

CHAPTER III

FINDING & ANALYSIS

3.1 The Policy on Online Transportation and Its Operation in Yogyakarta Province

The emergence of online transportation is causing a seismic shift in the structure of regulation. The change is coming quickly which created circumstances for the government to establish orders (Venera & Tselentis, 2015). In Yogyakarta, for instance, local regulators decided to welcome the services provided by new companies and crafted a new regulatory framework that legalized the provision of profit, on-demand ride services using personal vehicles (Hendryanti, 2018). It has proven by the implementation of Governor Regulation No.32 of 2017 about taxi operation and special rental transportation based on technology information apps.

Furthermore, the regulation was issued on May 31, 2017 to implement the provisions of the Ministry Regulation No.26 of 2017, which is concerning the transportation of people by motorcycles without route (bahasa: *penyelenggaraan angkutan orang dengan kendaraan bermotor umum tidak dalam trayek*) (Hendryanti, 2018). In order to create the safety, comfortability, and sustainability of public transportation in Yogyakarta province. According to Department of Transportation of DIY, there are several regulation in regulation the online transportation operation, as follow:

Table 3.1 The Regulations on Online Transportation

Date of Issue	Regulation's Number	Information
November 9, 2015	Government circular letter No.UM.35/1/21/Phb/2015	Concerning conventional motorcycle taxi (<i>Ojek</i>) operations. However, the Ministry of Transportation stated 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. Yet, the regulation reap to the pros and cons. A month after, the Ministry of Transportation revoked this regulation.

March 28, 2016	The Government re-issued the Ministry of Transportation regulation No.PM 32 of 2016	This regulation was replaced the previous regulation which had not accomodated the implementation of Public Transportation with the technology-based apps.
April 1, 2017	The enactment of the Ministryof Transportation No.PM 26 of 2017	This regulation replaced the Ministry of Transportation regulation No.32 of 2016 by reviewing 11 points such as: (1)type of rental transportation (2)vehicle engine cylinder capacity (3) Price limit of special rental transportation (4) quota for the number of special rental transportation (5) the letter number of vehicle incorporated (Indonesia: <i>Surat Nomor Kendaraan</i>) (6) periodic testing of motorized vehicles (7) capacity space of vehicle (8) garage (9)tax (10) access dashboard (11) sanctions.
May 4, 2017	The regulation of Ministryof Transport ation No. PM 26 of 2017 was sued by six online transportation drivers.	This regulation was considered not to foster a healthy competition among the transportation business actors.
May 31, 2017	The Governor regulation of Yogyakarta Province No.32 of 2017	This regulation is only regulate the procedures of the car used by the online taxi drivers in Yogyakarta. There are about 19 articles including the car's type, the legal certificate of the car, the amount of passengers, and several procedures that requires the car to use sticker and change the platnumber's color like a conventional taxi. Yet, this regulation was also against by the online taxi drivers, which considered given the disadvantages for the online taxi drivers who own their vehicles. As well as considered if the company suspend the operation of online taxi drivers but the vehicles are already registered as the taxi.
August 21, 2017	The Supreme Court granted the claim by revoking the Ministry of Transportation No.26 of 2017.	As well as revocation of 14 articles, especially regarding the implementation of tarrifs for upper and lower limits, quota of fleets, and ownershio of vehicles in business entities.
October 24, 2017	The Ministry of Transportation re-issued the regulation of Ministry of Transportation No.PM 108 of 2017	This regulation is the current regulation that regulate the online transportation in Indonesia. There are several things that regulated by this regulation including the ownership of vehicles type, type of test registration certificates, operating permits according to regional quota, special stickers, general 'A' licenses, enforcement of upper and lower tariffs, as well as join in a operating legal entity.

Source: Department of Transportation of DIY, 2018

The implementation of Governor Regulation No.32 of 2017 on online taxi operation, however, is far away to succeed. Since the establishment of this regulation, the pros and cons among stakeholders is likely up to the air. The demonstration which was held by the Online Jogja Driver Assosiation (Indonesian: *Paguyuban Pengemudi Online Jogja* (PPOJ), for instance, was againts this regulation, which considered incriminating the online taxi drivers (Purnomo, 2017). Especially in term of the standarization of the vehicles that being used in the article number 5 and the liability for legal entities in the article number 8 (Hendryanti, 2018).

According to the inverview with the online taxi driver, Hendra Purnama mentioned several reasons why the online taxi drivers were againts the regulation. He stated that:

“There are several reasons why the online taxi drivers againts the Governor Regulation No.32 of 2017. First, we feel that the standard of operation in the regulation is burden us as the owner of the car. The obligation to put the stickers, for example, which we think are not neccessary. The cars that we use is not from the company like the convetional taxi. Second, the regulation to register our vehicles to the legal entities, we consider the long-term use of the car itself. Once we get suspended by the company, the cars will not able to operate and we have to change it back to the personal vehicle.”

On the other hand, Adi Darmawan Haryadi a staff of Department of Transportation of Yogyakarta explained the importance of online taxi drivers to register their cars into legal entities, as follow:

“The regulation to register the vehicles used to the legal entities to ensure the safety both the drivers and passangers. By registering their vehicles, the government can easily record how many cars are operating as well as ensuring the vehicles that being used are legal and accordance with the standard.”

