

CHAPTER II

RESEARCH OBJECTIVE OVERVIEW

1.1 Online Transportation Policy Overview

Since the emergence of online transportation in Indonesia, it has brought the complex problem which is requires any specific regulations. In order to ensure that the state, company, and society in general obtaining equal opportunities(Azzuhri & Mada, 2018). However, since its first operation in 2010, the government has no specific regulation yet to address the issue (Kompas, 2018). According to the Head of Department Public Transportation of capital city Indonesia; Jakarta, Andri Yansyah pointed there is no specific regulation yet about online transportation in Indonesia. He added, that they still regulate the online transportation accordance with the Ministry of Transportation and the Police (Kompas, 2018).

Further, the government by Ministry of Transportation initially regulated the transport of people with vehicles by Ministry of Transportation Law No.84 of 2009, but it was revoked by Ministry of Transportation through Law No.31 of 2003. However, the regulations has been replaced in August 20, 2013 and updated with Ministry of Transportation Law No.35 of 2013 about the transport people with vehicles (Azzuhri & Mada, 2018). Specifically, quoted from Kompas newspaper, the regulations have been revoked many times due to several issues as details below:

- a. On November 9, 2015 the government circular letter was issued No.UM.35/1/21/Phb/2015 concerning conventional motorcycle (*Ojek*) operations (Kompas, 2018).

The Ministry of Transportation issued a rule that motorcycle taxi operations are not in accordance with the Law No.22 of 2009 concerning Road Traffic and Transportation, as well as the Government Regulation

