

CHAPTER I

INTRODUCTION

1.1 Background

Since 2008 the phenomenon of the sharing economy has been undergoing significant growth, in which both media and dedicated literature showed an increasing interest towards this umbrella concept (Selloni, 2017). However, the definition of this concept is still blurred, which is why it is not simple to provide an ‘official’ definition. In fact, the name of sharing economy may be interpreted as *“the economic model where people are creating and sharing goods, services, space and money with each other”* (Miller, 2015, p.150).

Mobility is crucial in any society making the transportation industry such as ridesharing business or well-known as online transportation become one of the most in-demand markets that operating under the “sharing economy” business models (Cohen & Kietzmann, 2014). In Indonesia, for instance, several online transportation platforms were found in 2010 alone. Started with the establishment of PT Go-Jek Indonesia in October 2010 and followed by Grab in June 2014, and Uber in August 2014 (Purnomo, 2017). These online transportation platforms have rapidly embraced the rise of online transportation apps to add convenience to people’s live.

According to Prabowo (2018) there are about 250 million Indonesians have used these online transportation apps (Prabowo, 2018). The facts that he found are interesting when he and his team conducted an online survey about which ride-hailing apps used most often by Indonesian, the result shows there are about 56% people used Go-Jek, 33% Grab, Uber 8% and 3% of non-user. This survey had 515 participants in 12 major cities across Indonesia sharing their thoughts on the big three companies (Prabowo, 2018).

Working under the slogan, “*Karya Anak Bangsa*” (Made by Indonesians), Go-Jek company has become the most favorite ridesharing platform among others (Prabowo, 2018). There are several factors that made Go-Jek as the ridesharing platforms that use the most by Indonesians, such as safety, flexibility (always able to find a ride), frequent promotions & discounts, easy navigation within the app, many payment option, wide food delivery option, helpful customer service, and loyalty rewards. The majority of respondents, however, pointed to safety as the primary factor when choosing which ride-hailing application to use (Prabowo, 2018).

Moreover, Go-Jek also has successfully attracted huge amount of investment funds. Go-Jek is currently valued about \$3 billion in 2016 (Kompas, 2018). The way Go-Jek operates helped the people in their daily lives. Go-Jek initially only offering motorbikes rides at the past, but now expanding to other daily needs such as food delivery, courier, house cleaning services, and taxi rides. As well as online transactions such as buying tickets online, buying medicine, paying bills, and other services which gradually evolved to a gigantic business network (Azzuhri & Mada, 2018, p. 59-60).

Go-Jek also has employed around 200,000 motorcycle and taxi drivers throughout Indonesia by the end of 2015, of which around 100,000 of them were in the capital city of Indonesia (Fajrina & Panji, 2016). Further, the amount of taxi and motorcycle drivers increased from 200.000 drivers to more than 654.000 drivers in 50 cities (Prabowo, 2018). It is indirectly helped increase the employment in the transportation sector.

In addition, the emergence of online transportation in Indonesia such as Go-Jek has brought new innovation which arguably solve one of the major problems of the several big cities in Indonesia such as Yogyakarta (Tribunnews, 2018). Since Yogyakarta province is well-known as “*Kota Pelajar*” (The City of Students), in which more than 100 institutions of higher education in Indonesia are mostly located in Yogyakarta. As

well as known as one of the Province with the highest number of tourism attractions in Indonesia (CNN Indonesia, 2017). These factors made Go-Jek become acceptable and even become the most favorite transportation in Yogyakarta (Tribunnews, 2018).

Unfortunately, despite the significant growth of Go-Jek business network and its positive impact on the lives of many, it has disturbed government and created circumstances for revolutionary change to establish orders (Venera & Tselentis, 2015). The local government of Yogyakarta province, for instance, should make the regulation to address the issues, due to plenty of problems arose along with the establishment of this gigantic business (Kompas, 2018). The Yogyakarta governor has issued the Governor Regulation No.32 of 2017 about the regulation of online taxi operation in Yogyakarta province (Hendryanti, 2018).

Further, the Ministry of Transportation also has made several regulations in addressing the issues of online transportation in Indonesia. From the regulation No.35 of 2013, regulation No.32 of 2016, regulation 26 of 2017 to the current regulation No.108 of 2017, yet none of them were successfully implemented (Kompas, 2018). It went several demonstrations which against the regulation, which is considered not fulfill the public interest and not stand equal for others (Azzuhri & Mada, 2018).

Social contract theory has been used to explain how the demand for action to avoid harm to citizens is manifest, and what can happen to states when they do not fulfill their implicit social contract of protection (Mortreux et al., 2018 p.124). For instance, several big demonstrations were held by many parties, such as the conventional motorcycle rides or in Bahasa called *ojek*, and conventional taxi drivers whose income has been heavily disrupted by the emergence of Go-Jek. There were thousands of public transportation drivers in Indonesia protest against Go-Jek, Uber in the capital city in Indonesia; Jakarta (Freishclad, 2016).

In Yogyakarta province itself, the problem of online transportation has become an unfinished work for the government for years. The problem is not merely about the decreasing income of the conventional transportation drivers, but rather than online transportation drivers who seek certainty on their status, whether as an employee or partner (Azzuhri & Mada, 2018). As well as the procedures in the Governor regulation which is considered stand for the online transportation company side only (Purnomo, 2017).

