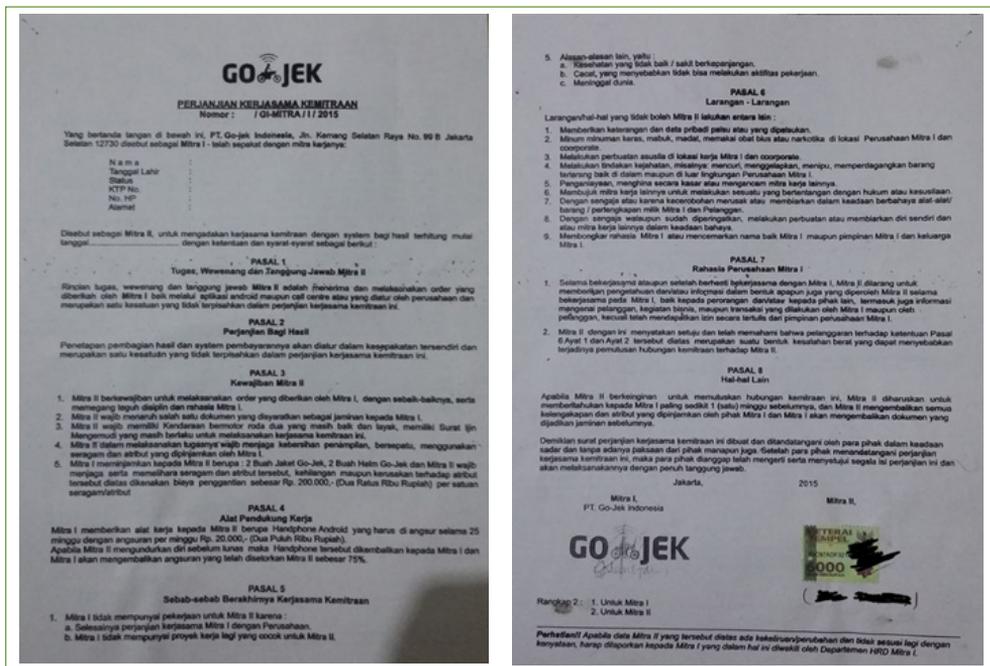
recipient the permission to use the intellectual property, such as name, trademark of products and services, and the operating system of its business in accordance with the rules of the company without the franchisee pays an amount as Franchise fee, Royalty fee or Distribution fee (waived entirely) on the principle of mutual benefit for both parties. That is, this relationship is mutually beneficial and the position of the parties are equal, in contrast to the working relationship generally depicted with the presence of superiors and subordinates.

It turns out that at the beginning of the agreement, Go-Jek lends the attributes (helmet, jacket) and if the Go-Jek driver is

out of the partnership then the attribute must be returned to the company. If it turns out to be lost or damaged, the driver must pay Rp 200,000 for each lost item. In the partnership agreement, there is no clause stating that the driver must pay the attributes provided by the company. Payment is only required for cellphone Rp 20,000 per week for 25 weeks. If the driver leaves before paying off the cellphone, it must be returned to Partner 1 (Go-Jek) and the installment is 75% (section 4: work support equipment). However, after the application is active, the driver must pay (Rp 190,000 x 2) + (Rp 190,000 x 2) = Rp 760,000 and although it is paid, it does not belong to the driver.

The driver must also return the item if they resign from Go-Jek. This policy certainly does not position the ojek driver equal to the company. Policies made by the company are also made unilaterally and not transparent by the company without any opportunity for ojek drivers to bargain position as the meaning of partnership, that is mutual benefits and equal position between the parties. For the revenue share, Go-Jek also implements the 80% share for the driver and 20% for Gojek. Meanwhile, GrabBike implements 90% for the driver and 10% for GrabBike. Here are Go-Jek partnership agreements:

Picture 3 Go-Jek Partnership Agreement with Driver



Source: research documentation

Employment practices in the transport sector are complicated. This is because the basic issues are not resolved, one of which concerns the working

relationship as described above. Under the Manpower Law, the working relations of transportation workers should be based on employment, wages and

orders. The working relationship with the company does not refer to the employment agreement as stipulated in the Manpower Law. Working agreements established between the company and ojek drivers are not employment but partnership. In fact, both have different characters. The provisions on partnership are regulated in Government Regulation (PP) No. 44 Year 1997 on Partnership. The regulation explains partnership as business cooperation between small and medium enterprises and/or big business by taking into account the principle of mutual strengthening and benefit. Meanwhile, if viewed under the Manpower Law No. 13 Year 2003, the most frequent employment violations include i) violations in reporting on labor, ii) adherence to minimum wages, iii) violations of registration, and iv) violation of collective bargaining agreements.

Partnership agreements enforced by app companies make drivers and families

have to overcome their own work-related risks. This classification excluded the company from the obligation to meet the minimum wage, overtime, social security (health, pensions, and employment) and religious holiday allowance (THR).

High degree of flexibility also affects the ojek driver's working hours. It is important for us to understand and monitor the trend of working hours because excessive working hours can interfere with the working conditions and health of the workers. Long and excessive working hours are often regarded as a common thing in Indonesia. According to Manpower Law No. 13 Year 2003, more than 40 hours per week is considered a long working hour, while the ILO conventions on working hours (No. 1 Year 1919 and No. 30 Year 1930) state that over 48 hours per week are considered excessive working hours.

Table 9 Percentage of Workers Working More Than 48 Hours a Week (Employment In Excessive Working Time (EEWT))

Gender/Area	2011	2012	2013	2014
<b>Male</b>	30,00	29,59	24,46	28,57
<b>Female</b>	21,78	21,29	18,67	21,68
<b>Urban</b>	33,10	32,39	27,98	31,10
<b>Rural</b>	21,26	21,00	16,98	21,13
<b>Total</b>	<b>26,98</b>	<b>26,46</b>	<b>22,28</b>	<b>25,97</b>

Source: BPS, 2015

Note: EEWT is the Number of Workers who work more than 48 hours per week / Total number of Workers X 100%

When viewed by province (table 10), 88.40% of workers in Jakarta and 66.52% in East Java have more than 35 working hours per week. In fact, in East Java alone

there is 3.19% of labor that spends more than 75 hours each week. That means they spend on average more than 10 hours each day to work.