These are contrasting and contradictionary statements on online transportation policy, challenges the regulation to go beyond the competitive market in achieving the goal. The local regulators, however, should understand in establishing the regulation on sharing economy business should implicates the diverse parties (Miller, 2015). Indeed, the only way

to create a sustain policy that benefits to all, government needs to ensure that all stakeholders and actors related are involve in decision-making process.

From the table 3.1, we can see that in regulating the online transportation has been facing complex problems that the government could not give any best solution yet. In fact, even the current regulation which in this case is regulation of Yogyakarta's Governor regulation No.32 of 2017 still brought the pros and cons which end up with the demonstration whether from the conventional drivers or the online transportation drivers itself (Purnomo, 2017).

These contrasting and contradictionary framing of the online transportation regulations remain to the statement of Bostman and Roger (2010) that the sharing economy will disrupt the established market and its requires different regulatory structures both in state and local government (Miller, 2015). Indeed, it is not easy job for the govermemnt to overcome the problem with the regulations which were not involved all the stakeholders in the policy-making process.

For instance, the demonstration which was held by the Online Jogja Driver Assosiation (Indonesian: *Paguyuban Pengemudi Online Jogja (PPOJ)*), against the Governor regulation No.32 of 2017 which considered has not standing equal to all the actors involved (Purnomo, 2017). Since in the decision making, the actor who had invited by the government to the meeting only the representatives of online transportation companies. While the object of the regulation itself, which is the online taxi drivers were not involved in the decision making (Purnomo, 2017).

Further, the result of the regulation showed that the Governor Regulation which has issued by Sri Sultan Hamengkubuwono X failed in facilitating the interest of online taxi drivers (Purnomo, 2017). According to the chairman of PPOJ; M. Anshory said that the

online taxi drivers refused the implementation of Governor Regulation No.32 of 2017 (Purnomo, 2017). Due to the fact that several procedures have given burden to the online taxi drivers, such as the requirements to modify the car into taxi, and register the car into legal entities as the public transportation. The concerns is, however, if in the particular times the online company suspend the operation of the cars, how the future of the online taxi drivers are (Purnomo, 2018).

Moreover, the problems not only faced by the online transportation drivers in Yogyakarta province, but also in all over cities in Indonesia. According to Fahmi Maharaja (2018) as General Secretary of the Indonesian Special Rental Transport Organization (Indonesian: *Sekretaris Jenderal Organisasi Angkutan Sewa Khusus Indonesia*) simply named ORASKI (2018), the current regulation of Ministry of Transportation No.108 of 2017 considered not providing a clear and equal sanction to the application company as the object of the regulation itself (Rizky, 2018). He pointed out the article number 65, 66 and 67 as well as 78 which is still blurred and tend to be unfair among the online transportation company, owner, and online driver. In the article number 22 until 77, for instance, stated the sanctions for the owner and online driver until prosecution even in permanent blocks. Meanwhile, the sanction for the online company is only recommendation sanction to the Ministry of Communication and Information (Indonesia: *Kominfo*)(Rizky, 2018).

Moreover, Fahmi added, the recommendation sanction will not enough to make the company wary (Rizky, 2018). Indeed, he continued, the recommendation sanctions were used to ensure the upper and lower tariff rules which ultimately did not produce any result. PM No. 108 of 2017 has been published for a few months, in which the apps company must obey the rules about the up and low tariff. However, none of them were completely obeyed the rules (Rizky, 2018).

These issues have led to the demonstration that was conducted by the National Alliance Online Driver (Indonesian: *Aliansi Nasional Driver Online/Aliando*) in front of National Palace, Jakarta (Nailufar, 2018). The mass not only protest about the unfair sanctions among the stakeholders, but also several rules in PM No. 108 of 2017 that considered to curb the right of the online drivers which cannot be compared to the conventional taxis (Sicca, 2018). There are several points that were blown up by the mass including; *First*, the driver must increase his 'A' license to a general 'A' license. *Second*, the vehicles and driver accounts must be registered in legal entities (corporate or PT). *Third*, periodic testing of motorized vehicles (Sicca, 2018).

The demonstration also followed by the Front Driver Online Indonesia (FDOI) as the protest of the PM No.108 of 2017 which eliminates the principle of justice and objectivity of the government in making the decisions regarding to online taxi drivers (Sicca, 2018). FDOI pointed out that in regulating the online transportation is not the authority of Ministry of Transportation, but its under the authority of Ministry of Communication and Information (*Kominfo*) instead (Ibid.,).

Furthermore, according to the interview with the Head of Rental of Goods Department of Transportation in Special Region of Yogyakarta Sigit Budi Raharjo (2018) also mentioned the same thing, that there were misunderstanding of the online transportation drivers who againts PM No.108 of 2017. He continued, the root of the problem is *Keminfo* itself who has the authority in regulating the online transportation has not issue any regulation yet, especially related to the sanctions for online application companies. Meanwhile, the regulation of Ministry of Transportation No.108 of 2017 and Governor Regulation of Yogyakarta No.32 of 2017 is only to regulate in terms of the vehicle (Raharjo,interview on November 28, 2018).

“We have been misunderstood by some groups of online transportation drivers, since the regulations of online transportation were issued by us. Yet, we just regulate the online transportations in terms of vehicles not its operations.”