Hence, this paper seeks to begin a conversation about how government regulation's response on sharing economy principles in term of ridesharing business in Yogyakarta province. By using ten sharing economy's principles in the article of "*First Principles for Regulation Sharing Economy*" which introduced by Stephen R. Miller (2015) and combining the public value theory and its characteristics, it will help the author to analyze what are the principles that have been implemented by the government. As well as find out the significant affect on the operation of Go-Jek platform in Yogyakarta.

According to Kelly (2002) the potential of "public value" concept is identified by the experts in the field as a new approach to the public governance, which is more than market models, command and control(Venera & Tselentis, 2015). It emphasizes the important of public value by applying the sharing economy principles on the ridesharing business model in the public domain. The main advantages of this model of management are: to improve efficiency, equity and efficiency in providing the regulation, the introduction of new programs to meet the new political aspirations or new challenges facing the organization, the reformulation of the organization's mission so that the old capabilities should be used more effectively(Bromell, 2012).

In addition, the factors that made this issues matter is the fact that there has been almost no discussion of how the sharing economy business relate to existing local

government regulatory structures. Besides, the specialization of Yogyakarta province as the Special Region of Indonesia and its density population, there is none of researchers discuss about this topic yet. Therefore, this study matter to be discussed in academic way.

1.2 Research Question

How does existing regulation on online public transportation affect the Go-Jek operation and significant sharing economy principles?

1.3 Research Objectives

The aims of this research are to explore how government regulation's response toward sharing economy's principles in the case of Go-Jek as the Online Transportation company. As well as find out what are the sharing economy's principles which have been implemented by the government.

1.4 Research Benefits

1.4.1 Theoretical

This research is related to what author studying at (Governmental Studies), in order to advance the fundamental knowledge as well as to update the science in social and political field.

1.4.2 Practical

Giving a contribution in academic way for the Law-Maker in Indonesia in term of regulating the online transportation that might be useful in the future.

1.5 Literature Review

A review of the literature is a description of the theories used to describe research issues at the same time, also be the theoretical framework of the theory in the research. Refer to a variety of literature from the previous studies with regard to the background of

the problems on this undergraduate thesis. There are several previous studies that have the same topics and themes for the author to make reference or comparative material. In order to provide an overview of the recent study that related to the issue which will be investigated, as details below:

Table 1.1 List of Literature Review

No.	Author	Title	Finding
1.	(Malhotra & Alstynne, 2014)	Article Economic and Business Dimensions “ <i>The Dark Side of the Sharing Economy and How to Lighten It</i> ”	<ol style="list-style-type: none"> 1. Absorb Risks that Benefit the Ecosystem. 2. Invest in Your Customers. 3. Community Policing and Self-Regulation. 4. Tax Fairly and Don’t Promote Arbitrage.
2.	(Heinrichs, 2013)	Journal Ecological Economics “ <i>The Sharing Economy: A pathway to sustainability or a nightmarish form of neoliberal capitalism?</i> ”	The analysis identified actors seeking to empower the niche employ three framings—the sharing economy is: (1) an economic opportunity; (2) a more sustainable form of consumption; and, (3) a pathway to a decentralized, equitable and sustainable economy. Whilst, actors resisting the development of the niche employ three different framings—the sharing economy is: (4) creating unregulated marketplaces; (5) reinforcing the neoliberal paradigm; and (6) an incoherent field of innovation.
3.	(Susilo, 2007)	Article “ <i>A Reflection of Motorization and Public Transport in Jakarta Metropolitan Area</i> ”	In term of the finding, the lesson learned from JMA’s context emphasizes the need for a clear vision, commitment, consistency, and leadership in creating a sustainable city, which provides a means of mobility for all including a guarantee of the city’s sustainability for the future. The action should be based on and confirmed by the community’s needs and expectations.
4.	(Miller, 2015)	Article “ <i>First Principles for Regulating the Sharing Economy</i> ”	In his article, he mentions 10 principles for regulating the Sharing Economy (will be explained details in theoretical framework)
5.	(Cohen & Kietzmann, 2014)	Journal “ <i>Ride On! Mobility Business Models for the Sharing Economy</i> ”	In the findings, the authors found that Business Models for Sharing Economy (BMfSs) hold significant promise in assisting the transition toward more sustainable mobility systems. The author analysis suggests that a move toward merit-based business models may offer a

			more optimal alignment between service provider and local government objectives. Given the rapid growth of the sharing economy, particularly in municipal environments, insights from this research may help shed light on the future evolution of the sharing economy in smart and sustainable city initiatives around the globe.
6.	(Azzuhri & Mada, 2018)	Journal of Business and Economics Research “ <i>A Creative, Innovative, and Solutive Transportation for Indonesia with Its Setbacks and How to Tackle Them: A Case Study of the Phenomenal GOJEK</i> ”	The authors found that there are several turmoils when passing the specific law regulating Go-Jek. The government is in dilemmatic position to comply to the needs of the people over transportation such as Go-Jek, while trying to be able to cover the interest of the state and the Go-Jek itself as well.
7.	(Selloni, 2017)	“ <i>New Forms of Economies: Sharing Economy, Collaborative Consumption, Peer-to-Peer Economy</i> ”	In this paper, the notion of reciprocity, and more specifically, its interpretation as common-pool arrangements are central, because they show a clearer picture of the possible social and institutional innovations of which the sharing economy is capable. Creative communities, active citizens, social innovators, and common-pool arrangements are part of the same phenomenon: a system of services placed in a hybrid area between amateur and professional, public and private, market and society, profit and not-for-profit.
8.	(Hobolt & Klemmensen, 2008)	<i>Government Responsiveness and Political Competition in Comparative Perspective</i>	The responsiveness of governments to public preferences is not constants across countries or over time, and it is thus important to consider whether the institutional and strategic context influences government incentives to respond to the public. This article has argued that political contestation is a key mechanism that encourages governments to respond to the electorate’s wishes. The harder the competitive struggle for votes and policies, the more likely executives are to pander to public preferences and the less opportunity governments have to