The ILO has identified five key principles for optimizing working hours management. These principles are 1) promoting healthy working hours so that workers have adequate rest time, 2) ensuring family-friendly working hours,

3) promoting gender equality through working hours, 4) optimizing productivity through working hours, and 5) involving workers in working hours management (Golden, 2012).

Table 10 Number of Population Aged 15 Years and Over Working by Working Hours on Main Work (Per Week)

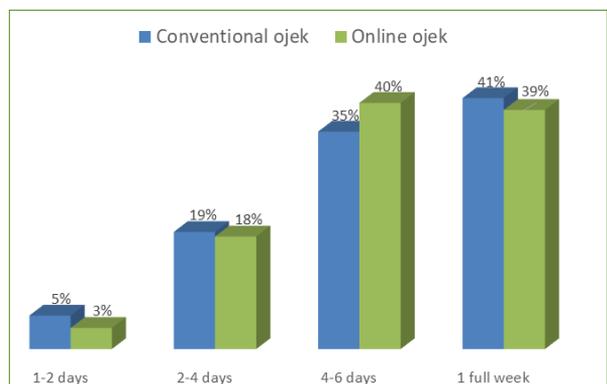
Total working hours on main work (hour)	Total	
	Jakarta	East Java
0 <sup>1</sup>	40.862	239.411
1 – 14	119.469	1.304.767
15 – 24	166.437	2.365.853
25 – 34	220.945	2.573.773
35– 44	1.114.605	4.325.306
45 – 54	3.061.711	8.558.667
55 – 59		
60 – 74		
75+		
<b>Total</b>	<b>4.724.029</b>	<b>19.367.777</b>

Note: 1 currently unemployed

Source: BPS Jakarta, 2017 and BPS East Java Province, 2017

Excessive working hours relate to situations where long hours can cause work injuries and absenteeism (not present for work). Based on field findings, it is found that 41% of conventional ojek and 39% of online ojek work for one full week without a day off, both in Jakarta and Surabaya as shown in the graph below:

Graph 33 Number of Days Used for Work Ojek (Ojek Driver)

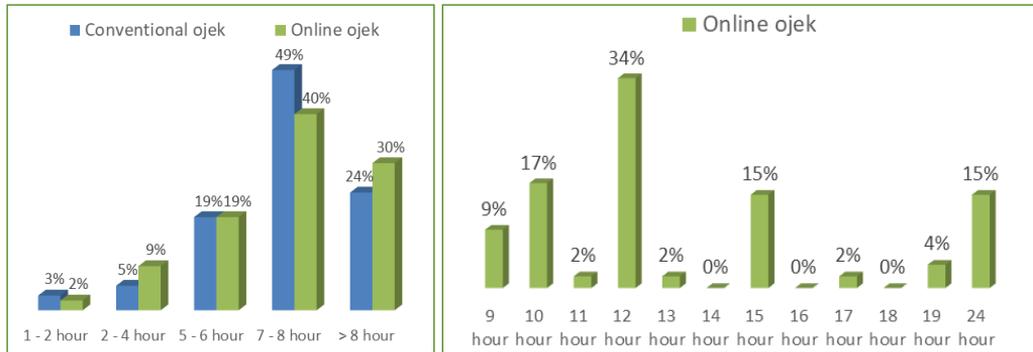


Source: research finding

In addition to working for a full week, it is found that 49% of conventional ojek drivers work at most 6-8 hours a day.

Meanwhile, 30% of online ojek spend the most time working more than 8 hours a day.

Graph 34 Working Hours per Day (Left) and Number of Hours > 8 hours a day



Source: research finding

From the graph above, it can be seen that from 30% (53 people) online ojek who work more than 8 hours a day, as many as 45 people working between 9 - 19 hours. There are 8 respondents who work 24 hours per day or 168 hours per week. This exceeds the maximum

number of working hours in accordance with Law No. 13 Year 2003 which is 48 hours per week. This is also reinforced by the statement of one of the other online ojek driver who claim to work more than 8 hours a day. Here's the informant's statement:

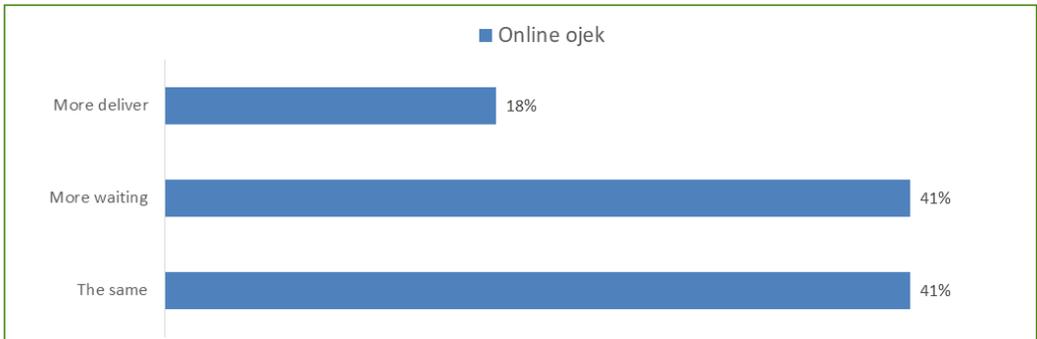
“ I came out at 5 am and come home already at dzuhur [noon prayer], rest until 2 pm, go out again during maghrib [dawn prayer] until 2 am. Sometimes if [I am] not sleepy [I continue] again until 3 am. Sleep over in the basecamp, near the river. If it is too late in the afternoon there will be traffic jam already, so [I will] get tired. (SH, Gojek, March 2017)

From the above statement, it is calculated that Mr. SH works more or less for 21 hours a day. It shows that flexible working hours make the driver work longer; often at irregular hours to maximize their income, such as working up to 3 am and causing a lack of drivers' rest time which may cause them to be exposed to other risks, such as health and occupational injuries.

Although all respondents acknowledge that the working time is not fully used to

transport passengers/orders, it is closely related not only to work productivity but to the safety of drivers and passengers. Here is a comparison between waiting time and working time (escorting passengers/other orders):

Graph 35 Comparison of Delivery Time and Waiting for Passengers/Orders a Day



Source: research finding

Based on the graph above, 41% admit the time comparison between delivery/order and waiting is the same, 41% spend more on waiting and 18% spend more on delivery/order. Conventional ojek drivers

were found waiting for passengers around the station, office buildings, markets/malls, schools, housing residents and on the roadsides.