No.74 of 2014 concerning Road Transportation. The rules reap the pros and cons. After a month, the Ministry of Transportation revoked the regulation (Kompas, 2018).

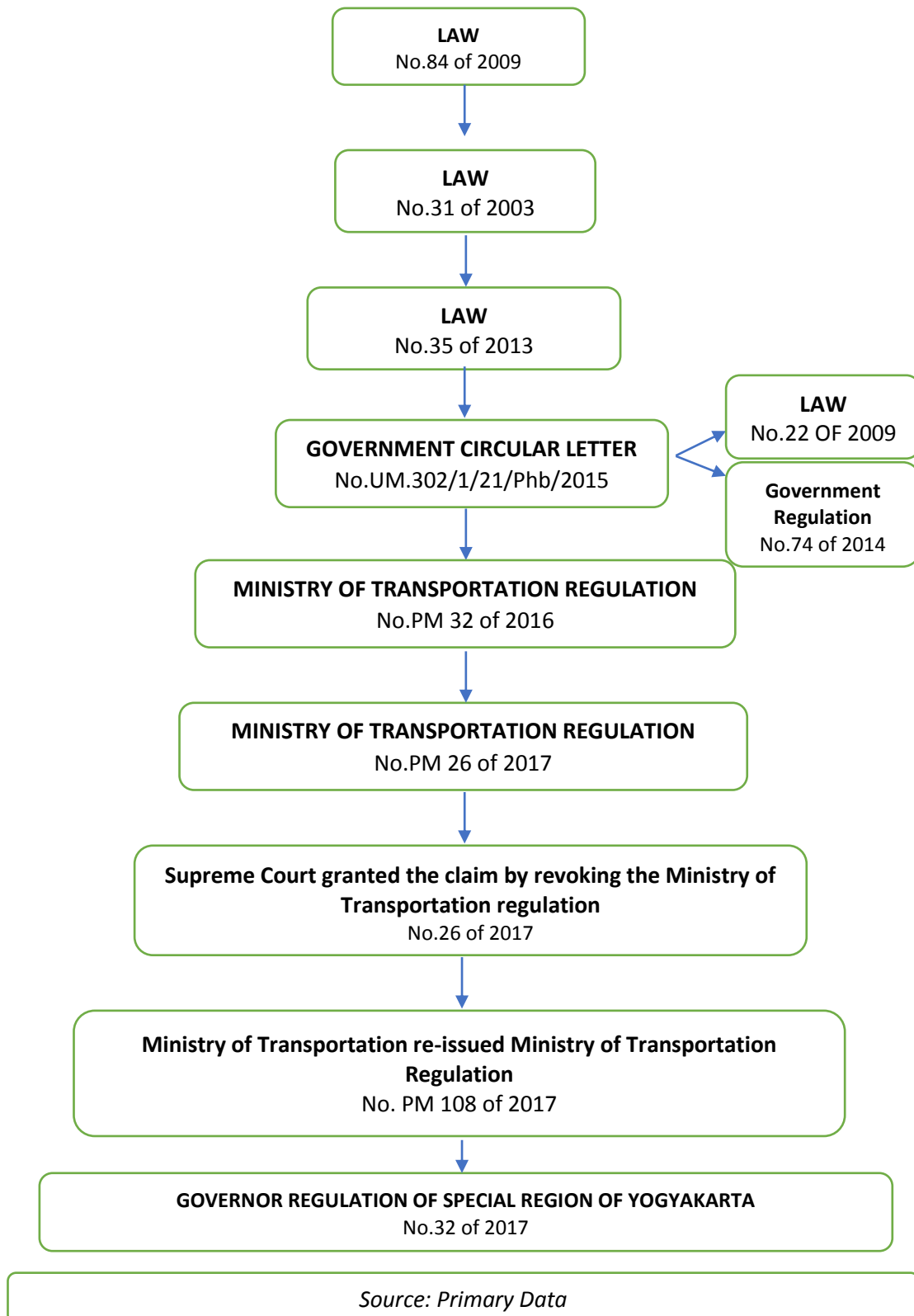
- b. On March 28, 2016 the government re-issued the Ministry of Transportation regulation No. PM 32 of 2016 replaced the previous regulation which had not accommodated the implementation of Public transportation with the technology-based applications (Kompas, 2018).
- c. On April 1, 2017 the enactment of the Ministry of Transportation regulation No.PM 26 of 2017 replaced the Ministry of Transportation regulation No.32 of 2016 by reviewing 11 points (Kompas, 2018). Among them are the determination of online transportation as special rental transportation, the requirements of engine cylinder capacities, vehicle storage and workshop, as well as the periodic testing of vehicles and stickers.
- d. On May 4, 2017 six online transportation taxi drivers issued the Ministry of Transportation regulation No. PM 26 of 2017 because it was considered to promote healthy competition among the transportation business actors (Kompas, 2018).
- e. On August 21, 2017 the Supreme Court granted the claim by revoking the Ministry of Transportation regulation No.26 of 2017 (Kompas, 2018).
As well as revoking of 14 articles, especially regarding the implementation of tariffs for upper and lower limits, quota of fleets, and ownership of vehicles in business entities (Kompas, 2018).
- f. On October 24, 2017 the Ministry of Transportation re-issued Ministry of Transportation regulation No. PM 108 of 2017 which regulates a number