			pursue their own interest.
9.	(Heinrichs, 2013)	<i>Sharing Economy: A Potential New Pathway to Sustainability</i>	In his finding, the sharing economy has the potential to serve as an umbrella concept that may bring together and re-frame older and recent alternative forms of economic activity and their academic conceptualization.
10.	(Rizzo, 2007)	Article “ <i>Local Government Responsiveness to Federal Transfers: Theory and Evidence</i> ”	This paper tests the responsiveness-through local tax decisions- of Canadian provinces to the equalizing transfer coming from the federal government. The author has theoretically assessed the effect of an equalization transfer in a model with tax competition on a mobile good. It has shown that the tax reaction function differs according to whether a province exports or imports the good.
11.	(Burgess, 2002)	Journal “ <i>The Political Economy of Government Responsiveness: Theory and Evidence from India</i> ”	In this paper the author has argued that mass media and open political institutions can affect government activism and responsiveness. This contrast with economic development which appears to be relatively unimportant in their data. Elections provide an incentive for politicians to perform which can be enhanced by development of the media. Through this mechanism we would expect responsiveness of the government to salient issues such as crisis management to be greater where the media is more developed.
12.	(Burgess, 2000)	Journal “ <i>Political Agency, Government Responsiveness and the Role of the Media</i> ”	The theory suggests two things that the authors can confront the date with: (i) responsiveness should be greater where information flows are more developed as this enables vulnerable citizens to monitor politicians and penalize them for not responding to their needs (ii) responsiveness should be greater where political participation is greater as this increase the likelihood that citizens will punish unresponsive incumbents.
13.	(Silalahi, Handayani, & Munajat, 2018)	Journal ScienceDirect “ <i>Service Quality Analysis for Online Transportation Services: Case Study of GO-JEK</i> ”	In their findings, there were 20 criteria that they used to evaluate Go-Jek services quality by employing entropy analysis. From the entropy analysis, each criterion was weighted to rank the quality of the services relatively to each other. For GOJEK, the order of the criterion from the highest weight are (1) perceived cognitive, (2) perceived website innovativeness, (3) ease of use, (4) billing, (5) valence, (6) accessibility,

			<p>(7) reliability/fulfillment, (8) website design, (9) contact, (10) content usefulness, (11) responsiveness, (12) personalization, (13) punctuality, (14) content adequacy, (15) system availability, (16) privacy, (17) interactivity, (18) compensation, (19) trust, (20) perceived risk.</p> <p>Thus, the result of their analysis can be used by company to determine which aspect are still lacking and need to be improved.</p>
14.	(Burstein, 2018)	<i>The Impact of Public Opinion on Public Policy: A Review and a Agenda</i>	Overall, the findings about responsiveness seem quite robust, not strongly affected by the activities of political organizations or elites, type of issues, or time.
15.	(Flores & Rayle, 2017)	<i>How Cities Use Regulation for Innovation: the Case of Uber, Lyft and Sidecar in San Francisco</i>	In their finding, it not surprises San Francisco was the first to legalize ride sourcing. Several factors made it a uniquely favorable entry point for ride sourcing and for a favorable policy response. (1) San Francisco was part of the world's leading urban region for computer-based innovation. (2) San Francisco had a cadre of motivated and skilled entrepreneurs. (3) The leading ride sourcing companies originated and were headquarter in San Francisco.
16.	(Yotawut, 2018)	<i>Examining Progress in Research on Public Value</i>	This article assesses on how public or private organization are operationalizing the principle of public value. <i>First</i> , measuring the public value of e-government: A case study from Sri Lanka. <i>Second</i> , New Public Management to public value. As well as Developing an understanding of result-based management through public value theory. All of them are explaining how public value creates service, trust, and other positive outcomes, and how public organizations use public value generation in terms of e-government.
17.	(Hay & Cordery, 2018)	<i>The Value of Public Sector Audit: Literature and History</i>	This paper explains the value of financial statement auditing in the public sector. In the findings, shows that there are a number of complementary explanations which can be applied to examine the value of public audit, including agency, signaling, insurance, management control, governance and confirmation explanations.
18.	(Chung & Hensher, 2018)	<i>Transportation Private</i>	This paper explores the issue from different perspectives both public sector

