The Go-Jek Effect

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Worldwide, debate is raging over the growth of app-based transport services as companies like Uber transform the way transport is provided and how consumers access it (Isaac 2014; Aloisi 2015). Often referred to as ‘ride-sharing’ or ‘peer-to-peer’ services, these companies connect passengers with drivers typically not formally registered for taxi work or car hire services through a smartphone app. Passengers pay a set rate, determined by the company, from which a percentage is deducted before the driver receives the rest.

Like other large countries in Southeast Asia, Indonesia has enthusiastically embraced app-based transport services. Indeed, Indonesian consumers have adopted app-based transport services with alacrity, hailing cars, motorcycle taxis (*ojek*) or even the noisy three-wheel vehicles known as *bajaj* with just a few taps on their phones. The proliferation of what is known locally as ‘online transport’ (*transportasi online*) has benefited from commuters’ increasing frustration with traffic congestion and poor public transport, as well as the growing use of smartphones. One of the most popular app-based transport services operating in Indonesia is Go-Jek, a locally owned venture whose drivers’ signature green helmets and jackets can be seen on the streets of most major cities across the archipelago.¹ Such has been the rise of Go-Jek that it is not so much a form of transport as a phenomenon. As one journalist observed, ‘school children, university students, office workers, even the governor of Jakarta … everyone is talking about Go-Jek’ (Kompas, 18 June 2015).

Even President Joko Widodo (Jokowi) is on record as a strong supporter of Go-Jek, having invited its chief executive officer to accompany him to the United States to sell Indonesia’s digital potential (Tribun News, 22 October 2015). Jokowi’s confidence proved to be justified, with Go-Jek raising $550 million in new capital in 2016 (Digital News Asia, 5 August 2016).

The introduction of this ‘disruptive technology’ by Go-Jek and others has not, however, been without its challenges.² Indonesian consumers may have embraced it, but there has been fierce resistance to Go-Jek and other app-based transport services from conventional transport providers, who have pressured authorities to rein in online providers. Pressure from the transport lobby has prompted transport authorities to assess the legality of the app-based companies, leading to attempts to ban them, the impounding of vehicles and the introduction of new regulatory measures. A second important element of the controversy around app-

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¹ While Greater Jakarta remains Go-Jek’s geographic heartland, the company has rapidly developed a presence in Bali, Bandung, Surabaya, Makassar, Yogyakarta, Medan, Semarang, Balikpapan and Palembang, and has announced plans for further expansion (Go-Jek 2016).

² For a discussion of the literature on the origins of the term ‘disruptive technology’, see Christiansen (1997) and Danneels (2004).
based platforms has been their impact on the welfare of motorcycle taxi drivers who have shifted to them and on those left behind.

What, in fact, has been the impact of the platform on this group of workers? Has it brought better wages and conditions, or simply increased levels of exploitation? Internationally, scholars have pointed to the erosion of ‘traditional’ labour markets, and subsequently of workers’ rights, as a consequence of the introduction of demand-driven, app-based employment (see, for example, Aloisi 2015). What this assessment fails to consider, however, is the potential impact of this disruptive technology on workers in the part of the ‘traditional labour market’ known as the informal sector.

Formal sector employment varies in its reliability and conditions. However, in theory at least, workers in the formal sector are protected by laws regulating their relationship with the entity that employs them. While informal sector employment may be waged, it is not based on a formal legal relationship, so workers in this sector do not have access to institutionalised protection of their labour rights. The vast majority of Go-Jek drivers we interviewed had previously worked as conventional motorcycle taxi drivers or in other informal sector jobs. As Go-Jek drivers, they continued to lack the job security or employment standards of workers in most formal sector occupations, but made the switch because they saw the opportunity for a higher income and more reliable access to customers. A less obvious (and unintended) effect of the rapid growth of app-based transport companies has been the emergence of greater opportunities for collective action. These companies refer to their drivers as ‘partners’ rather than ‘employees’. But they nevertheless provide a focal point for drivers seeking to act collectively to demand better working conditions, which is not available to conventional motorcycle taxi drivers.