Picture 4 Online Ojek Waiting for Passengers on the Roadside, Below the Crossing Bridge



Source: research documentation

From the picture above, ojek drivers are waiting for passengers on the roadside. Their waiting-in-line often add congestion on the road and even cause new congestion in some big cities' main roads such as Jakarta and Surabaya.

Seeing the congestion caused by online ojek, one of the local administration responded by making a policy to regulate it:

## Case box 2 Mayor regulation of depok for online ojek

Depok is the first city to have rules on online ojek. The rules stated in Depok Mayor Regulation No. 11 Year 2017 regulate online ojek to compete healthily with other public transportation in Depok City. Several rules set forth in the regulation are: the owner of the online ojek company should be able to provide special parking for the driver (Article 4) and online ojek drivers should keep the vehicle in a special place (Article 5). In addition, online ojek drivers are not expected to park or wait on the roadside, such as at bus stop or other public locations, with the aim to control and avoid congestion.

The policy prohibits online ojek to pickup passengers in the terminal area. This is because the terminal is functioned for other public transportation that has been previously operated. Also, online ojek drivers are not expected to pickup people on the roads through which public transportation is in the route.

Currently, the city of Depok is a city with a clear regulation mechanism for online ojek. This is certainly a barometer for other cities to formulate rules related to the issue in accordance with their respective regional contexts. In Depok City itself, the rules of online ojek was enacted in response to the widespread conflict between online ojek drivers and other modes of transportation. The friction has become an issue for the local government to establish the regulation.

Source: Kumparan, 2017 (with adjustment)

In terms of working hours, the majority of workers in Indonesia have long hours with low wages. Low wages are also closely related to the possession of skills and educational levels of each workforce. Thus, improving skills and productivity becomes an important element towards a more competitive and prosperous economy.

The large number of workers earning low wages in Indonesia is alarming. It is because low wages could potentially increase a person's risk of being vulnerable. Low wage employment can lead to a decrease in the skills of workers as well as a signal to employers that workers have low productivity levels. Both of these factors will reduce the likelihood of low-paid workers to obtain

jobs with higher wages. In fact, when workers are given higher wages it will increase their purchasing power so as to strengthen domestic consumption and improve workers' living standards themselves.

In Indonesia, based on the data below, the increase in low-wage workers actually occurs in urban areas, which is 2.1% of workers from 2013 to 2014. However, in terms of gender, there is a decrease in women's low wage workers as many as 3.8% from 2013 - 2014.

Table 11 Rate of Low-wage Workers (Low Pay Rate - LPR%)

Gender/Area	2011	2012	2013	2014
Male	27,32	28,14	28,37	30,39
Female	34,85	34,49	36,15	32,35
Urban	29,10	28,62	30,11	32,21
Rural	31,27	30,33	29,68	29,75
Total	30,17	29,20	29,57	32,19

Source: BPS, 2015

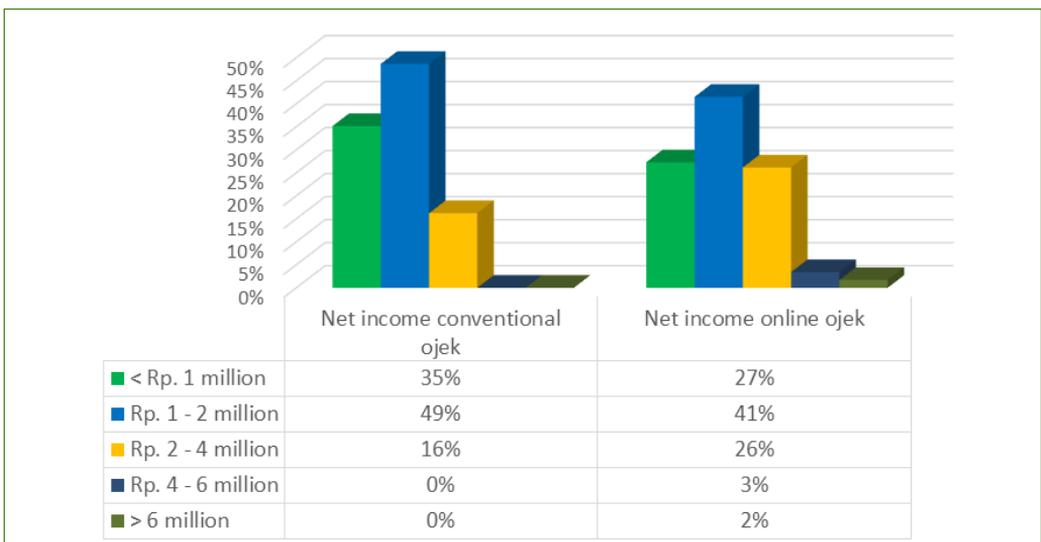
Note: LPR is the number of workers with wages below 2/3 median income per hour x the total number of workers x 100%

Increased productivity can be done in various ways. These include, among other things, higher wages, improved working conditions, shorter working hours, and/or investment in human resources. Unfortunately, investment in the field of human resources has been done very little by entrepreneurs. Only about 5% of all companies in Indonesia offer formal training for their workers. The data is much lower than in other

comparable countries (OECD, 2015). It is certainly a concern to us all regarding the importance of improving the quality of workers through formal training and other training access.

Based on the field findings, it is found that the income of online ojek drivers is higher than the conventional ojek. The statement can be seen from the data as follows:

Graph 36 Comparison of Net Income Amount Between Conventional Ojek with Online Ojek (In a Month)



Source: research finding

From the graph above, 84% of conventional ojek and 68% online ojek earn less than 2 million rupiah per month. The highest net income of online ojek drivers shared only by 2% of respondents who gain more than 6 million per month. In terms of service delivery trends, it is acknowledged that most services are done on weekdays. As many as 59% of online ojek respondents admitted the number of passengers on an average

workday is between 5-10 passengers/order in a day. Meanwhile, on holidays 40% respondents answer between 5-10 passengers/order in a day.

High net income of online ojek is also supported by the tip money they receive from the customers they serve every day. When compared to conventional ojek, online ojek receive more tip from customers.

Graph 37 Tips Received by Ojek Driver (In A Month)



Source: research finding

Based on the graph above, it is known that in a month, the average respondent both conventional ojek and online ojek receive tips between Rp 50,000 - 100,000

per month. However, there are 3% of online ojek drivers who get tip money up to Rp. 400,000 - 600,000 in a month.