		<i>Partnerships in the Provision of Tolled roads: Shared value creation, trust and control</i>	agencies and private sector firms involved in the provision of toll roads. It found that resource values have little influence on decisions to form a partnership, while partner's (un)trustworthiness and social activism by external stakeholders have a discernible effect on their decisions.
19.	(Marie, 2016)	<i>Public Value as Essential Criteria for Public Entrepreneurship: Water Management in France</i>	The research found that the attainment of public values is what lends legitimacy to a public utility charged with the provision of essential services. In this case, even in a context of neoliberal governance, where private values of an economic nature conflict with public goals; public values take precedence in the management and the regulation of the service.
20.	(Venera & Tselentis, 2015)	<i>Designing the Model of Public Value Management</i>	Throughout the paper, the main advantages of this model of management are highlighted, i.e. the improvement of efficiency, equity and efficiency in providing services, the introduction of new programs to meet the new political aspirations or the new challenges facing the organization, the reformulation of the organization's mission, thus using old capabilities more efficiently. The management of the public value emphasize both the processes and the results, and the citizens are regarded as shareholders, which gives new values to this concept. Based on the scientific research in specialized literature and on observations, we have outlined the main theoretical, methodological and conceptual boundaries and highlighted the ways of measuring the public value.
21.	(Bromell, 2012)	<i>Creating Public Value in the Policy Advice Role. A Reflection from the Front Line</i>	In his findings, public value that have been purposed a very long time ago by Moore, can be used as the measurement of policy works: strategic policy (pushing the frontier), responsive policy (making the government's ideas work) and operational policy (keeping things running). It affirms that policy is a story about creating public value, and explain the link between policy triangle and the strategic management triangle reflect the reality that good governance requires a dance web service such as public engagement.
22.	(Sherman, Weinberg, & Lewis, 2011)	<i>Measuring Public Value Creation</i>	In the finding, the author proposed a new approach or framework that can be

		<i>(Example in Ohio)</i>	used by public sector executives to strategically manage performance in public sector. As a result, managers using more planning process, should only concentrate on a few critical indicators. Further, operational capacity it is important for the public manager to keep track of the progress they are making in the political arena. The most important objective the value they are creating for the public. Setting up an information system to check the three areas of the Strategic Triangle is the key to the successful implementation of this management framework.
--	--	--------------------------	---

Source: It has been modified from various sources, 2018

From the previous studies above, it implies that there are many researchers have discussed about sharing economy, online transportation, public value, and government responsiveness. However, none of them were specifically discuss about the sharing economy's principles especially on ridesharing business and its regulatory response from the local government.

The breakthrough of this research is the theory that being used by the author, which is tries to explore the sharing economy's theory and its principles. Besides, develop the public value theory of broad literature review in analyzing the government response on the case that being studied. Further, the difference of this study among all the previous studies above, is in the term of the research method, the author uses qualitative descriptive approach. Descriptive analysis aims to describe the overview of research objectives which are to explore how government regulation responses toward sharing economy's principles in the case of Go-Jek as the ridesharing platform. Besides, this research aims to find out what are the sharing economy's principles which have been implemented by the government of Yogyakarta province.

1.6 Theoretical Framework

1.6.1 Sharing Economy

This research utilizes sharing economy's concept and its principles to analyze the government regulation's response on ridesharing business, which in this case is PT. Go-Jek Indonesia. As mentioned earlier, sharing economy concept has attracted many researchers since it was causing a seismic shift in the structure of retail and service businesses. The change is coming dramatically which is hard to contemplate its scope. For instance, the significant growth of PT. Go-Jek Indonesia which has employee more than 654.000 drivers in 50 cities. As well as other ridesharing businesses such as Grab which currently announced its expansion to 100 cities in Indonesia, making it the dominant player in the country (Prabowo, 2018).

Despite this rapid growth in the sharing economy especially ridesharing business market, there has been little discussion within the academic literature of the sharing economy's principles relate to existing local government regulatory structures. This paper seeks to begin a conversation about this rapidly evolving part of the economy while also discussing how the response of the government regulation on sharing economy's principles. However, before we discuss about sharing economy principles, it is better to understand how sharing economy's concept and its elements of ridesharing business works. The figure 1.1 below describe the pattern of ridesharing business. This model business initially consists of three main features such a platform, owner and seeker. It has been modified since the lack of government response and citizen assessment.

The top icon is government response in which government should be responsible to control and monitor the operation of ridesharing businesses by making the regulation. In order to make sure that the regulation is fair to all and has lasting, broad-based community benefits. Further, access instead of ownership, rather than buying an asset, the seeker rents it

from someone else. While a platform brings together owners and seekers and facilitates all processes between them. It implies that the owner and seekers are the private customers who share access to products and services to other private customers, and platform as intermediary. As well as the butom icon is citizen and general community who assess on how the company and government worked so far.