**Go-Jek and its competitors**

Go-Jek was established in 2010 by Nadiem Makarim, an Indonesian graduate from Harvard working for McKinsey in Jakarta. Makarim found himself resorting to motorcycle taxis to avoid the city’s notorious traffic jams. Having spoken to many motorcycle taxi drivers, he pieced together a picture of their working lives, concluding that the majority spent much of their time waiting for fares. His solution: if drivers and clients could be connected, customers would have a better experience and the time of the drivers would be much better utilised, leading to an increase in their income and general welfare.

When it began operations in 2011, Go-Jek received orders for motorcycle taxis by telephone before progressing first to BlackBerry Messenger (BBM). It was not until its app was launched in January 2015, however, that Go-Jek truly took off. Within just a year, the app had been installed 10 million times and driver numbers had reportedly risen to 200,000. Having successfully made the transition from a phone-based service to the online environment, it occurred to the company’s founder that drivers could also run errands, such as picking up chargers or buying cigarettes. By 2016, the company had developed 12 separate

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3 We conducted interviews with 25 Go-Jek drivers, five Uber drivers, seven Grab drivers (car and motorcycle), nine traditional taxicab and motorcycle taxi drivers, and 33 consumers in Jakarta, Denpasar and Makassar between January and March 2016. We also interviewed four representatives of the Bali Legal Aid Institute (Lembaga Bantuan Hukum Bali). Unless noted otherwise, information is sourced from these interviews or from fieldwork observations.

4 For a personal profile of Nadiem Makarim, see Cosseboom (2015).
services, all offered through the app. Go-Ride, the new name for Go-Jek’s motorcycle taxi service, is now complemented by two other transport services in Go-Busway’s live-time schedules for Jakarta’s busway system, and Go-Car. Go-Send and Go-Box offer courier and removal services. The popular Go-Food and Go-Mart apps have been joined by Go-Clean, Go-Massage and a mobile beauty service called Go-Glam. Go-Jek has also ventured into entertainment services with Go-Tix. The final element in the system is Go-Pay, a virtual wallet that allows users to pay for the services Go-Jek provides by topping up their balances using an ATM, or through mobile or internet banking (Go-Jek 2016)

While Go-Jek was the first app-based transport service operating in Indonesia, it has since been joined by several other local and international players. Its multinational competitors include Uber, which arrived in Indonesia in August 2014, and the Malaysian company Grab, which entered the Indonesian market in June 2015 (Faisal 2015; Freischlad 2015). Local competitors include a woman-only motorcycle taxi service in Surabaya; the Jakarta branch of the Organization of Land Transportation Owners (Organda); a nationwide, government-sponsored association of land-based transport companies whose members includes the Blue Bird Group (DPP Organda 2016); and a Jakarta-based company called Blu-Jek, which claims that 90 per cent of its drivers were previously conventional motorcycle taxi drivers. Go-Jek executives acknowledge that the entry of new players has increased pressure in the market. But despite stiff competition from Grab, in particular, Go-Jek remains a major player, with the greatest geographic scope in its operations and the most varied provision of services.

**Regulatory challenges**

Attempts to regulate and even outlaw app-based transport services have presented a serious challenge to Uber and Grab, and to a lesser extent Go-Jek. The debate over regulation has focused on the failure of app-based transport services to comply with conditions associated with public transport licensing. As is the case in other jurisdictions (Isaac 2014), the fact that these companies do not pay taxes or for licence permits means that they are able to undercut the price of regulated public transport, making them cheaper and more attractive to consumers. Established transport providers subject to government regulation see app-based transport companies’ ability to avoid the normal costs of doing business as an unfair advantage. Uber and Grab have been the primary focus of opprobrium because their car services directly challenge those offered by conventional taxis. They have also attracted criticism because of their status as foreign companies with no local links or offices. While still controversial, Go-Jek has benefited from its primary focus on motorcycle taxis, which, unlike taxicabs, are not regulated in Indonesia. Its indigenous roots also set it apart from its major competitors.

