

Institutional Voids in Indonesia 's Sharing Economy Online Transportation

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Abstract: *This study describes institutional voids in sharing economy online transportation. This paper is a development of the concept of alienation which was originally developed by Marx and then adapted by Elster (1986). Previous studies conducted (Popescu et.al, 2018; Fieseler, et.al 2019; Vallas and Schor,2020) show that the gig economy system seems to create employment and business opportunities to utilize the drivers' (partner) resources. While the implementation of the algorithmic system is not entirely profitable, it even creates vulnerabilities for partners, but it is still accepted as a business model that runs to this day. The researcher uses a Mixed Method approach that combines quantitative data with online questionnaires and in-depth interviews. The results show that institutional void happened due to unclear regulations from the government, inefficient rule enforcement and no ownership protection to partners.*

Keywords: *Economy, Institutional Void, Transportation.*

Introduction

Currently the pattern of sharing economy business is becoming more prevalent along with the application of the principles of flexibility and neoliberalism. This paper will discuss the practice of institutional voids in the online transportation economy in Indonesia. This transportation sharing economy utilizes available resources, both parties enter into an agreement to share benefits and advantages in various services to consumers. By definition *Sharing economy is a catchall term for "peer-to-peer" firms that connect people for the purposes of distributing, sharing, and reusing goods and services* (Ravanelle, 2019: 26). The characteristics of this sharing economy are: Having a broad market base, High-Impact Capital that opens up various opportunities for the use of assets and expertise ; *Crowd-Based Network* is not a centralized and hierarchical institution, has no superiors who do not between personal and professional, as well as superiors who do not clearly between full-time workers and freelancers or entrepreneurs (Sundarajan, 2016:14). There are also those who focus more on *labor process issues and control labor*.

In the *sharing economy*, the application platform functions as a tool to control *labor processes* and results that puts forward the principles of *task autonomy, performance-related pay and motivation and a star-rating system* (Wu and Li, 2019) . Although similar practices have been carried out in Indonesia since 2016, there are still many institutional gaps that cause many problems in the field. The impact of this emptiness that is hard to feel is the driver-partners. The company itself until now even though they say they are still losing, but many have invested in this business.

This paper would like to further reveal several things as follows: first, is there an institutional vacuum in the management of online transportation in Indonesia? What is the cause of this institutional vacuum, and who is involved in managing this?

Literature Review

Institutional voids are weaknesses of market supporting institutions that can have an impact on increasing costs in business. The form is: regulatory uncertainty, inefficient enforcement mechanisms, excessive bureaucracy less than optimal protection of ownership rights.

These studies on institutional voids see this phenomenon in two ways. There are those who see the institutional void as an opportunity for institutions to survive and develop themselves, but there are also those who see it as a barrier for business organizations to develop. Studies that see this regulatory vacuum as an opportunity say that these business groups are trying to improve themselves to better function, and trying to be more innovative in countries that are indeed institutionally weak in the existence of regulations such as in Latin American countries (Chang et al. 2006 and Mahmood et.al, 2011 in Castellacci 2015). Another opinion sees that the affiliation of the formed business groups does not increase economic innovation where in the country they are getting stronger and more efficient. They just survive and adapt to the existing conditions (Castellacci, 2015).

In this employment relationship there is no agreement and work order, because work orders and payments come from consumers. The driver in this case is also given the authority to accept or reject consumer requests. However, the number of rejected orders will have implications for the performance and earnings set by the application owner. (Vallas and Schor, 2020; Cast, Corten and Ritj, 2020). Institutional mechanisms like this are actually not yet regulated in Indonesian regulations. Meanwhile, the problem of this relation becomes important in maintaining order in the market and there is a moral mechanism that works in it.

Methodology

Methodologically, this research will use the method Mixed Methods, with the main data collection techniques and supported by Field Research by online survey quantitative data. For data analysis, the author will use Textual Network Analysis (TNA) to analyze the news content about the role of all actors involved in the labor market. This TNA principally organizes words and identifies pattern and structure in form visual map contains meaningful network of meanings. (Segev, 2020). The research will be limited to within the Jabodetabek area by considering the mobility of existing online drivers. For motorcycle taxis they are only limited to a distance of 25 km for one delivery, while car drivers can take passengers without a distance limit. And urban characteristics are indeed mobility and have a high need for this type of transportation. The main research subjects are all drivers of online transportation (ojek and cars) with age restrictions < 20 years, 20-40 years, 40-50 years, and > 50 years, both male and female which are still limited in number. This age limit takes into account the working productive age and the consideration of differences in the family burden felt by research subjects in each age range. Because, the heavier the burden in the family, the greater the demands for job security and income they face. With the certainty of their income, the level of job vulnerability will also be lower

Findings & Discussion

Based on the results of interviews and analysis of the mass media, this rule void condition consists of four aspects including: *Obscurity of Rules*, *Bureaucracy*, *Property Protection* and *Information Quality*. In the context of obscurity rules, the status of workers for them is considered unclear, because it is as if they work for an application company, because all the rules and regulations are made unilaterally by the owner of the application company. If the driver violates the rules they will be immediately given a warning or even suspended / terminated account activation.