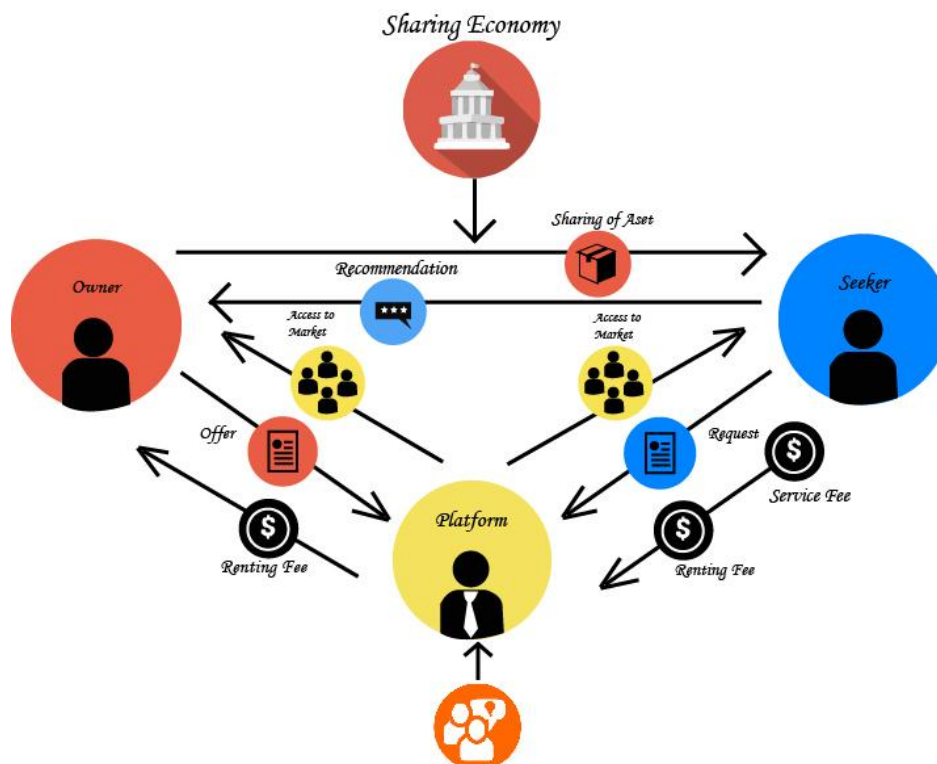


Figure 1.1 Sharing Economy's Pattern

Source: It has been modified from Schmalstich, 2018

According to Botsman and Rogers (2010) in Selloni (2017), published the first book about the sharing economy: *What's Mine Is Yours—the rise of collaborative consumption*, providing a general definition of: traditional sharing, bartering, lending, trading, renting, gifting and swapping redefined through technologies and peer communities (Selloni, 2017 p.17). It explains how the sharing economy may become more than a niche economy, because it may be considered as a veritable market that produce sizeable numbers and

increasing turnovers. Indeed, the sharing economy has been named by TIME as one of the '10 ideas That Will Change the World', highlighting the enormous social, economic and environmental potential of this phenomenon.

In terms of sharing economy's principles there are 10 principles that have been introduced by Stephen R. Miller in his article (Miller, 2015) "*First Principles for Regulating the Sharing Economy*":

a. Principle 1: The Sharing Economy Is Differentiated and Requires a Differentiated Regulatory Response

In contemplating a regulatory response to the sharing economy, the regulator needs to first understand the market segment being disrupted and what new market are being created by the sharing economy platform (Miller, 2015). With that information, the regulator can then begin to contemplate how regulation should respond to permit growth of sharing economy segments in a way that also accounts for the needs of all constituencies and is within the laws as written or newly conceived. Further, regulators need to take the time to understand the complexity of the changes operated by the technology to existing and new markets in order to respond effectively.

b. Principle 2: The Sharing Economy Must Be Daylighted

The sharing economy needs to be daylighted and brought into the legitimized transactional world. That said, recognizing the importance of daylighting this economic activity does not necessarily mean brushing away existing regulation without thoughtful consideration. In areas where the sharing economy has grown up substantially, regulation needs to be reimagined to achieve the same purposes of the regulations first written for the traditional industry, as well as the new markets created by the sharing economy (Miller, 2015).

c. *Principle 3: Regulating the Sharing Economy Requires (the right kind of) Information*

Economists have long noted the importance of information to effective regulation. Thomas Diez in (Miller, 2015 page 155) has noted that governance of complex systems “depends on good, trustworthy information”. Diez further noted that “this information must be congruent in scale” with the events and decisions governed and that information needed is not only about what we do know, but also information about uncertainty and how to “[characterize] the types and magnitudes of this uncertainty. The necessity of these information demands, in order to create effective regulation, equally applies to the sharing economy(Miller, 2015).

d. *Principle 4: The Sharing Economy Is Here to Stay (and That Is a Good Thing)*

Although local governments are reasonably worried about runaway market growth of an unregulated economy, they should also consider the unprecedented opportunities that the sharing economy provides. The sharing economy offers cities a whole new model for development not limited by the availability of land. Most sharing economy uses require very little additional infrastructure because they typically do not increase use to the point where new infrastructure is necessary. For these reasons, among many others, the sharing economy is unlikely to go away any time soon, and that is good for everyone(Miller, 2015).

e. *Principle 5: The Sharing Economy Disrupts and Reimagines Established Markets*

The sharing economy challenges established markets, sometimes referred to as the “incumbent” market participant. For instance, on-line sharing economy uses like Airbnb not only disrupted the need for property managers and real estate brokers

who for generations have been one of the few ways for vacationers to find a rental in destination

that is not within an established hotel use(Miller, 2015).

This effect illustrates that disruption in the sharing economy is not always a one-to-one tackling of a specific, established market; rather, the flexibility and novelty of sharing economy uses also permits the sharing economy to challenge multiple established markets at once.

f. Principle 6: The Sharing Economy Established New Market (That Established Markets Want to Take Over)

The new markets of the sharing economy seem to be “blue oceans”. It represents the creation of new markets, where they have a competitive advantage, allowing that competitor to enjoy the pleasures of the blue ocean market without the deleterious constraints and costs of “red oceans” as the established markets. The established markets called as red ocean resulting in “blood in the water” because they must suffer for another market participant to prosper(Miller, 2015).

In the end, the new markets created by sharing economy will likely look a lot like the red oceans of the established market-place once the sharing economy is no longer illegal.

g. Principle 7: The Sharing Economy Disrupts and Reimagines Established Regulatory Structures

The sharing economy would likely require further amendment of existing laws, as well as indicative of kinds of changes to existing regulatory structures that sharing economy market could challenge in the future (Miller, 2015).

h. Principle 8: The Sharing Economy Requires a Response beyond Traditional Regulation

In the sharing economy market, traditional command-and-control regulation has three real options: a ban, a regulatory structure that creates a de minimis exceptions within existing regulations that permits reduced compliance standards, or seemingly over-invasive enforcement(Miller, 2015).