The transport lobby’s calls for greater regulation of the app-based providers have been supported by the transport authorities. Matters first came to a head in June 2015, when Organda reported Uber for fraud, information and electronic transaction crimes and money laundering, but also for violations of Law No. 22/2009 on Road Traffic and Transportation,6

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5 Grab’s founder, Anthony Tan, and Makarim met each other at Harvard, and founded parallel businesses in Indonesia and Malaysia around the same time (Bloomberg Technology, 23 March 2016).
a 2014 government regulation on transport and a 1991 gubernatorial regulation on taxi operations (Jakarta Post, 21 June 2015). The Jakarta police confiscated five Uber cars following the complaint. Although these were later returned, a further 10 Uber cars were impounded in August 2015 (Jakarta Globe, 5 September 2015). In the following month, an official taskforce was created under the Jakarta Transport Agency to monitor and seize cars operating primarily through Uber, but also Grab, on the basis that they were privately owned and did not have the permits required to provide transport services (Digital News Asia, 17 September 2015). The taskforce announced that drivers would be charged under the 2009 law for operating an unlicensed public transport vehicle (Berita Jakarta, 17 September 2015).

The fact that Uber and Grab did not have Jakarta offices and did not pay Indonesian taxes was also a consideration for the taskforce. Following a meeting involving the Jakarta Transport Agency, the Jakarta metropolitan police and the Jakarta Transportation Council in August 2015, Uber and Grab were instructed to fulfil a number of legal requirements, namely to establish an Indonesia-registered legal entity; obtain an operating licence; demonstrate the possession of a minimum of five cars and a carpool for service and maintenance; and present evidence that their vehicles had passed the required inspections (Kompas, 7 August 2015, 12 August 2015). In September 2015, Mayor Ridwan Kamil declared Uber to be illegal in Bandung on the basis that it did not meet the requirements, including the requirements to establish a legal entity in Indonesia and to use the yellow licence plates mandated for public transport on its drivers’ cars (Nikkei Asian Review, 10 September 2015).

Controversy again emerged on 7 December 2015, when the app-based companies appeared to gain a reprieve. Claims were made that the Jakarta governor, Basuki Tjahaha Purnama (known as Ahok), had granted permission for Uber and Grab to operate in the city. Organda responded by accusing Uber of lying, saying that in fact Ahok had merely stated that Uber could operate if it complied with registration requirements (Jakarta Post, 10 December, 2015). This exchange led to a further tightening in the regulators’ stance. On 17 December 2015, the Ministry of Transport announced a ban on all app-based transport services on the basis that they did not meet the requirements of Law No. 22/2009 on Road Traffic and Transportation or Presidential Regulation No. 74/2014 on Road Transport (Jakarta Post, 18 December 2015). According to Go-Jek’s vice president for marketing, management was very concerned when the ban was announced (interview, Jakarta, 18 January 2016). However, the mood quickly changed when the announcement was met with a mass public outcry and the hashtag #savegojek quickly became the top-trending topic on Twitter in Indonesia. Such was the public pressure that Jokowi intervened within a matter of hours to reverse the decision.

Following widespread demonstrations by taxi drivers on 14 March 2016, Ahok made statements urging Uber and other app-based transport services to follow the regulations (Detik News, 14 March 2016). At the same time, however, he stressed his support for the app-based transport companies, emphasising that ‘they’re a reflection of the times’ (Okezone, 14 March 2016). Pressure nevertheless continued to build, with further demonstrations on 22 March. Two days later, a meeting was called involving the minister of transport, officials from several other government ministries and representatives from Uber and Grab, at which the government told the companies to comply with the legal requirements by 31 May (Tempo, 24 March 2016). As part of the guidelines set out at the meeting, drivers working with app-based platforms were required to join a cooperative or company and to obtain a public transport driver’s licence. To meet these requirements, Grab established a cooperative
called the Indonesian Car Rental Entrepreneurs Association (Persatuan Pengusaha Rental Indonesia, or PPRI), while Uber formed the Transport Service Cooperative (Jasa Trans Usaha Bersama, or JTUB). Go-Jek’s car service, Go-Car, quickly followed suit, establishing a company called Panorama Mitra Sarana. However, just 419 of the 3,309 registered cars operating under these cooperatives and companies had passed the required road test by the deadline. The minister of transport responded by threatening to implement a ‘three strikes and you’re out’ rule, under which if three cars from the same company were found operating without meeting the requirements, the company’s public transport licence would be suspended (Jakarta Globe, 2 June 2016).