Table 12 Provincial Minimum Wage (UMP) Data 2017 per Month (In Rupiah)

No	Province	UMP 2017
1	Jakarta	3,355,750
2	East Java	1,388,000

Source: Biaya.net, 2017

From the table above, Jakarta is the province with the highest UMP compared to other provinces in Indonesia. When compared to other provinces in Java, UMP DKI is twice higher, even when compared to East Java which only amounted to Rp 1,388,000.

The high number of vulnerable jobs and informality as well as capacity constraints in implementing labor inspection affect minimum wage which ultimately can not fulfill its role as safety net wages. This means that the benefits of economic growth and a formal wage setting system may not necessarily flow

to the working poor, many of whom work in the informal sector, especially in rural areas where labor conditions are difficult to implement. In addition to

looking at provincial minimum wages above, we also need to look at minimum living needs in each province, especially Jakarta and East Java.

Table 13 Minimum Living Needs (Khm / Khl) per Month (Rupiah) by Province 2005–2015

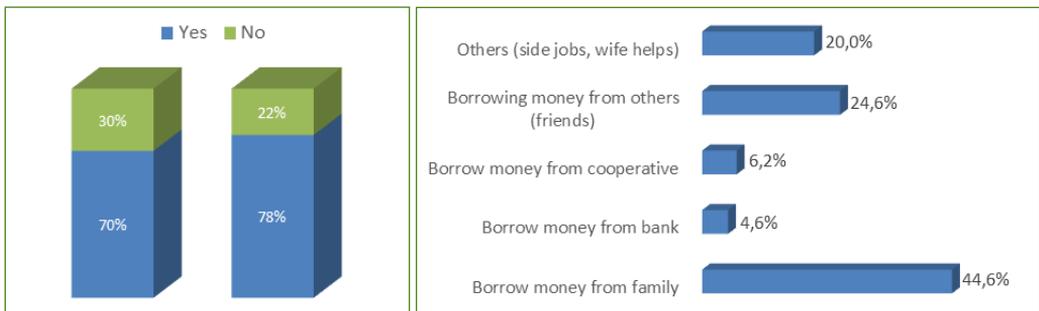
Province	2011	2012	2013	2014	2015
Jakarta	1,404,829	1,497,838	1,978,789	2,299,860	2,538,174
East Java	731,635	731,635	825,000	825,000	825,000

Source: BPS, 2017

Based on the above table, it is seen that the living needs in Jakarta compared to East Java is very different. This is also towards the minimum wage of each province as mentioned earlier. Based on

the field findings, 30% of conventional ojek and 22% online ojek feel that their incomes were not sufficient to meet daily needs.

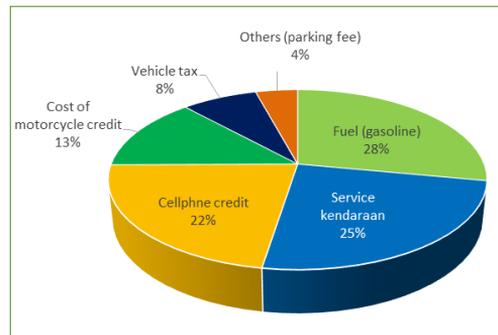
Graph 38 Income Adequacy in Meeting the Daily Needs (Left) and How to Cover the Income inadequacy (Right)



Source: research finding

Of all respondents who feel that their incomes are not sufficient to meet daily household needs, 44.6% respondents fulfill it by borrowing money from family or relatives, 24.6% borrowing money from friends and 20% looking for side jobs. Inadequate income in meeting daily needs is also affected by expenditure needs during work. The following are the perceived expenses:

Graph 39 Incriminating Expenditures on Ojek Drivers' Needs (In a Month)

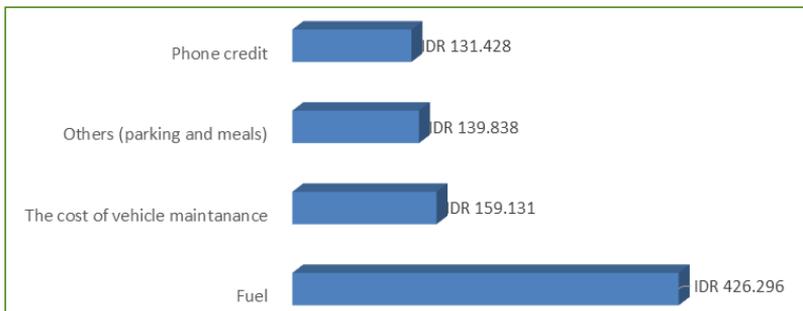


Source: research finding

Based on the graph above, the data obtained from the respondents showed that 28% of respondents felt that the cost of fuel was quite burdensome, 25% of respondents were burdened with vehicle service cost and 22% of the respondents were burdened with mobile phone call charges. Average fixed costs incurred

in a month at most are the average fuel of Rp 426,296 per month, vehicle maintenance costs an average of Rp. 159,131 per month, the average cellular phone call charge Rp. 131,428 per month, as well as other miscellaneous costs for parking and some are used for meals, which is an average of Rp 139,838.

Graph 40 Average Fixed Cost Provided (In Month)



Source: research finding

Not just some of the expenditure above, they also spend their income for other expenses, such as meals, drink, and parking fees. The research finding in Surabaya indicates that the income of online ojek drivers is continuously

decreasing. This is due to increasingly fierce competition with the increasing number of ojek. In addition, online ojek are also often disciplined by officers because they cause congestion due to parking along the road.

### Case box 3 Go-Jek drivers in front of Tunjungan Plaza

Three of them, one of them was taking off his jacket. A middle-aged father admits he switched from ojek to Go-Jek. In Surabaya Go-Jek is not allowed to enter the terminal (Bungarasi) and airport. If they do, they will be beaten.

He said Regional Minimum Wage (UMR) in Surabaya is currently 3.4 million per month, but after he joined Go-Jek he can gain 4 million per month. However, the income should still be spent on gasoline, drinking water and SIM card. Last year his income could reach 6 to 4 million per month, this was because he operated in a crowded area and was ready to take any order.

With the income decline and a lack of enthusiasm for Go-Jek these days, many drivers may be against the rule without fear of job loss or suspension. There are still opportunities for ojek to get passengers, such as late at night in the bus station and other places and when commuters do not have alternative

transportation. This condition is used by a number of people (especially brokers) around the terminal and airport.