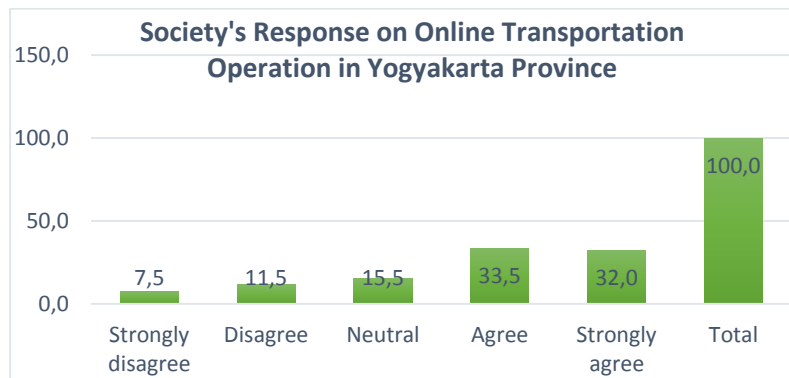
In addition, Sigit Budi Raharjo added that after being conveyed to Ministry of Communication and Information about these issues, there are at least three agreements appeared at the meeting. *First*, *Kominfo* will contact the apps companies to discuss about partnerships between drivers and apps companies. *Second*, re-issue the moratorium on registration of new drivers. The last but not least, *Kominfo* will issue the regulation that regulate the apps companies including its sanctions.

a. Online Transportation Operation in Yogyakarta

Drawing the practices online transportation in Yogyakarta refers to various understanding in assessing public response, the characteristic of public value implies on the improvement of efficiency, equity, and effectivity in providing services (Venera & Tselentis, 2015). The public services emphasize public satisfaction, quality of life and the welfare of citizen. For instance, the public utility, health, and education (Venera & Tselentis, 2015), (Bromell, 2012), (Sherman et al., 2011).

Based on the result of analysis, the public perception on the online transportation platform, showing a significant number of Yogyakarta's society in term of satisfaction index, especially the response on using online transportation platform such as Go-Jek.

Figure 3.1 Society's Response on Online Transportation in Yogyakarta



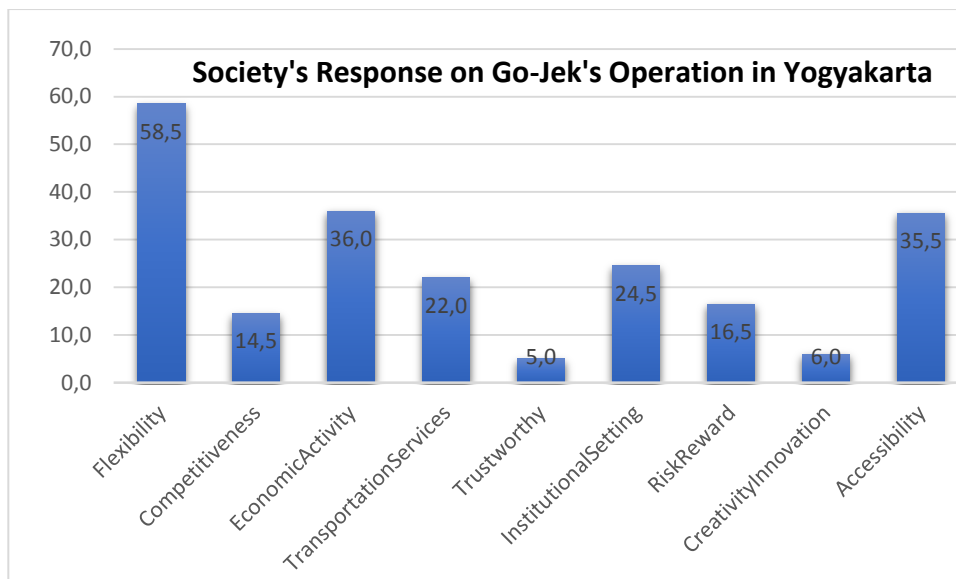
Source: Primary Data

Figure 3.1 shows the highest number of society perception are strongly agree that the emergence of online transportation in Yogyakarta has been assisting on daily lives of many. There are 32% people strongly agree that online transportations have been overcoming the transportation's need in Yogyakarta province, which is not yet fulfill by public transportation.

In addition, in analyzing the public response on the operation of PT. Go-Jek Indonesia in Yogyakarta, there are ten indicators that being measured which accordance with the public value theory. These indicators are also regarding to the sharing economy's principles, such as the flexibility, economic activity, competitiveness, transportation services, trustworthy, institutional setting, risk & reward, creativity & innovation, accessibility, and availability (Miller, 2015).

Based on the result of anlysis, there were 58,5% respondents are agree that Go-Jek is more flexible than public or other conventional transportations. The advance of technology and innovation which offers various services to the customers, makes it easier to be used in anywhere at any moments.

Figure 3.2 Society's Response on Go-Jek's Operations in Yogyakarta



Source: Primary Data

In addition, the second place of the highest number after the flexibility is the economic activity. There are about 36% people agree that Go-Jek Indonesia has helped the community in increasing the employment rate and other economic activities. Such as the features of go-food, go-medicine, go-tickets, etc., which is directly help in increasing the economic activities among other companies.

Followed by the accessibility, which is placed at the three top among others. There are 35% people agree that online transportation platform such as Go-Jek is accessible where people can require any services through mobile apps. While 22% people are agree that the the services which provide by Go-Jek is much better than any other transportation platforms. It implies that the establishment of online transportation is exist to fulfill the absence of the quality of public transportation system in Yogyakarta.