of matters, including ownership of vehicle type test type test registration certificates, operating permits according to regional quota, special stickers, general A licenses, enforcement of upper and lower tariffs, and join in operating legal entity (Kompas, 2018).

In terms of the regulation on online transportation in Yogyakarta Province, there are about 19 articles that regulating the online transportation operation in Governor Regulation No.32 of 2017. However, the regulation is only regulate the online taxi operations in Special Region of Yogyakarta (Hendryanti, 2018). The are several major points that being regulated in this regulation, such as the use of car which must have at least three spaces with at least 1300 centimeter cubic in considering the customer comfortability. Thus, the types of mini cars are not permitted to operate. As well as the legal number of vehicles, which have to be colored black and white and have a special code accordance with the requirement of traffic's law. Online taxis also must belong to a company, either a limited liability company or micro company with at least having three to five cars. Further, the driver's identity must be located on the car dashboard. In addition, a car that becomes an online taxi must have a Driving Permit Information and the amount of passengers are not consist more than four excluding the driver (Hendryanti, 2018).

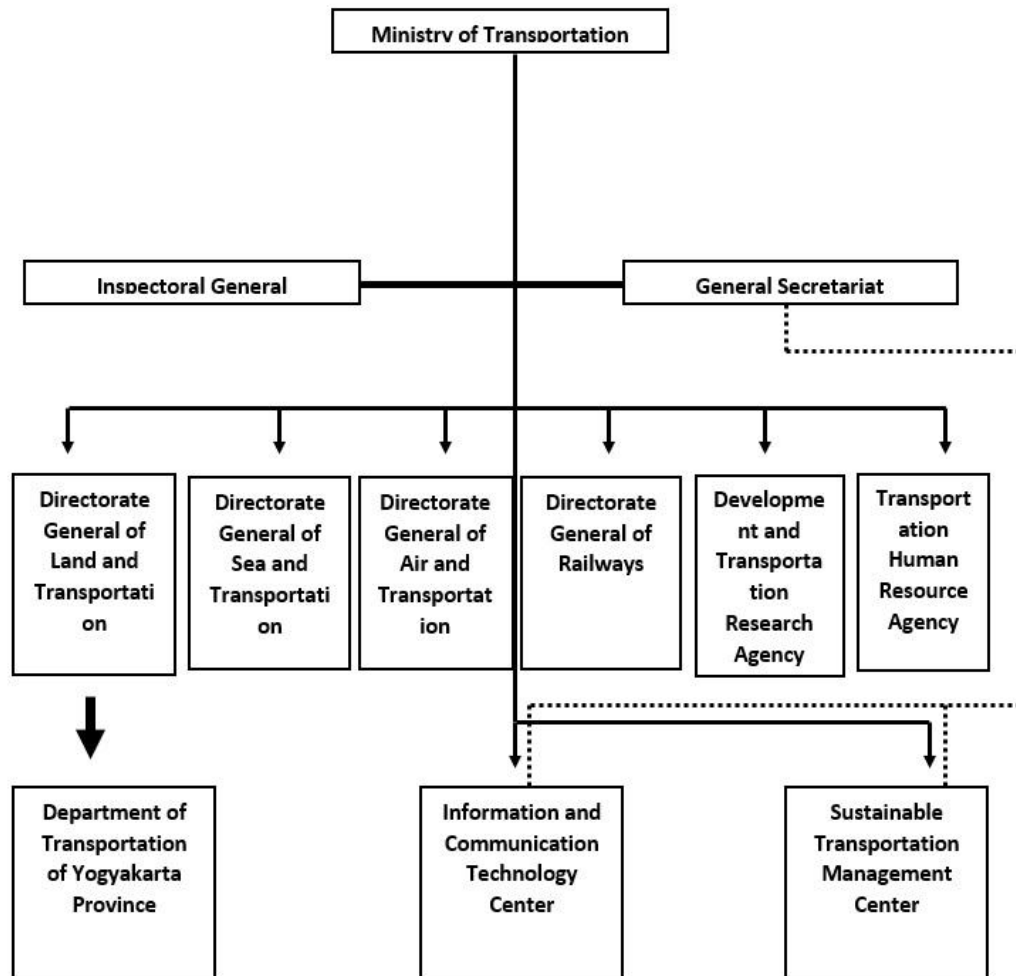
Moreover, the Governor Regulation No.32 of 2017 concerning the implementation of online taxi transportation and special rental services using Information Technology-based applications, is possible change at any moments because it is being reviewed on the grounds and still. As well as the factor of online transportation companies who have not obey all the regulations set yet. Due to the fact that online transportation company still defense themselves as the private transport company (Hendryanti, 2018).

Figure 2.1 Transportation Policy Overview



2.2 Ministry of Transportation Structure

Figure 2.2 Ministry of Transportation Structure



Source: It has been modified from Ministry of Transportation's website, 2018

2.3 Yogyakarta Province Overview

The Special Region of Yogyakarta (Indonesia: *Daerah Istimewa Yogyakarta*), well-known pronounced [/ˌjɒŋjəˈkɑːrtə/](#); is a provincial-level autonomous region of Indonesia in the southern Java. Governed by the Sultanate since its first establishment in 1755, the region is the only officially recognize monarchy within the government of Indonesia.

2.3.1 Geography

The Special Region of Yogyakarta is located near the southrean coast of Java, surrounded by Central Java province and the Indian Ocean on the south side. It has an area

3.133.15 km² with 3,594,290 populations accordance with the latest provincial estimate in January 2014. In fact, Yogyakarta province become the second-smallest area among other provinces in Indonesia, after Jakarta as capital region. However, along with surrounding areas in Central Java, it has some of the highest population densities of Java.

Figure 2.3 Special Region of Yogyakarta's Map



Source: Google Maps, 2018

2.3.2 Demographics

Special Region of Yogyakarta known as a center of classical Javanese fine art and culture such as batik, ballet, drama, music, poetry and puppet shows. Yogyakarta also renowned as “*Kota Pelajar*” (The City of Students), in which more than 100 institutions of higher education in Indonesia are mostly located in Yogyakarta (CNN Indonesia, 2018).