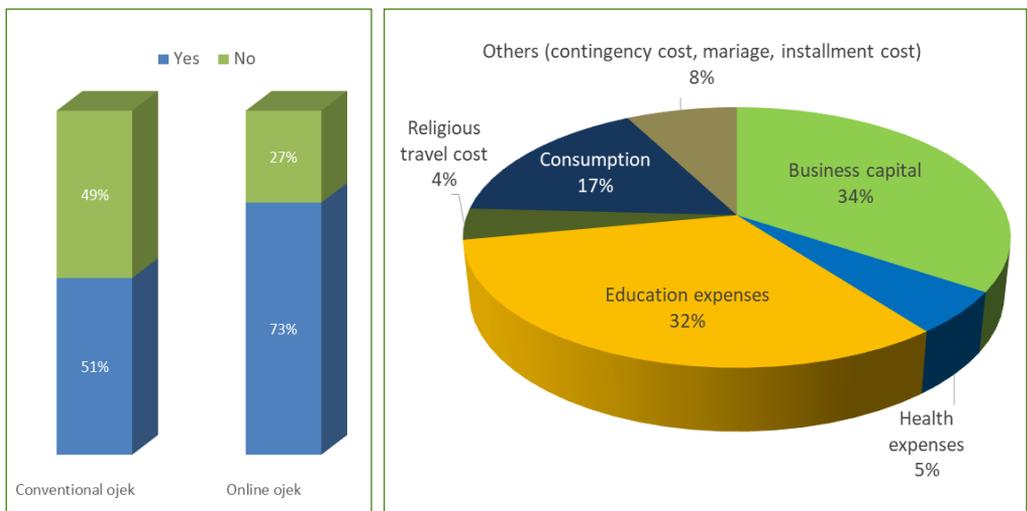
Every now and then the Office of Transportation came with their car like a policeman, with a siren and drove a path near the ditch where Go-Jek lined up waiting for passengers. Soon the drivers dispersed. However, take a look in a few minutes – gojek will soon reassemble. It is very obvious because they wear a green jacket that is easily recognizable.

Source: Research by Robbie (Lecturer at University of Sydney, Surabaya 2017)

Regarding the ownership of savings, 51% of conventional ojek have savings and as much as 73% online ojek have savings because online ojek payment system is done through the transfer system (go-

pay, grab-pay and credit card). Of the respondents who have savings, 94.6% have savings in the form of money, while the other 5.4% in the form of gold, land and livestock.

Graph 41 Ownership of Savings



Source: resource finding

Most savings of 32% are used for children's education expenses, 34% for business capital, 17% for household consumption, and 8% for contingent and installment costs.

### 5.3 Social Security Ownership of Ojek Drivers

Since January 2014, Indonesia has started the implementation of the National Social Security System (SJSN) mandated by Law No. 40 Year 2004 in five categories, namely health, pension

insurance, old age pension, accident insurance, and death insurance. Based on BPJS health data as of March 2017, it is known that the total number of National Health Care (JKN) participants has reached 175,229,204 people or almost 70% of the total population of Indonesia (BPJS Health, 2017). BPJS Health data shows an increase in the registration of informal workers (non-wage workers) in JKN scheme since last January 2014. In the first week of January 2014, there were approximately 14,217 non-wage workers in the BPJS Health database. This number then increased dramatically, until March 2017, accounting for more than 23 million non-wage workers enrolling in JKN. Obtaining health insurance is the right of every worker who should not be delayed, let alone just being met when the worker is sick or needs health services.

In addition to health protection, Law No. 24 Year 2011 has transformed the institutional PT Jamsostek into a new public body named BPJS Employment. BPJS Employment begins to operate in mid 2015 for all formal sector workers in the categories of pension insurance, old-age pension, accident insurance, and death insurance.

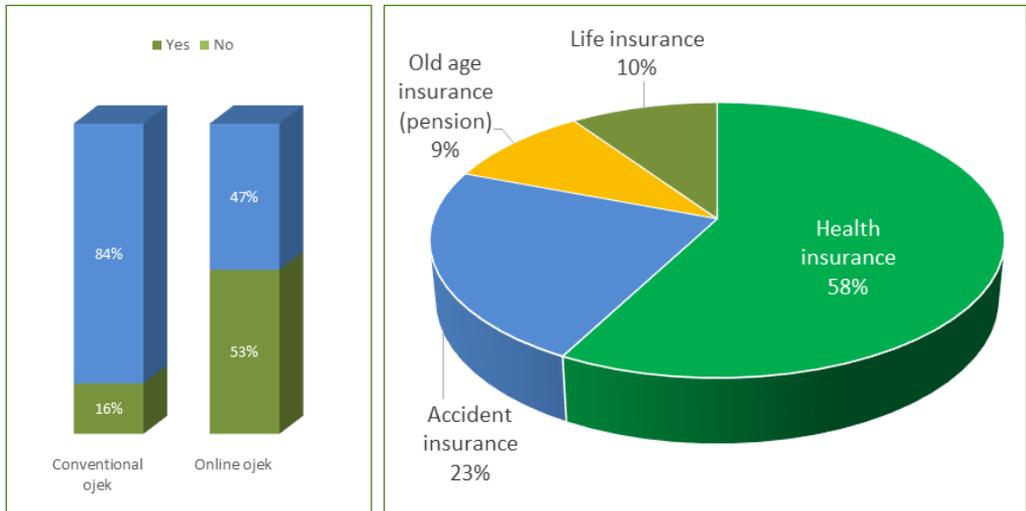
So far, the participation of informal workers in the employment scheme undertaken in a voluntary membership scheme is only through work accident and death insurance. This is affected by the government that is planning to set lower dues. In October 2014, the number of active workers in BPJS employment amounted to 12,920,685 people or about 7% of the population group aged

15 years and over, while in June 2017 it reached up to 23.3 million people. Both individual and corporate participation have increased over the last few years but there are still many formal workers who have not participated in this social security scheme. In fact, informal sector workers are very vulnerable to the risks of accidents and other economic matters.

The challenge is its implementation of the national scheme when all informal workers can participate in social security with voluntary membership. However, this challenge should be a priority for the government because these groups are particularly vulnerable to poverty, especially in retirement period or when they are unable to work.

Based on the ownership of social security, either by private (independent) or provided by the company or government, the research result reveals that only 16% of conventional ojek have social security and 53% of online ojek have social security.