However, even the result shows that online transportation such as Go-Jek has shown a significant impact to the people. Yet, several problems have sparked along the way. *First*, according to the Figure 3.2, there were 16,5% of the respondents agree on the risk & reward of the Go-Jek operations that has not been regulated yet. The government in this case

is the Department of Transportation of Yogyakarta cannot ensure the safety of the online transportation drivers and the customers. Since it is not their authority to regulate the issue. According to Adi Darmawan Haryadi a staff of Department of Transportation Yogyakarta in interview on November 28, 2018.

“Unfortunately, we do not have any authority to ensure the safety of online transportation drivers and the customers on its operations. Our job is only to make sure the vehicles that being used by the drivers are accordance with the rules of traffic’s law. Especially, the online motorcycle transportation is not classified as the public transportation because it is not accordance with the safety and comfortability requirement of the Law No.22 of 2009.”

Second, the government has not successfully created the health competition among the actors in the transportation industry. It is also supported by 14,5% people who agreed that the government should regulate and create the fair market among the transportation business companies. Even in the current regulation PM No.108 of 2017 has been regulated about the upper and lower tariff, yet the government has not provide any clear sanctions for the online company who are not obey the rules. Hence, some of the transportation companies feel aggrieved eventually.

In addition, even though, Go-Jek has brought the breakthrough on the demand of transportation industry, yet just a few people agree that the innovation and creativity can solve any problems. There are only 6% people who agree on that concept, since the innovation always bring the pros and cons among the society, especially in the society who are not really open-minded. In addition, the trustworthy also being the lowest one from bottom since just a very few people agree on the safety that offered by online transportation. The lack of maintenance of the vehicles that being used as well as the vehicles are not accordance with the standart permission, make people think twice in using online transportation.

According to the Governor Regulation No.32 of 2017 about special rental There are many procedures in regulating online transportation operations in Yogyakarta province. There are 19 articles actually, including the general provision, operational areas, liability for legal entities, permit and standardization for online taxi operation. As well as the community participation and administrative sanction accordance with the Constitutional Law of Transportation.

Table 3.2 The Rules for Online Taxi Operators

Chapters	Articles	Rules Point
<p>V (Special Rental Transportation Services)</p>	<p>5</p>	<p>(1) Special rental transportation services are transportation using car vehicles with a minimum limit of 1,300 (one thousand three hundred) cubic centimeters;</p> <p>(2) The vehicles used for special rental transportation services as referred to paragraph (1), must meet the following requirements:</p> <ul style="list-style-type: none"> a. The vehicles used include: <ul style="list-style-type: none"> 1. Sedan passenger car which has three spaces; and/or 2. Passenger cars are not sedan which have two space. b. Rejuvenation of special rental transport vehicles must meet the requirements as follow: <ul style="list-style-type: none"> 1. The age of a vehicle must be rejuvenated is a max of 10 years; 2. The replacement vehicle has a maximum age of 3 years. c. Using vehicle number signs with a black base color which writing and special code according to the stipulation of the National Police Republic of Indonesia; d. Equipped with a special sign in the form of a sticker placed on the glass front right top and back; e. Equipped with valid travel documents, in the form of vehicle's letter number on behalf of legal entities, test card, and surveillance cards; f. Equipped with public complaint numbers which easily read by the users; g. The driver's identity is placed on the vehicles dashboard or printed on apps issued by each special rent transportation companies. <p>(3) Special rental transportation as referred to paragraph (1), must fulfill service as follow:</p> <ul style="list-style-type: none"> a. Unscheduled; b. Door to door; c. The destination of the trip is determined by the users; d. Tarrifs are listed on the apps; e. Tarrif determination is based on upper and lower rates which purposed by Governor determined by the Director General of Land Transportation after being analyzed by the Ministry of Transportation; f. The vehicle must be through an order or agreement, no hire passenger directly on the road; g. Booking services only through the apps; h. Must meet the Minimum Service Standard set; and i. The maximum number of passengers is 4 people excluded the driver. <p>(4) Every driver and/or special rental transportation company does not allowed:</p> <ul style="list-style-type: none"> a. Use more than 1 apps provider company; and b. Change the driver's identity and the vehicle being operated, thus not accordance with those registered with special rental companies and

		<p>app provider.</p> <p>(5) Special rental transportation companies have obtained an operating permit transportation, is obliged to insure responsibility, namely compulsory and responsibility of the carries;</p> <p>(6) The form and size of special rental transportation stickers as referred to paragraph (2) has attached to the Appendix.</p>
VI (Determination of Online Taxi Operation Area)	7	<p>(2) The operation area of online transportation is within the region urban areas in Yogyakarta province.</p> <p>(3) The area of operation of taxi operation and special rental transportation as referred to paragraph (1) and (2) stipulated by considering:</p> <p>a. estimated transportation service requirements;</p> <p>b. urban or urban development; and</p> <p>c. availability of adequate road infrastructure.</p>
VII (Liability for Legal Entities)	8	<p>(1) The company providing taxi transportation and special rental transportation must be in the form Indonesian legal entity in accordance with the provisions of legislation.</p> <p>(2) Indonesian legal entities as referred to in paragraph (1) are in the form of:</p> <p>a. State-owned enterprises;</p> <p>b. Regional owned enterprises;</p> <p>c. Limited liability company; and / or</p> <p>d. Cooperative</p>

Source: Primary Data

3.2 The Practices of Online Transportation Regulation on Sharing Economy Principles

In regulating sharing economy business requires a vey deep understanding on how the concept is work and how the regulatory structure must rest (Miller, 2015). The problems that have been faced by government, private company, and the community in general after the emergence of sharing economy business, has led to the fact that there is still lack of understanding about sharing economy business in practice.