Obscurity of Rules	Bureaucracy	Property Protection	Information Inequality
<ul style="list-style-type: none"> • Employment Status is not clear -> Called Partner but they haven't got any labor rights 	<ul style="list-style-type: none"> • Government Pro to Gojek and Grab in policy 	<ul style="list-style-type: none"> • Not Optimal, because <i>just selling not sharing</i> 	<ul style="list-style-type: none"> • There is a consumer rating that can be seen by the driver. Consumers can see the driver rating. But consumers can't see their own rating
<ul style="list-style-type: none"> • Employment Relations have not been accommodated in the labor law: flexible worker 	<ul style="list-style-type: none"> • Priority receiving social donation during a pandemic 	<ul style="list-style-type: none"> • One-sided punishment in the form of "Suspend" if they don't have good performance 	<ul style="list-style-type: none"> • The cause of the suspension is unknown, and there is no chance of self-defense because everything is controlled by technology
<ul style="list-style-type: none"> • Common Vehicle Types: Ride Handling is not public transportation based on traffic law 	<ul style="list-style-type: none"> • Company's internal bureaucracy: There is a difference in treatment between Gojek and Grab (Greenline) Internal Cars in terms of receiving consumer order signals 	<ul style="list-style-type: none"> • If the accident was initially happened, they have to pay it by themselves, but now there is insurance for consumers and partners (Grab) 	<ul style="list-style-type: none"> •
<ul style="list-style-type: none"> • There's no route permit 	<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> •
<ul style="list-style-type: none"> • Tax Determination 	<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> •

Conditions in Indonesia are not much different from the conditions of online drivers in various countries. If there are several application companies then they end up doing some Competition between applications and drivers work around this by having several applications at once to get more income. In terms of certainty of working hours, there is Uncertainty in working hours and also Uncertainty at work (Chin, 2018, Standing 2014).

The work situation is also colored by the unequal relationship between driver partners and application entrepreneurs. Power is related to Dominance and Control. Domination as an effort to maintain system stability and reduce diversity (Scott, 2013) Gender, race and ethnic discrimination by service users (Chin,2018; Polkowska,2019) . In addition, there is a process of Pseudo Sharing for not actually sharing proportionately. This condition in the long term results in Vulnerability (Precarization) Different Jobs between Ojek Drivers and Online Car Drivers

Efforts made by other countries and App Owners, and Driver Partners

First, Upgrading “partner” status to permanent employee . Case of 5 European countries. For example, the UK has turned 70,000 online drivers into full-time employees. Second, Providing certainty about sharing rules: Example in the USA Applying their Moral Economy through acts of Altruism. For example: Reducing management income to subsidize driver-partners during the pandemic. Third, Online drivers have a strategy in getting consumers. Close to the hotel, mall or station at certain hours. Not to the city center during rush hour. Leave early in the morning to catch up to the airport. The ojek driver approaches the mall or restaurant to go/grab food . Forth, There are 2 patterns: Drivers who choose far routes, others choose close routes but often

How to Overcome Institutional Voids : Indonesia's Case Study

In the case of Indonesia, there are several things that are the impact of this rule vacuum. First Among Partners Hack Applications to increase the chance of getting orders. They try various things to increase income. However, application companies anticipate by constantly updating the application. Second, to increase their income, driver-partners use several applications at once. Using multiple apps at once. However, due to time and effort constraints, this strategy is no longer carried out by them because violations of commitments make it difficult for them to obtain maximum results. Third, to obtain institutional legality for driver partners. Affiliated with government agencies to obtain operating licenses. For example: Police Cooperatives (INKOPPOL), Army Cooperatives (INKOPAD) so that they can enter airport areas such as Halim and Soekarno Hatta. Forth, Government Lobbying Application Companies in various ways, on the grounds that they have provided job opportunities. Fifth, Application companies do Mergers and Sell shares to the Public . Example: Gojek will own 58% of GoTo's shares, while the remaining 42% of shares will be owned by Tokopedia. Japan's SoftBank Group has 15.3% stake in Tokopedia.sixth, Forming an institution for mediating conflict. Another effort is with Driver partners to create motorcycle taxi communities to make demands and become tools for social pressures.

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