Graph 42 Ownership of Social Security among Ojek Drivers



Source: research finding

Of the respondents who have social security, the most owned social security by ojek drivers is health insurance, which is equal to 58%. This is certainly influenced by social security which is currently a priority of the government to achieve universal health coverage. Furthermore, 23% had an accident insurance. The ownership of this social security is known to be mostly obtained from the place (company) they worked before.

As we know, the transport sector is highly vulnerable to work accidents, as has been described previously regarding the level of road accidents. Accidents

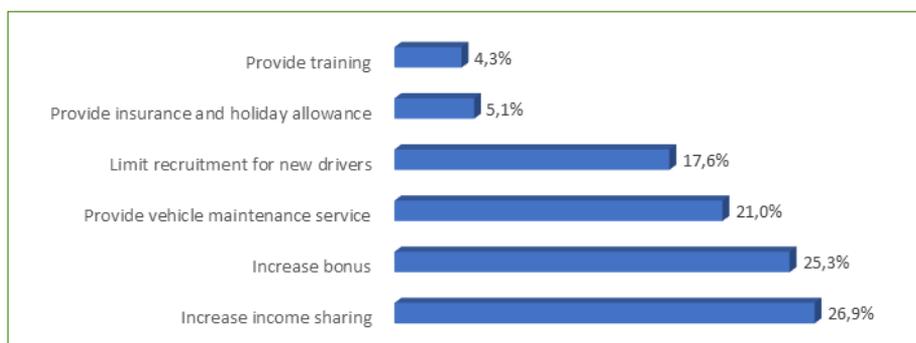
caused by two-wheeled vehicles (motorcycle) is the highest. In fact, the application company claims that online ojek drivers have been given training on driving safety on the road. However, from some online ojek drivers statements, they are not supported by adequate employment injury. They can only get an accident insurance when they are transporting passengers or orders, while when they drive alone, they do not get accidental insurance protection. The statement was revealed in the following interview excerpt:

**“ Between Go-jek and drivers...it’s just partner. Not an employee, right. So one day we have no claim whatsoever, we can not sue anything. If we do not like the rules well it’s done. While employees can sue. With this kind of partnership, if we want to do a protest, all unified, it’ll be hard. (SH, Go-Jek, March 2017)**

Supporting previous statements regarding the status of employment relationships between companies and ojek drivers, there are expectations

of online ojek drivers towards the companies they partner with. These expectations are explored in the following graph:

Graph 43 Expectations towards Online Ojek Application Companies



Source: research finding

Based on the graph above, it appears that 26.9% respondents expect that companies increase their income share, 25.3% expect a bonus increase, 21.0% expect companies providing their vehicle maintenance fees on a regular basis, 17.6% expect the company to limit the recruitment of new drivers, 5.1% expect the company to provide insurance and holiday allowances, and

another 4.3% expect the company to provide training or job skills to them.

For bonuses, each app company offers different bonus schemes. For Go-Jek, the nominal bonus is earned by the driver each day based on points earned with certain types of points. Here are the bonus calculations given by Go-Jek:

Table 14 Calculation of Go-Jek Driver's Points and Bonuses (As of August 2017)

Point	Jabodetabek	Outside Jabodetabek
14 point	Rp. 20,000	Rp. 15,000
16 point	Rp. 30,000	Rp. 25,000
20 point	Rp. 40,000	Rp. 40,000
Total per day	Rp. 90,000	Rp. 80,000

Source: Go-Jek Website, 2017

However, the amount continues to decline. Based on interview results

in March 2017, the bonus that can be obtained by the driver is still Rp. 110,000.

“ There is a bonus when completing 12 orders, one to twelve orders a day we get fifteen thousand. Later we take order again 4 times we add more twenty thousands. If we can be up to 16 times, plus thirty thousands. So a total bonus of 110 thousands a day, but at the same hour and in the same day. If you can finish 20 orders, then you can get 110 thousand. It goes to our deposit. It is exclude the wages and all other things. That is the only bonus from gojek. Every day if we can take 20 order well then every day we get 110 thousand from gojek.

(SH, Gojek, March 2017)

Regarding the points system applied, there are various calculations in accordance with the services provided and the area or peak hours in a certain area. However, this bonus is still not fully on the drivers' benefit. For example, Pak Slamet, a Go-Jek driver in Surabaya, took an order order of meals delivery and earned 2 points. After getting 12 points, he earned a bonus of Rp. 10,000. However, when he bought a food order, he had to pay Rp. 3,000 for parking fee. It makes the bonus system provided irrelevant because other costs are charged to the

ojek driver. Although some consumers give tips for parking, most do not.

As for GrabBike, the calculation of bonuses is based on ratings given passengers. The higher the score gained, the greater the potential for bonuses. GrabBike also still provides an additional profit-sharing bonus with a "near-far" scheme with 10% percentage for close range and 15% for long distance. GrabBike also implements an incentive system with percentage around 30%. This incentive is given when a driver takes order at the following times:

Table 15 Time Allocation for GrabBike Bonus (June 2017)

Time	Day
00 to 23.59	Monday
00.00 to 23.59	Tuesday-Thursday
00.00 to 15.59	Friday only

Source: Cermati, 2017

GrabBike drivers complain about bonus disbursement time that can be taken within 3 days. Also, the bonus calculation scheme applied by Uber often changes. In addition, Uber provides a profit-

sharing system with multiplication schemes. This scheme applies as the amount of addition for Uber bike drivers at certain hours and certain days. The scheme as the following table.

Table 16 Bonus Schemes Offered by Uber Motor (As of June 2017)

Day	Hours	Multiplication amount tariff
Friday	09.00 – 16.00	1.3 x
Monday-Friday	05.00 – 09.00 16.00 – 20.00	1,5 x

Source: Cermati, 2017

“ Last time the bonus was only 20 thousand, first it was 100 thousands, down to 50 thousands, now is 20 thousands. Uber gives minimum of 9 trips for a bonus. There are also 150 thousand for minimum 18 trips per week. There are also 36 trips per week with even bigger bonus. But I mostly can get the 20 thousand.