The understanding of public value, however, 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). By applying the public value theory in analysing which principle of sharing economy that have been implemented by the government in Governor Regulation No.32 of 2017. As well as find out the significant affect of the regulation on the Go-Jek operation, the author uses survey through questionnaire and interview result to figure out the public perception and government response on the principle that being analyzed.

Table 3.3 The Implementation of Sharing Economy Principles

Variables	Indicators	Factor Involve	Percentages	Assessment
Principle 1	Structure and Governing Transportation	Regulation Capacity	5%	Not Implemented
Principle 2	Online Transportation Policy	Trustworthy	36%	Implemented
Principle 3	Particular Information & Flexibility	Society and Market Condition	58,5%	Implemented
Principle 4	Accessibility	Easy Access in the public area	35,5	Implemented
Principle 5	Traditional and Controlling	Competitiveness	14,5%	Not Implemented
Principle 6	Transportation Service	Service Quality	22%	Implemented
Principle 7	Institutional Setting	One way institution	24%	Implemented
Principle 8	Permitting & Standarization	Toughful procedures	6%	Not Implemented
Principle 9	Risk & Reward	Preventing the hazard of accident	16,5%	Implemented
Principle 10	Actors Involved	Actors involved has not represent all element.	6%	Not Implemented

Source: Primary Data

The result shows, there are six sharing economy's principles that have been implemented by the government. The highest number is the implementation of sharing economy principle number 3 with 58,5%. However, the result finding of public perception of the principle number 3 is likely contrasting to the fact there were several demonstrations of the conventional and online transportation drivers againsts the regulations.

Meanwhile, the lowest implementation is the sharing economy number 1 only 5% due to the lack of regulation capacity in addressing the issues of online transportation in Yogyakarta Province. Followed by the principle number 8 and 10 with 6% of respondents strongly agree that the government regulation on online transportation in Yogyakarta, are not represent all the elements. As well as the permit and standarization of the vehicles tend to lead the pros and cons among the online transportation drivers.

By combining the data of public perception and government response, the table 3.4, describes what are the sharing economy principles that have been implemented by the government. The author uses the highest scale number of the questionnaire grade (strongly agree). Thus, analysing with the government response from the interview with the Head of Rental of Goods Department of Transportation of Yogyakarta province.

Furthermore, based on the finding with refers to the principle of sharing economy, there are 6 principles have been implemented and 4 principles are not implemented yet. Such as Principle 3: Regulating the Sharing Economy Requires (the right kind of) Information with (58,5%) followed by Principle 2: The Sharing Economy Must Be Delighted with (36%), Principle 4: The Sharing Economy Is Here to Stay (and That Is a Good Thing) (35,5%), Principle 7: The Sharing Economy Disrupts and Reimagines Established Regulatory Structures (24%), Principle 6: The Sharing Economy Established New Market (That Established Markets Want to Take Over) (22%), and Principle 9: The Harm and the Remedy Are Uniquely Challenging To Determine in the Sharing Economy (16,5%).

Meanwhile there are four indicators which have not been implemented yet that assessed by questionnaire distribution process. Such as Principle 5: The Sharing Economy Disrupts and Reimagines Established Market with (14,5%), Principle 8: The Sharing Economy Requires a Response beyond Traditional Regulation with (6%), Principle 10: The Sharing Economy Implicates Diverse Parties, Each of Whom Should Be Considered in Establishing a Regulatory Response (6%), and Principle 1: The Sharing Economy Is Differentiated and Requires a Differentiated Regulatory Response.

However, from ten principles of sharing economy, there are only five principles which related to the case of Go-Jek operation and its significant impact, as follow:

a. 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 informations” (Miller, 2015 page 155). These information will help the policy makers to establish order. Further, here are the government responses:

“If we look at the Governor Regulation No.32 of 2017 in the article 13. It states that the online company platforms have to submit all the information requirements. From the profil of the company, the access to monitor the operational services, the data of all public transportation companies that work together, the data of vehicles and drivers, and customer service in the form of telephone number, e-mail, and provider address apps.”

According to the government response, it implies that the Governor Regulation No.32 of 2017 has implemented the sharing economy principle number 3 about the accessibility information of the online transportation platforms in Yogyakarta. It has demonstrated by the article number 13 of Governor Regulation as follows:

Article 13

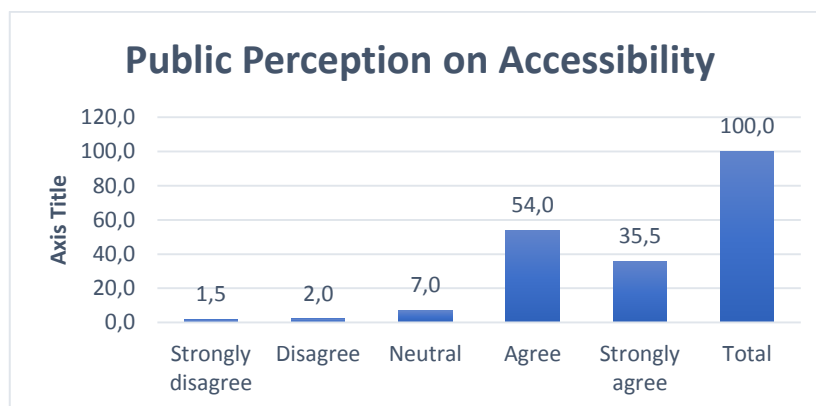
(1) Application provider companies through legal entities providing transport must provide access to the Digital Dashboard to the Governor as the controller vehicle and driver including administrative features;

(2) Access the Digital dashboard as referred to in paragraph (1) at least load:

- a. company profile provider of internet-based applications;
- b. provide access to operational monitoring services;
- c. data of all public transport companies that work together;
- d. data of all vehicles and drivers; and
- e. customer service in the form of telephone, e-mail, and provider address application.