Further, Yogyakarta province also has numbers of geo-heritages sites which are consists of nine sites:

1. Eosen limestone in Gamping (Sleman regency)
2. Pillow lava in Berbah (Sleman)
3. Pre-historic volcanic sediment in Candi Ijo
4. Prambanan (Sleman)
5. Sand dunes in Parangtritis Beach (Bantul regency)

6. Kiskendo cave and former manganese mining site in Kleripan (Kulonprogo regency)
7. Pre-historic volcano in Nglanggeran (Gunungkidul regency)
8. Wediombo-Siung beaches (Gunung Kidul)
9. Biobaturbasi site in Kalingalang (Gunungkidul)

In term of administrative divisions, Special Region of Yogyakarta is divided into four regencies (Indonesian: *Kabupaten*), and one city (*kota*), as details below:

Figure 2.4 Yogyakarta Province's Administrative Divisions

Name	Capital	Area (km ²)	Population 2000 Census	Population 2005 estimate	Population 2010 Census	Population 2014 estimate	HDI ^[10] 2014 Estimates
Yogyakarta City	Yogyakarta City	32.50	396,700	433,539	388,627	404,003	0.837 (Very High)
Bantul Regency	Bantul	508.13	781,000	859,968	911,503	947,568	0.771 (High)
Gunung Kidul Regency	Wonosari	1,431.42	670,400	681,554	675,382	702,104	0.670 (Medium)
Kulon Progo Regency	Wates	586.28	371,000	373,757	388,869	404,155	0.706 (High)
Sleman Regency	Sleman	574.82	901,400	988,277	1,093,110	1,136,360	0.807 (High)
Totals		3,133.15	3,121,045	3,337,095	3,457,491	3,594,290	0.768 (High)

Source: Central Bureau of Statistics (Indonesian: *Badan Pusat Statistik*), 2018

2.3.3 User Potential of Online Transportation in Yogyakarta

Since Special Region of Yogyakarta known as the highest number of tourism destinations and higher education institutions, it has led the high demands of transportation as well (CNN Indonesia, 2018). Even though the government has been providing the public transportation such as *Trans Jogja*, which is a bust rapid transit (BRT) system that operates in 17 different routes in Yogyakarta. However, it has not fulfill yet to the people daily lives's need (Hendryanti, 2018).

The emergence of online transportation in Indonesia such as Go-Jek has brought new innovation which arguably solve one of the major problems in several big cities in Indonesia such as Yogyakarta. The absence of the quality of public transportation system for instance, as well as the internal perception (perceived ease of use), variety of services and price

compatibility which is way cheaper than conventional transportation. These factors make online transportation acceptable and even become the most favorite transportation in Indonesia (Prabowo, 2018). The data shows that there are about 10 million users who already download Go-Jek's app (Google Playstore, 2018). In Yogyakarta specifically, since it first operations in 2015, Go-Jek has been growth dramatically. The figure 2.5 below shows the distribution of online transportation's drivers in Yogyakarta, which has been scattered at various strategic points in the city of Yogyakarta (Tribun Jogja, 2018).

Figure 2.5 The Distribution of Gojek's Drivers in Yogyakarta City

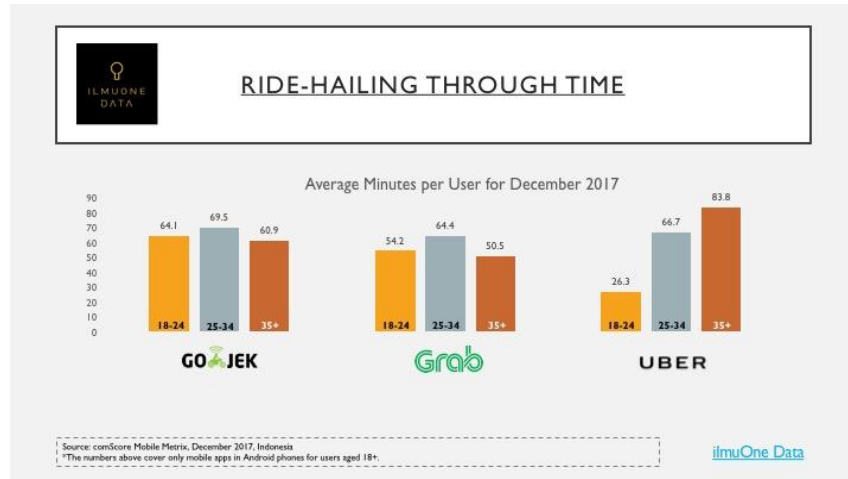


Source: Tribun Jogja, 2017

Further, the rapid growth of Go-Jek apps has followed by other online transportation's platforms such as Grab and Uber. These platforms have become the three largest online transportation companies in Indonesia (Prabowo, 2018). It is not only offering the ridesharing by connecting the drivers to multiple riders, but also providing the customers with various features such as food delivery, online payments, and other services which people can think of on-demand. According to the data of comScore (2017) in IDN Times there are 15,73 million people who use online transportation apps such as Go-Jek, Grab and Uber, which is 29,6% of mobile apps unique visitors in Indonesia or 23,4% of total digital population in Indonesia. In other words, roughly 1 out of 4 internet users in Indonesia uses at least one of these ride hailing apps (Cahya, 2017).