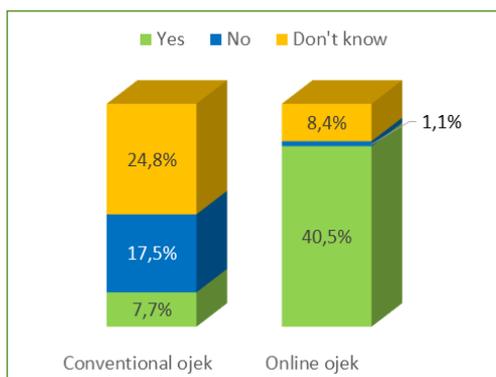
**(DD Uber Motor, March, 2017)**

Bonus system imposed by the ojek application company is claimed to increase driver's income. However, it is considered very detrimental to the driver because when the driver does not provide good performance, then the driver will fail to gain a bonus even though he has met the requirements. The bonus system too often makes the ojek drivers work excessively to get a daily bonus.

## 5.4 Future Plan As Ojek Drivers

Online transportation, especially online ojek in the next few years, is very likely to flourish in big cities, especially in cities with congestion problems, such as Jakarta and Surabaya. Indirectly, the growth of application-based transportation will also reduce the users of public transportation particularly if the government has provided a clear regulation. Data supply and demand for online ojek can be seen below:

Graph 44 Plan to Use Ojek within the Next 1 – 5 Years (consumers)

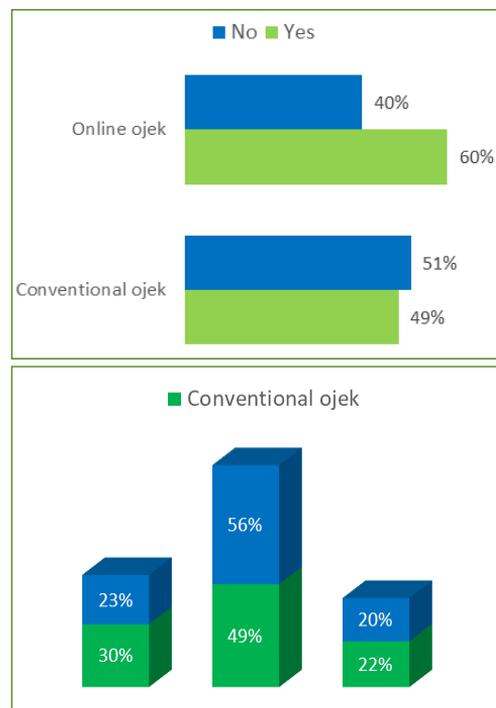


Source: research finding

Judging from the interest of online ojek consumers, 40.4% of the consumers

claimed to plan to continue using online ojek within the next 1 – 5 years. The same is also asked to ojek drivers about their optimism on the existence of online ojek. Some respondents admitted they are optimistic that people will continue to need ojek. Based on the research results, 49% of conventional ojek and 60% of online ojek are planning to keep working as ojek drivers in the next 1 – 5 years.

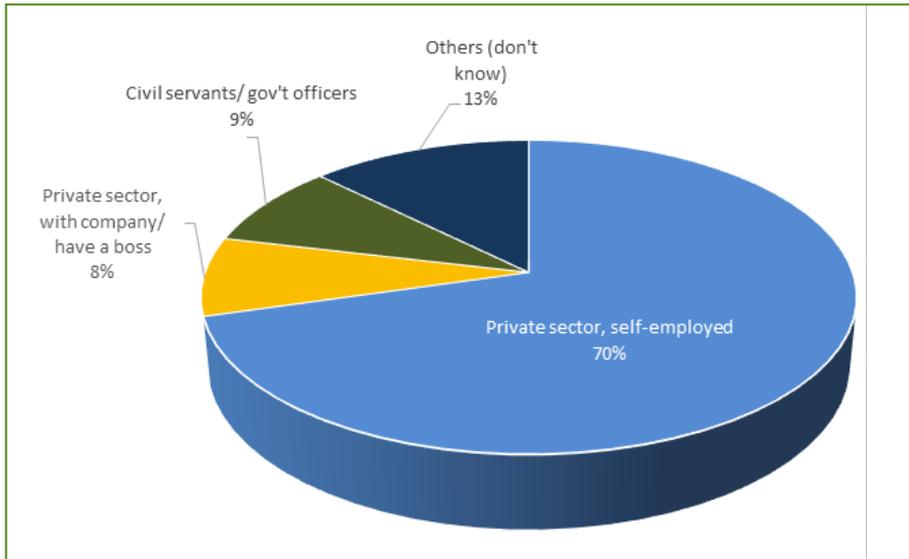
Graph 45 Planned to Work as Ojek Driver in the Long Run (Ojek Driver)



Source: research finding

Of 60% of online ojek that plan to remain as ojek drivers within the next 1 to 5 years, 20% will work for more than 5 years, 56% will work for 1-5 years and 23% will work as ojek driver less than one year. The work expected by respondents who answered to have a plan of less than one year, among others, namely:

Graph 46 Future Work Envisioned by Ojek Driver



Source: research finding

From the graph above, as many as 23% (40 respondents) of online ojek who plan to work as ojek less than one year. As many as 70% are planning to self-employed, such as entrepreneurship, 13% do not know what to work in the future, 9% civil servants, and 8% working in other companies. The result is also influenced by the fact that some of the respondents who work as an online ojek driver is still a college student or school student so that they have better expectations in the future for their work. Expectations for this work are also related to the employment opportunities they have.

The increasing tariffs and tighter competition of online ojek drivers in the future will also affect the number of ojek drivers. This is certainly due to the shifting needs of the community for transportation in the future. The government continues to pursue

the improvements in transportation infrastructure. In the future, if public transportation is well available, then the functional need for online ojek will also shift. Online ojek will no longer used as the main transportation between home and workplace, but rather a connecting transportation between home to the station, terminal or bus stop. When viewed from age range, online ojek drivers consist of 40.9% (72 people) aged 36-40 years and above and 59.1% (104 people) aged between 16-35 years. That means, within the next 5 years, ojek drivers who are aged over 36 years will be difficult to compete with productive age below them. There should be both government and private support to prepare the condition.

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Chapter 6

# CONCLUSION AND RECOMMENDATIONS



## 6.1 Conclusions

The development and progress of information and communication technology recently are felt in almost every aspect of society. As every other communication technology advances, the internet entrenches into different forms of people's life. This happens because communication is one of the basic needs of society. Internet technology grows and blends in a world or virtual space or is often referred to as cyber-space, a world or a place where people can communicate, meet, and perform various economic or business activities.