In addition, the public perception in term of the accessibility of Go-Jek operation has shown a significant number. Based on the data analysis (figure 3.3), there are 54% of 100% agree that Go-Jek app is accessible for everyone.

Figure 3.3 Public Perception on Accessibility



Source: Primary Data

According to the Go-Jek report, moreover, on October 18, 2018, Go-Life—a part of Go-Jek’s on-demand service provider is committed to give the equal opportunities and upholding equality in work, including for people with disabilities, by launching the

#HilangkanBatasan (Remove Limitation) (Go-Jek, 2018). Yotawut (2018), however, stated the public value is designed to get public managers to think about what is most valuable in the service that they run, and consider how effective management can make the services the best it can be (Yotawut, 2018).

The findings, both from interview and survey, has demonstrated when a given strategy or action has legitimacy support, and when the government has the operational capacity, the implementation of the strategy of action could be effective, and public value will be created(Yotawut, 2018).

b. The Sharing Economy Must Be Daylighted

According to Miller (2015), despite the rapid growth of sharing economy business, the sharing economy business explicitly violate the local government regulation and state statues (Miller, 2015). When the growing economic market like sharing economy business is illegal, it forces that economic activity underground, which is going to be difficult to understand the nature of the economic activity. Regarding to the principle, here are the government responses:

“We already informed to all of online transportation companies to register the company into legal entities as the procedure of the Governor Regulation No.32 of 2017 article 8. In order to make us easier to proceed any illegal economy activities that lead to violence, which is unpredictable happens in the field.”

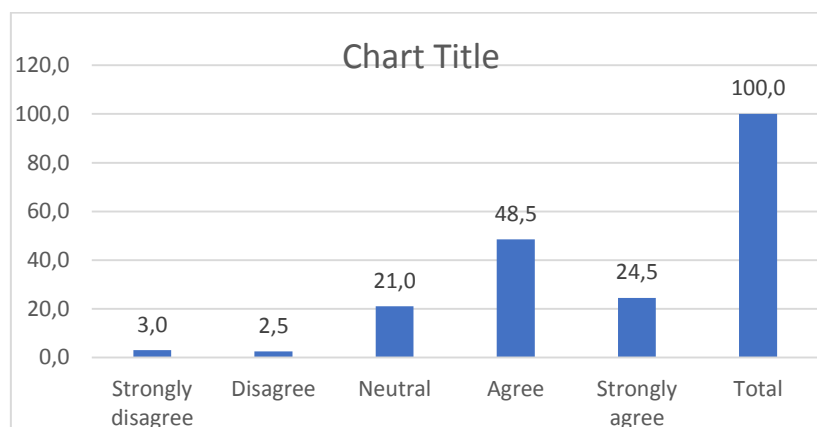
The role of government in society, moreover, to be more than a regulator, service provider and social safety; rather, a creator of public value and an active shaper of the public sphere (Bromell, 2012). By implementing the Governor Regulation No.32 of 2017 in article 8 of the liability for legal entities, it defines that the government has implemented the sharing

economy principle number two; “the sharing economy needs to be daylighted and brought into the legitimized transactional world”(Miller, 2015).

On the other hand, the finding has given a surprise, where the group of online transportation drivers were againsts this regulation, especially pointed the article number 8 about the legal entities (Purnomo, 2017). It implies that, even though the regulation has implemented the sharing economy’s principle circumstantly, it is still possible againsts by other parties. Bill Ryan (2011) stated that institutional understanding of the whole system of government in which they have chosen to work and the wider obligations they should meet (Bromell, 2012). In this way, the government challenges to maintain their own ability to produce high-quality advice. Besides, maintain the resources to creat a sustain public policy.

In addition, the public perception on Go-Jek operation in this principle, has measured by the safety indicator from the public value, which is a major value strategy of the city administration and to prevent of hazard accident (Sherman et al., 2011). It is explicitly as the outcomes of the institutional setting.

Figure 3.4 Public Perception on Safety



Source: Primary Data

Based on the data analysis of the Figure 3.2 shows, the majority of respondents are agree that Go-Jek operation is considered safety with 48,5%, which has been listed as the

legal entities transportation network company. Beside, the maintenance of vehicles used and the qualified drivers become the factor of the public assessment. However, value, under its various forms—better public services, has increasing confidence, reducing social problems, and creating the safety, etc., is decided by the citizen who is regarded as shareholder (Venera & Tselentis, 2015).

c. 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 (Miller, 2015). 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.

The operation of Go-Jek platform in Yogyakarta, for instance, has given a significant impact to the lives of many. Go-Jek has brought new innovation which arguably solve one of the major problems of the density population area such as Yogyakarta. 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).