In addition, the figure 2.6 below shows the percentages of average minutes per user for December 2017.

Figure 2.6 The Percentages of Ride-Hailing Through Time



Source: Cahya, 2017

The figure above describes the comparison of each ridesharing platforms such as Go-Jek, Grab and Uber experiences the dynamic movements since the period of August 2017 until December 2017. The result shows that there were 9,7 million visitors accessing Go-Jek, followed by Grab with 9,6 million people, and Uber with 2 million users(Cahya, 2017). The data shows an increasing number of Go-Jek and Grab’s users since August 2017. Meanwhile, the number of Uber’s users decreasing from 2,3 million to 2 million people. However, this market measurement only covers on Android phones (Cahya, 2017). In fact, in 2018 Grab confirms the acquisition of Uber’s South-eas Asia operation. With the acquisition, Grab will take over Uber’s operations and its assets in eight countries including Indonesia (Cheok, 2018). This fact is affecting on the user potential of online transportations in Yogyakarta, it possibly increasing the number of users and drivers both of Go-jek and Grab.

2.4 Online Transportation Company Overview

In Indonesia, the hype of online transportation was started once the establishment of PT. Go-Jek in 2010. Go-Jek began with 20 drivers and now they already have more than 400

thousand drivers in several big cities in Indonesia (Go-Jek, 2018). The application for Go-Jek was launched in early 2015 and now being continuously upgraded. Followed by the emergence of Go-Jek, Uber entered Indonesia market in 2014 as well as Grab in a year after 2015.

Figure 2.7 Grab Logo



Source: Grab, 2018

Figure 2.8 Uber Logo



Source: Uber, 2018

Those three were the top three of online transportation services in Indonesia before Grab took over Uber in Southeast Asia on March, 2018 (Keeton, 2018). However, Go-Jek is leading with the largest number of users and drivers in many cities in Indonesia (Silalahi et al., 2018). The amount of taxi and motorcycle drivers increased from 200.000 drivers to more than 654.000 drivers (Prabowo, 2018). It is indirectly helped increase employment in the transportation sector. Therefore, Go-Jek become the real case of ridesharing business that being analyzed.

2.4.1 Go-Jek Company Overview

Figure 2.9 Go-Jek Logo



Source: Go-Jek, 2018

Go-Jek is a social technology company established in order to improve the welfare of workers in various formal sectors in Indonesia. The innovation, speed, and social impact are the three basic values of Go-Jek activities. Starting in 2010 as a motorcycle transportation company by mobile phone, Go-Jek has grown become a leading on-demand mobile platform and application in Indonesia that provides a full range of services ranging from transportation, food delivery, payment, logistics, and other various services (Go-Jek, 2018).

According to the data retrieved from Go-Jek website, Go-Jek has shown a significant growth. It has been operating in 50 cities in Indonesia, such as Jakarta, Balikpapan, Malang, Solo, Manado, Samarinda, Batam, Sidoarjo, Gresik, Pekanbaru, Jambi, Sukabumi, Bandar Lampung, Padang, Pontianak, Banjarmasin, Mataram, Kediri, Probolinggo, Pekalongan, Karawang, Madiun, Purwokerto, Cirebon, Serang, Jember, Magelang, Tasikmalaya, Belitung, Banyuwangi, Salatiga, Garut, Bukittinggi, Pasuruan, Tegal, Sumedang, Banda Aceh, Mojokerto, Cilacap, Purwakarta, Pematang, Siantar, Madura, and other cities in the upcoming year. Further, Gojek also has successfully attracted huge amount of investment funds. Gojek is currently valued around \$3 billion in 2016. The way Gojek operates helped the people in their daily lives.

2.4.2 Go-Jek Services

In term of services, Go-Jek has provides more than ten services such as Go-Ride, Go-Car, Go-Food, Go-Food (festival), Go-Send, Go-Box, Go-Tix, Go-Med, as well as the online

transaction services such as; Go-Pay, Go-Bills, Go-Points, Go-Pulsa, and several treatments; Go-Massage, Go-Clean, Go-Auto, and Go-Glam (Go-Jek, 2018) as details below:

1. Go-Ride

The first online motorcycle taxi service in Indonesia. Users can go anywhere easily, quickly, and hassle-free with go-ride.