However, the unique intimacy and informality of the sharing economy make traditional regulation unlikely to succeed.

Instead, the city response will likely require alternative approaches that rely on markets, information, and perhaps even regulatory structures that model sharing economy more directly.

i. Principle 9: The Harm and the Remedy Are Uniquely Challenging to Determine in the Sharing Economy

In the sharing economy, the harm is often uniquely challenging to determine, so too, is the remedy for the harm difficult to imagine. Typical regulatory structures do not seem to graft well onto sharing economy uses. That does not mean command-and-control regulation is not necessary; it does mean, however, that efforts to remedy whatever harms the sharing economy may place upon other will almost certainly challenge existing regulatory norms (Miller, 2015).

As local government begin to develop a regulatory response to the sharing economy, they should consider the nature of the remedy they seek. Moreover, the best form of local government regulation of the sharing economy also may be one that uses as its measure a shared risk and shared reward. Of course, this type of regulation is antithetical to traditional police power regulation, which is not directly base on risk tolerance, instead upon establishing limits of health and safety that are typically bright line of compliance. Finally, it is also important to note that the difficulty of determining harm and remedy in the sharing economy is

a reason why insurance is especially important to the evaluation of these new sharing sectors(Miller, 2015).

j. Principle 10: The Sharing Economy Implicates Diverse Parties, Each of Whom Should Be Considered in Establishing a Regulatory Response.

The most popular commentary on the sharing economy focuses on two parties: the government as regulator and the disruptive sharing economy company. This argument misses the larger picture. If the government and the disrupting sharing economy company were the only parties involved, the issue would have been solved a long time ago(Miller, 2015).

Indeed, the only way that sharing economy will ever find resolution as a viable, legal business venture will be to engage the whole panoply of parties with interest in the sharing economy and how it changes communities. An approach that acknowledges the legitimate concerns of all of the affected parties is far more likely to yield a result that seems fair to all and has lasting, broad-based community benefits(Miller, 2015).

1.6.2 Public Value Theory

Drawing broad literature review from various understanding in assessing government response in the context of public value, Yotawut (2018) examining the progress in research on public value. Further, Hay and Cordery (2018) argue on the involvement on public sector. As well as Chung and Hensher (2018) explores the coordination among the stakeholders. While Marie (2016) states on the essential of public value through legitimacy and policy from the government (Yotawut, 2018);(Hay & Cordery, 2018);(Chung & Hensher, 2018);(Marie, 2016). The

characteristic of public value implies on the improvement of efficiency, equity, and efficiency in providing services. The public services emphasize public satisfaction, quality of life, and the welfare of citizens. For instance, public utility, health, and education (Venera & Tselentis, 2015); (Bromell, 2012);(Sherman et al., 2011).

According to Kelly (2002) the potential of “public value” concept is identified by the experts in the field as a new approach to the public governance, which is more than market models, command and control. In particular, the concept of public value is proposed as a model for promoting networked governance as a rediscovery of the governance and replacement of the new public management, as an approach to the reform in the public sector (Venera & Tselentis, 2015). It emphasizes the important of public value by applying the principles of corporate governance in the public domain. The main advantages of this model of management are: to improve efficiency, equity and efficiency in providing services, the introduction of new programs to meet the new political aspirations or new challenges facing the organization, the reformulation of the organization’s mission so that the old capabilities should be used more effectively.

In addition, in the public value relates to the delivery of services, it may increase efficiency and effectiveness. Public service delivery shift away from governments directly providing public services including Public-Private-Partnerships (PPP) and arrangements. As a result, public value are the primary that governmental organizations which concerning about enhance the public service delivery (Yotawut, 2018 p.172).

The understanding of public value can create service, quality, and trust. The public organization requires to involve stakeholders in responding the public services (Yotawut, 2018 p.168). Responsive government must have incentives such as

financial, public information and policy. Further, government response as parameter for management capabilities. (Chung & Hensher, 2018 p.344)

However, understanding what makes government responsive to citizen's needs is a key issue in political economy. It is particularly poignant in developing country where, in the absence of market opportunities, vulnerable populations rely in large measure on state action for people survival. A key issue is what the institutions—economic, social, and political—can be built to increase the effectiveness of the state in social protection (Burgess, 2002).

Further, the most of the political economy perspectives are devoted to explaining the scope and limitations of state, power and the processes by which state interventions are legitimate and legitimized. At its core, political economy suggests that the underlying motivation for state intervention is maintaining and improving their own legitimacy Hinderes in Mortreux et al., (2018) and that social and economic interventions are attempts to maintain or extend that power (Mortreux et al., 2018 p.123).

Moreover, how state choose to intervene depends on context, notably the type of political regime and ideological preferences for state and market. In the context of sharing economy, it has widely been demonstrated and documented that governments are seen to be derelict in their duty, and hence risk their legitimacy, if they do not protect vulnerable populations. Social contract theory has been used to explain how the demand for action to avoid harm to citizens is manifest, and what can happen to states when they do not fulfill their implicit social contract of protection (Mortreux et al., 2018 p.124). For instance, the emergence of sharing economy market has disturbed governments and created circumstances for revolutionary change to establish orders.