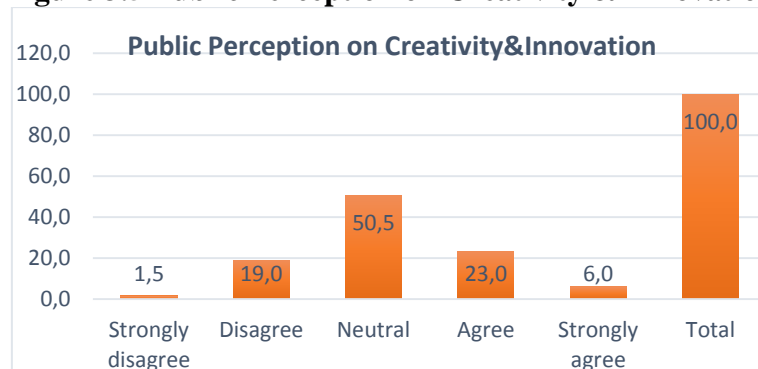
This sharing economy principle is likely to point out the advantages of sharing economy business, which is recommend the government to provide the strategy in regulating the sharing economy business, rather than banning the company. Moreover, here are the statement of the governments:

“We are definitely support on the emergence of online transportation in Yogyakarta. We even conveyed other conventional transportation companies to advance their operation by using the digital technology. In Governor Regulation No.32 of 2017 for example, we recommend all the taxi platforms to use the apps. In order to make the transporatiton mode easier to be accessed by the society.”

According to Bromell (2012), policy advice is the implementation of government policy decisions and the administration of public services. It includes providing advice and developing policy and regulation to address a multiplicity of public issues from the simple to the complex(Bromell, 2012). In this case, the government through the implementation of Governor Regulation No.32 of 2017, has giving a constructive advice to other transportation companies to adjust the market condition. In order to go beyond the competitive market and focus on the quality of the interrelationships established in the collaborative processes of achieving value (Venera & Tselentis, 2015). It implies that the Governor Regulation No.32 of 2017 has implemented this sharing economy even develop the regulation by giving the advice to update the mode of transportation which being used.

In addition, this sharing economy principle indicates the creativity & innovation of the sharing economy business(Miller, 2015) to assess the public perception on the Go-Jek operation. According to Bromell (2012), in creating the public value, we need the innovation—the action that might make the greatest difference to an intermediate objective (Bromell, 2012). In this case, Go-Jek operation has showing the significant innovation and creativiyy which made this gigantic online transportation platform become the most favorite ride-hailing apps in Indonesia (Prabowo, 2018). The creativity & innovation such as safety, flexibility (always able to find a ride), frequent promotions & discounts, easy navigation within the app, many payment options, wide food delivery options, helpful customer service, and loyalty rewards(Prabowo, 2018). The public perception on the Go-Jek operation in term of Creativity and Innovation as follow:

Figure 3.5 Public Perception on Creativity & Innovation



Source: Primary Data

The data display in figure 3.4 shows, the highest number of the respondents are neutral with 50,5%. It is surprising due to the fact that Go-Jek as the most ride-hailing uses in Indonesia, only received 23% of the respondents who agree on the creativity and innovations that Gojek has done. However, there is common ground within this complex discourse, as many actors frame the sharing economy as a disruptive innovation that could transform market economies. According Botsman and Rogers (2010) argue that it will disrupt the unsustainable practices of hyper- consumption that drive capitalist economies (Martin, 2016). These statements are arguably that the innovation which has brought by sharing economy business not always stand in the positive side.

d. The Sharing Economy is Differentiated and Requires a Differentiated Regulatory Response.

The way Go-Jek operating is uses an Internet-based application, which connects drivers with potential customers who request a ride. Once a request is accepted, the driver picks up the customers and brings them to their destination. Moreover, Go-Jek currently has expanding the services by providing the online transaction such as buying tickets online,

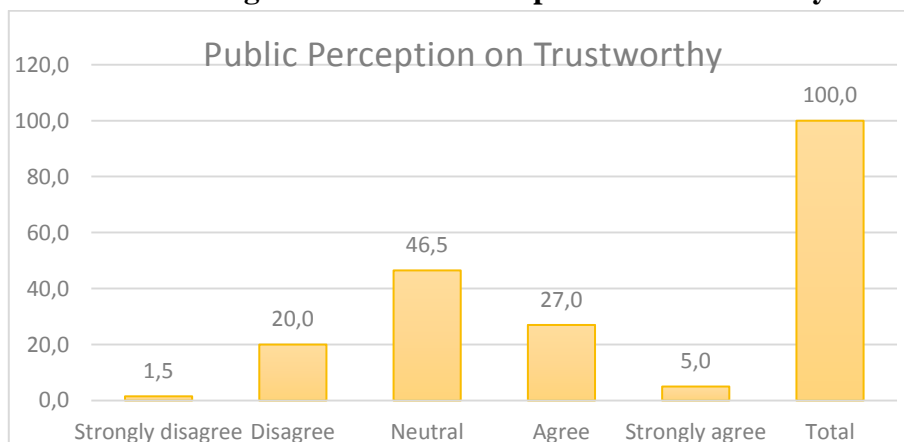
paying the bills, and other transactional services through the apps (Azzuhri & Mada, 2018). That change in how transaction occurs, however, differ substantially in how they affect another market and thus requires a differentiated regulatory response (Miller, 2015).