Various developments in digital technology innovation over the last decade affecting the economic and business fields are called post-industrial society, science-based economics, innovation economy, online economy, new economy, e-conomy, and the digital economy. Technological developments are made a business opportunity for one of the application companies in the transportation sector, such as application-based ojek. People can easily reach out the transportation they need by simply opening their smart phone.

The presence of online ojek service seems capable to address the increasing mobility of commuters. There is a shifting trend in society in choosing the modes of transportation they need. Currently online ojek is almost presence in every major cities in Indonesia. Based on the survey result to consumers, it is known that most respondents use online ojek

because travel time is assessed more quickly, and to avoid stuck in traffic jams and jostling in public transport. In addition, the road condition and other available public transport could not solve the travel time issue. Congestion brings impact on productivity and other opportunities. When we spend more time on the streets there will be many opportunities loss.

The existence of ojek is also considered to increase congestion problems in the capital city with the many of ojek line up on the sides of the road. Online ojek also triggers horizontal conflict among transport drivers. Obstacles felt when working in online ojek are the tariff given is too cheap, communication barrier with customers (signal, phone credit, internet), unilateral management associated with discounts and ratings thus making it difficult to get bonuses, motor maintenance costs, and the requirement to have minimum balances.

The trend of flexible work patterns and the many opportunities to find freelance work is currently increasing. The rapid growth of this independent workforce has fueled the growth of on-demand economy, including online ojek. Based on the survey result, among respondents who take ojek as their main job, there are 7 of them who hold a Bachelor's degree and 8 diploma (vocational) graduates. It shows a huge gap between educational qualification with the availability of employment (over qualified) and skill mismatch.

High degree of flexibility also affects the ojek driver's working hours. It is important for us to understand and monitor the trends in working hours and wages as they relate to decent work. Excessive working hours can interfere with the working conditions and health of the workers. There are 30% of online ojek drivers who spend time working for more than 8 hours a day. Of the 30% (53 people), as many as 45 people work between 9 - 19 hours / day. Flexible working hours push the drivers work longer hours, often in irregular hours with the goal of maximizing their income. Speaking of working hours, the majority of workers in Indonesia have long working hours with low wages. Low wages will increase a person's risk of being vulnerable to poverty. As many as 68% of online ojek earn less than 2 million rupiah per month. It can be said that they have not fully work properly because their own decent work is related to employment, social protection, workers' rights, and social dialogue.

The working relationship run by ojek companies are in the form of partnership. The working relationship with the company does not refer to the employment agreement as stipulated in the Manpower Law. Partnership agreements imposed by app companies make drivers and their families have to overcome their own work-related risks.

Bonus system imposed by the ojek application company is claimed to increase driver's income. However, it is considered very detrimental to the driver because when the driver had a

bad performance then the driver will fail to obtain the bonus even though he/she already meets the requirements. The bonus system also often pushes ojek drivers to work excessively in order to get a daily bonus.

Online ojek has existed since seven years ago, but we still often see various controversies and conflicts surrounding it. The reason is because until now there is no single national legal protection that clearly regulates it both from the side of transportation and employment. Without a clear legal protection, the future of online ojek will always be in the gray area. Regarding the absence of this legal protection, the government is considered ignorant of the phenomenon of online transportation, both in terms of transportation modes as well as the employment side.

In terms of employment, until now also there is no policy that regulates the workers in the field of transportation, especially the online ojek drivers. In fact, with the increasing number of ojek drivers, the employment protection of ojek drivers should also need to be considered. If there is no regulating policy, ojek drivers will potentially experience vulnerability.

## 6.2 Recommendations

- There needs to be a legal policy governing the presence of ojek, not only from the side of transportation, but on the side of employment protection and protection of the rights of online ojek workers. There should be a clear working relationship so that the rights of the online ojek drivers (workers) can be better protected (job security) in accordance with Law No. 13 Year 2003. In addition, it is necessary to mapping the characteristics of ojek drivers to differentiate the working relationships based on type, such as full-time work and part-time work. This is because currently there are full-time ojek drivers as well as those who make ojek as a side job. Government, through the Ministry of Manpower, need to make regulations to encourage companies to set up a working relationship scheme in accordance with the characteristics of production / operation of the driver. Thus, it can align with Specific Time Working Agreement (PKWT) in accordance with Articles 54 - 59 of Law No. 13/2003 on Manpower.
- Social security for online ojek drivers through maximizing Social Security (BPJS) Employment
- To ensure protection in the form of health insurance, online transport drivers are categorized as Wage Workers Recipients with contribution fee of 5%, 3% from companies and 2% from drivers.
- To ensure protection in the form of social security of employment, at least online transport drivers are covered by Old Age Insurance (Jaminan Hari Tua, JHT), Work Accident Insurance (Jaminan Kecelakaan Kerja, JKK) and Death Insurance (Jaminan Kematian, JKM).
  - i. For JHT, the contribution fee is 2% from the driver and 3.7% from the company;
  - ii. For JKK, transportation drivers included into the category of workers with high risk level so that the contribution fee is 1.27% of the monthly income, and this can be maintained by companies that have record of driver's earnings by cutting the driver's income by 1.27% to be deposited to BPJS Employment; and
  - iii. For JKM, driver's income per month is cut by 0.30% by the company to be deposited to BPJS Employment.
- Health and Employment Insurance for online drivers can be done with the main requirement in the form of PKWT working relationship between the company and the driver to facilitate the process of membership and dues. With a clear working relationship, social protection rights as citizens for online drivers are assured.
- Once there is certainty of working relationship, the formation of trade

unions and cooperatives can be encouraged as the driver's social and economic net to avoid risks arising from legal and economic aspects.

- To reduce the gap between the skills of the workforce and the needs of the companies, it is necessary to improve the skill of the workforce, especially by improving the quality of schools and access to higher education. The government needs to think about alternative employment for ojek drivers in the future through the provision of training that can improve their skills.
- To access capital, online ojek drivers who have side jobs, such as entrepreneurship, can be encouraged to access micro credit (Kredit Usaha Rakyat, KUR). However, in the future, the government also needs to expand the scope of KUR, i.e regarding the regulation of KUR distribution for citizens who want to establish business.
- On the existence of ojek that are often line up on the roadside and add to the congestion problem, the companies, government and other business partners should take actions to respond the issue. This can be done through providing special shelter for online drivers to wait for passengers.

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