Hence, by combining the public value concept and its characteristics from several studies above, it will help the author to analyze the government response on sharing economy's principles in the case of ridesharing business; PT.Go-Jek Indonesia. The public value itself draws attention to the the new role of government have in directing the development processes of public policies, even in partnership with other actors and stakeholders. As well as, the role of government in attempting to provide good choices in the public interest, which legitimates and guides the sequential implementation of strategies. In order to improve the results for the public. (Venera & Tselentis, 2015 p.75).

1.7 Conceptual Definition

The conceptual definition is a restriction to the problems of the variable that made the guidelines in research so that will make it easier in the field in operationalization (Singarimbun & Effendi, 2008, page 43). The conceptual definition describes a concept in brief, clear, and unequivocal. To understand and make it easier for the author in interpreting the theory, there are in this research, it will be determined a conceptual definition related to the examined;

1. Sharing Economy: It could be defined as a concept or market model in the economy sector which is able to grow and provide a wide variety of good and services that shift ownership to access and build upon distributed networks without boundaries among communities.
2. Public value theory: It emphasize the important of public value by applying the principles of corporate governance and responsive policy in realizing government response.

1.8 Operational Definition

In this study, the definition of operational used as follows;

- a) Principle 1:
 - 1. Structure and Governing Transportation
- b) Principle 2:
 - 2. Online Transportation Policy
- c) Principle 3:
 - 3. Particular Information & Flexibility
- d) Principle 4:
 - 4. Accessibility
- e) Principle 5:
 - 5. Traditional and Controlling
- f) Principle 6:
 - 6. Transportation Services
- g) Principle 7:
 - 7. Institutional Setting
- h) Principle 8:
 - 8. Permit & Standarization
- i) Principle 9:
 - 9. Risk & Reward
- j) Principle 10:
 - 10. Actors Involve

1.9 Research Methodology

1.9.1 Type of the Research

This research analysis uses qualitative descriptive approach. Descriptive analysis aims to describe the overview of research objectives which are to explore how government regulation's response toward sharing economy's principles in the case of Go-Jek as the Online Transportation. As well as find out what are the sharing economy's principles which have been implemented by the government.

1.9.2 Research Area

The research conducted in Yogyakarta Province, specifically in the Department of Public Transportation of Yogyakarta and in the case of PT. Go-Jek as Online Transportation.

1.9.3 Data Collection Technique

In term of the data collection technique, the author uses two techniques. The data collection in this study consists of primary data and secondary data. Primary data will be gathered through interview and survey and among the representatives of the agencies involved in the implementation of transportation regulatory policies while secondary data is gathered from government reports and reliable internet sources. Content analysis is conducted for both primary and secondary sources, with details follows:

a. Interview

In this case, the interview will be held with several informants who are related to the study as details below;

Table 1.2 List of the Informants

No.	Respondent	Quantity
1.	Department of Public Transportation of Yogyakarta	2 persons
2.	Go-Jek officer	2 persons
3.	Go-Jek Driver	2 persons
4.	Go-Jek User	2 persons
5.	Conventional Driver (<i>ojek</i>)	2 persons
6	Conventional Driver (taxi)	2 persons
7.	Academicians: Lecture of Politic & Economy	2 persons

Source: Primary Data

Those informants above are the actors who involve directly and indirectly in analyzing the government regulation's response on sharing economy's principles by using the real case of sharing economy business, for instance, Go-Jek as the ridesharing business model. By investigating each of the informants, it will help the author to get wide perspectives on how the phenomenon have been affecting their lives. The interview itself will be accomplished in a day with each informant, however, the interview schedule is flexible and conditional accordance with the informants' availability.

b. Survey

In this research the author uses survey with Closed-Ended Questions in which the respondents are given a list of predetermined responses from which to choose their answer. For instance, a close-ended survey question would be *"Please rate how strongly you agree or disagree with the following statement: 'I feel good about the existence of Online Transportation such as Go-Jek.' Do you strongly agree, somewhat agree, neither agree nor disagree, somewhat disagree, or strongly disagree?"*

There will be 200 respondents who are going to be analyzed. All of them are consists of Department of Public Transportation of Yogyakarta, Go-Jek officers, drivers, users, academicians both lectures and students of Universitas Muhammadiyah Yogyakarta and the conventional drivers (*ojek & taxi*). Since their perspectives are important as the supporting data. In order to get a broad perspective on how the government regulation's response on sharing economy by using the real case of Online Transportation (PT. Go-Jek Indonesia) and those who affected by this issue.

Table 1.3 Questionnaire Grade

Questionnaire Answer	Grade
Strongly Disagree	1
Disagree	2
Neutral	3
Agree	4
Strongly Agree	5

Source: Sugiyono, 2013

c. Documentation

According to Arikunto (2006), the documentation method is seeking data about things or variable in the form of notes, transcripts, books, newspapers, magazines, minutes of meetings, and agendas (Arikunto, 2006). The documentation is a way to provide documents by using an accurate proof of recording specific information sources. The author will use several International Journals, articles and the newspapers as well as the online reports in the internet which related to the study.

1.9.4 Population and Sampling

a. Population

According to Martono (2011) population can be define as an object and the subject at the same time, in the particular area that related to the study that being investigated (Martono, 2011). In this case, the population of the research is the Yogyakarta's society who has been using the online transportation apps in their daily lives.

b. Sampling

In analysing the data, the author uses sampling as a process in which a predetermined number of observations that are taken from the larger population. Sample can be simply define as a part of the population that have been chosen accordance with a certain procedures (Martono, 2011). In this case, the author uses probability sampling to provides the equal opportunities for all members of the population to be selected as members of the sample.