To ensure the Governor Regulation No.32 of 2017 has accordance with this principle, the author interviewed the Head of Rental of Goods Department of Transportation, Sigit Budi Raharjo regarding to the regulation of online transaction. He stated that:

“In the Governor Regulation No.32 of 2017 we only regulate the online taxi and taxi operation in Yogyakarta province. However, in term of online transaction is regulated by the Ministry of Information and Communication (Keminfo)”

On the other hand, even though the Governor Regulation No.32 of 2017 has not implemented the principle, the public perception on Go-Jek operation in term of online transactional service are highly neutral (see figure 3.1).

Figure 3.6 Public Perception on Trustworthy



Source: Primary Data

The indicator to measure the public perception toward this principle is using trustworthy. According to Yotawut (2018), there are three key components of public value; *first*, service (includes equity or fairness for citizens), *second*, outcomes (the achievement of desirable end results), *third*, trust, confidence and legitimacy in the public sector (Yotawut, 2018). Marie (2016) also stated that trust is essential in the public services (Marie, 2016).

Further, trust is a vital determinant of value creation in uncertain situations (Chung & Hensher, 2018). According to Karpik (2010), trust usually designates a mental state or judgement, entails a level of faith in the trustworthiness of the other party. The figure 3.1 demonstrates the policy on online transportation; Governor Regulation No.32 of 2017 has not giving a significant impact to the operation of Go-Jek. According to the public perception, it has indicates the Go-Jek apps system on online transaction is trustable enough to assist people in the daily lives.

e. Sharing Economy Disrupts and Reimagines Established Market.

The sharing economy challenges established markets, sometimes referred to as the “incumbent” market participant (Miller, 2015). For example, the emergence of Go-Jek in Yogyakarta province has been disrupted not only the conventional, but also to public transportation. The Bus Rapid Transit (BRT) called *Trans Jogja* is likely hard to keep up (Anwar, 2016).

Further, the operation of Go-Jek not only disrupt the need for transportation, but in many online transactions such as paying the bill, buying pulsa, order the food, and many more. The disruption might be even more complete. This effect illustrates that disruption in sharing economy especially in the case of online transportation, ‘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 market at the same time (Miller, 2015).

In addressing the issues of the market that being disrupted by the establishment of Go-Jek, this sharing economy principle requires the government needs to monitor and control the new market, in order to creat a sustain policy and balance market among transportation platforms. Kivleniece and Quelin (2012), moreover, argue that the performance of monitoring

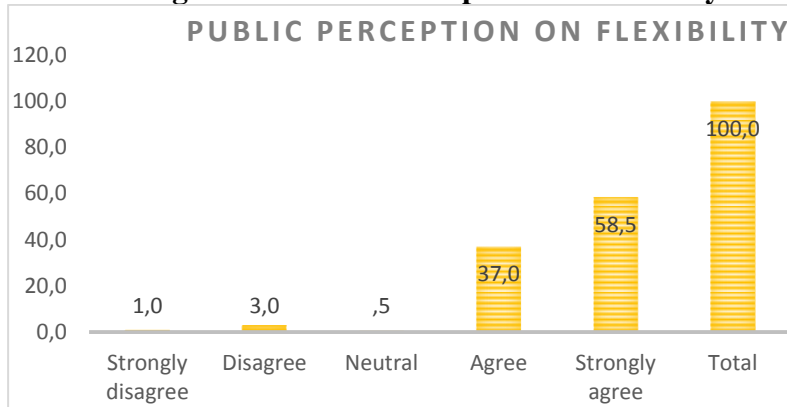
and sanction are remains crucial (Chung & Hensher, 2018) Regarding to the statements here are the government responses:

“In the Governor Regulation No.32 of 2017, we have been regulating for the supervision and administrative sanction of online and conventional taxi transportation in the article 14 & 17 such as the transportation permit requirements, technical and roadworthiness requirements of motorized vehicles etc.,. Besides, the control and monitoring are the authority of Civil Servant Investigation officer in the field of traffic and transportation; and/or Republic of Indonesia National Police officer in the article 15. ”

According to Bromell (2012), the strategic policy making was characterised by meetings, planning, consulting, publishing, monitoring and reporting(Bromell, 2012). Sherman (2011), moreover, stated that strategy—monitoring all components that are necessary for successful implementation(Sherman et al., 2011). In overcoming the problem of Go-Jek operation who distrupts and reimagines the established market, the government have implemented the the characteristics of strategic policy. It demonstrates by implementing the Governor Regulation No.32 of 2017 in the article 14 & 15 about the supervision. As well as the article number 17 about the administrative sanctions.

Chung & Hensher (2018), moreover, argue that enabling controls are means to provide the private firm with flexibilities to innovate, and with authority to exercise managerial and operational decisions autonomously(Chung & Hensher, 2018). By using the flexibility in assessing the public perception in the operation of Go-Jek, the result shows that enabling controls positively moderate the effect of value creation.

Figure 3.7 Public Perception on Flexibility



Source: Primary Data

According to the figure 3.5, it demonstrate the highest number of the public perception are strongly agree in term of the flexibility of Go-Jek operation. The data shows, there are 58% respondents are strongly agree, followed by 37% respondents are agree to the flexibility services of Go-Jek. While only 3% of respondents who disagree and 1% strongly disagree. It implies that the monitoring and control of the Governor Regulation No.32 of 2017 has a significant impact to Go-Jek performance.