2. Go-Car

A convenient ride for one passenger or more. Simply enter users pickup location and destination. Go anywhere with anyone without worrying about finding somewhere to park or getting too hot.

3. Go-Food

The new interface for the go-food application is more informative and make users easier to order food. As well as helping the seller to sell their food through online.

4. Go-Food (FESTIVAL)

Providing the experience of eating variety of most favorite culinary & various exciting activities for the customers. Go-food festival is held throughout the year in various cities in Indonesia.

5. Go-Send

Go-Jek also facilitate the customers to send any items quickly and easily within once delivery destination.

6. Go-Box

Go-Jek provides the convenient way to order pickup trucks, single-axle trucks, and single-axle box trucks, for all the customer needs.

7. Go-Tix

Go-Tix is new features in Go-Jek apps, makes the customers convenient to buy tickets.

8. Go-Med

Go-Med is a collaboration between Go-Jek and Halodoc. Go-Med does not actually provide any products, but it connects users with over 1.000 pharmacies in Jabodetabek, Bandung, and Surabaya. By using Go-Med, buying medicine and collecting prescriptions is easy and enjoyable with Go-Med.

9. Go-Deals

Go-Deals provides various best promotions that users cannot get elsewhere. This feature is created to help the customers to be wiser in deciding various choices of daily living needs. Go-Jek strive to provides users various kind of best offers, with a choice of vouchers for dinning, shopping, beauty, hobby, entertainment, travel, and other vouchers for every Go-Jek's services.

10. Go-Pay

Go-Pay feature is made for the customers to pay for Go-Jek services and products. This feature is also protected with secure system for hassle-free transaction. Users also given a chance to top up Go-Pay in easy ways such as balance transfer via Go-Jek drivers, to up via Bank, and top up via mini market such as Alfamart.

11. Go-Bills

This feature helps the customer to pay their bills through using Go-Pay.

12. Go-Points

Go-Points is a loyalty program from Go-Jek exclusively for Go-Pay users. Receive a token for each Go-Pay transactions, collect points, and get fantastic rewards.

13. Go-Pulsa

Go-Pulsa is a new feature of Go-Jek for the customers when they need to top up their phone credit with Go-Pay.

14. Go-Massage

Users can have a massage anytime and anywhere, they do not need to leave their place since the therapist will come to the destination of users.

15. Go-Clean

This feature is helping the customers to order professional cleaning services anytime and anywhere.

16. Go-Auto

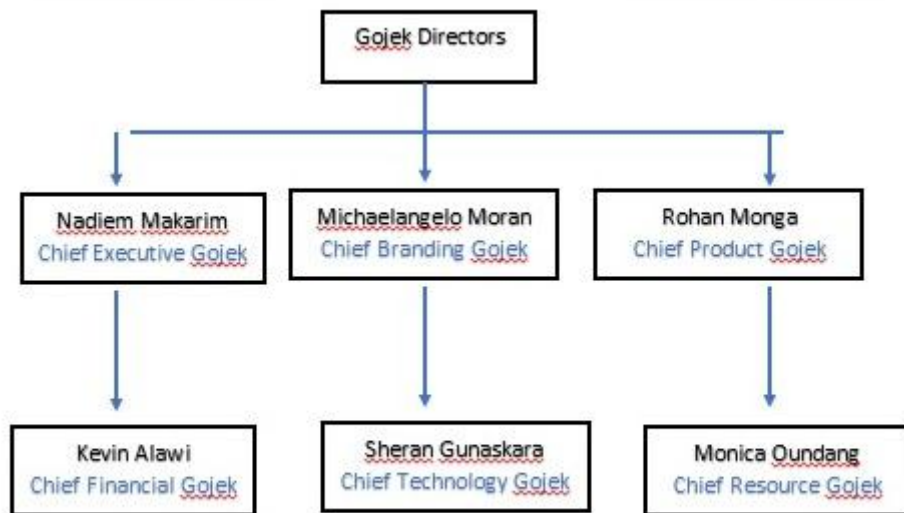
This new feature is automotive solutions for users to take care their vehicles, maintenance and emergency repair work for user's vehicle anytime and anywhere.

17. Go-Glam

This is also a new feature for Go-Jek users to have personal stylist at home. The services including haircare and nailcare, accordance with customers need (Go-Jek, 2018).

2.4.3 Go-Jek Company's Structure

Figure 2.10 Go-Jek Structure Company



Source: Go-Jek, 2018