In addition, the probability sampling technique that will be used by the author is simple random sampling, which is a technique that given an equal chance to all members that have been selected to be included in the sample (Martono, 2011). Further, in determining the number of samples, the author will use *Slovin* formula. In order to measure the value of accuracy of the population. By using the sampling error of 10% with an accuracy rate of 90% will help the author to provide a clear and valid data of the research that being investigated, as details below:

$$n = \frac{N}{1 + Ne^2}$$

Notes:

n: *sample size*

N: *populations*

e: *sampling error*

According to the data in the Google Playstore, Go-Jek has been downloaded by 10 million people(Google Playstore, 2018), which has been scattered into 50 cities in Indonesia (Go-Jek 2018). In determining the total number of user in Yogyakarta, the author uses the total number of user divide to the total number of cities which have been operating Go-Jek apps. The result shows, it is approximately about 200.000 users who have been download Go-Jek apps in Yogyakarta province. Hence, the sample that being measured will be:

$$\begin{aligned}
 n &= \frac{N}{1 + Ne^2} \\
 &= \frac{200.000}{1 + 200.000 (10\%)^2} \\
 &= \frac{200.000}{1 + 200.000 (0,01)} \\
 &= \frac{200.000}{2000,01} \\
 &= 99,99 = 100 \text{ respondents.}
 \end{aligned}$$

Further,in term of the Yogyakarta province's population according to the current consensus in 2017, the population was 422,732 people (Central Bureau of Statistics, 2017). In order to determine the number of Go-Jek drivers, the measurement will be:

$$\begin{aligned}
 n &= \frac{N}{1 + Ne^2} \\
 &= \frac{422,732}{1 + 422,732 (10\%)^2} \\
 &= \frac{422,732}{1 + 422,732 (0,01)} \\
 &= \frac{422,732}{4.22733} \\
 &= 99,99 = 100 \text{ respondents.}
 \end{aligned}$$

1.9.4 Data Classification

a. Primary Data

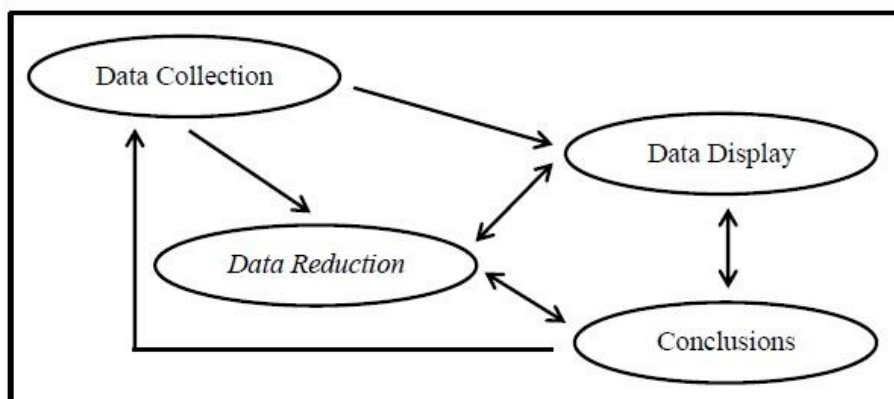
According to Arikunto (2006) mentions that the primary data is the data in the form of verbal or spoken word, gestures or behavior which is performed by a subject that can be trusted (Arikunto, 2006). The subject of the study or the informants with regard to the variables examined or data obtained from respondents directly. The primary data used interview and survey as the data collection technique.

b. Secondary Data

Secondary data is used in the form of a written data obtained from a variety of sources related with the research objectives (Sekaran, 2011). Moreover, the secondary data is used to supplement the primary data and for purposes of discussion. In this research the secondary data gained from documentation.

1.9.5 The Stage of Data Analysis

Figure 1.2 The Stage of Data Analysis



Source: Miles and Huberman (2005)

1. Data Collection

Data collection conducted in order to obtain the information needed. It aims to achieve the research objectives.

2. Data Reduction

Data reduction means to encapsulate, choose, and focus on the things which are important to look for themes and patterns of the research.

3. Data Display

Data display makes it easy to understand what is happening and being discussed. The author will put several charts and pictures to describe the context which being discussed.

4. Conclusion or Verification

Verification accomplished because of early conclusions expressed are still tentative and will change with the evidence. However, conclusion shows readers the value of the completely developed argument or thoroughly answered the questions.

1.10 Systematic of Writing

Systematic of the writing in order to build an overview of this research, the author arranges the following outline as:

CHAPTER I: INTRODUCTION. This chapter contains of Background, Research Question, Objectives and Benefits of the Research. As well as Literature Review, Theoretical Framework, Conceptual Definition, Operational Definition, Research Methodology and Systematic of Writing.

CHAPTER II: RESEARCH OBJECT OVERVIEW. This chapter consists of the research object overview which in this case is the Department of Transportation of Yogyakarta province. Started with the Online Transportation Policy Overview, Ministry of Transportation Structure, and the Online Transportation Company Overview which being analyzed.

CHAPTER III: RESULT AND ANALYSIS. This chapter contains data and analysis as well as the result of the research which has been conducted in the field with the Department of Public Transportation of Yogyakarta, Go-Jek officers, Go-Jek drivers, Go-Jek users, academics both lectures and students of Universitas Muhammadiyah Yogyakarta, as well as the Conventional drivers (*ojek & taxi*).

CHAPTER IV: CONCLUSION. This chapter is an overall summary of analysis and recommendation from the results of the research obtained.