In the meantime, the Ministry of Transport announced a new regulation, originally meant to come into effect on 1 October 2016, to further address the conflict between conventional and app-based transport providers. In addition to requiring the companies to hold a permit to operate and to pay tax, Ministerial Regulation No. 32/2016 on Nonroute-based Motorised Public Transport places several restrictions on app-based companies, including requiring them to work with registered public transport companies and to disclose data on cars and drivers to the Ministry of Transport. It also prohibits companies from setting tariffs or driver incomes, and makes it illegal for information technology companies to directly recruit drivers. Importantly, however, the ministerial decision failed to regulate motorcycle taxi services, despite pressure from Ahok and others for Law No. 22/2009 to be revised to recognise motorcycles as a mode of public transport (Jakarta Post, 19 August 2015).

It is not clear if Go-Jek and other app-based transport companies will continue to be able to operate unhindered in the face of the growing regulatory pressures. What is clear, however, is that ride-sharing apps have generated a great deal of support from their customer base. Even while leading the crackdown, the chief inspector general of the Jakarta metropolitan police acknowledged that banning the apps would come at a social cost because people were dependent on their services (Jakarta Globe, 3 September 2015). In addition to the Twitter backlash, as many as 17,000 people signed a change.org petition calling for an alternative solution. Uber has also benefited from strong public backing. Within just four days of the establishment of a government taskforce, 24,000 customers had signed a petition on the company’s behalf (Digital News Asia, 17 September 2015). Support for the app-based providers was underlined by the backlash from consumers when Blue Bird encouraged its drivers to strike on 22 March 2016, with netizens again taking to Twitter to express their anger and uploading videos of taxi drivers breaking the road rules during the demonstration (Metro TV News, 22 March 2016).

Implications for motorcycle taxi drivers

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7 A few days before the regulation was due to come into force, the ministry announced that it would delay its implementation in response to criticisms of the regulation. These included claims that the regulation violated the principles of the people’s economy, and that there had been no process of public hearings or consultation with other ministries (Beritasatu.com, 27 September 2016).

8 The text of this regulation is available at http://jdih.dephub.go.id/assets/uudocs/permen/2016/PM_32_Tahun_2016.pdf. The regulation complements Circular No. 3/2016 on the Delivery of Application and/or Content Services through the Internet, issued by the Ministry of Communications and Informatics, which states that foreign app providers in all sectors must establish an entity in Indonesia and comply with local tax laws.

Consumer pressure has bought Go-Jek, Grab and Uber time to find alternative solutions, such as establishing cooperatives and forming partnerships with official transport companies. But while the debate has focused on the impact of the apps on conventional taxi services, its effect on the nature of employment is equally, if not more, important. Many taxi drivers and informal workers have made the switch to online transport providers because of benefits such as higher incomes, as well as access to insurance and other forms of support. We found that a significant proportion of drivers at all four Jakarta motorcycle taxi ranks (pangkalan ojek) we visited had signed up to a ride-sharing platform. Those who had moved to Go-Jek said that their association with the company had brought benefits in terms of higher wages and better working conditions. Despite the obvious allure of these benefits, however, many drivers noted the continuing risks of this form of employment in terms of their diminished control over ride pricing and the absence of job security. These concerns have compelled drivers to act collectively in protest against unilateral changes to income-splitting arrangements and attempts to discipline their relationship with the company, in ways that are not available to conventional motorcycle taxi drivers.

**Working conditions**

Concern about drivers’ incomes and working conditions is very much part of Go-Jek’s foundational narrative, as reflected in its mission statement. According to the company website:

> Go-Jek is a socially motivated technology company that aims to improve the welfare of workers in a number of informal sectors in Indonesia. We partner with around 200,000 of the most experienced and trusted motorcycle taxi drivers in Indonesia […] Go-Jek drivers say that their income has increased since becoming a Go-Jek partner. They also benefit from health and accident benefits, and get access to more customers through our application (Go-Jek 2016).

Go-Jek hires motorcycle taxi drivers of up to 50 years of age. They must have their own motorcycles, but are given basic training and are issued with two helmets, a jacket and an Android phone to be paid off in instalments. They are also covered by the company’s medical and accident insurance, as are commuters; Allianz provides coverage of up to Rp 10 million for accidents, Rp 5 million for hospital expenses and up to Rp 10 million for lost items sent by courier.

Medical and accident insurance is of clear benefit for the drivers who choose to work for Go-Jek. At the core of the company’s offering, however, is the technology that connects drivers to middle-class commuters, and thus increases the number of fares a driver can accept during the working day. Go-Jek’s motorcycle taxi service, Go-Ride, allocates passengers to a driver using a global positioning system (GPS) tracker to determine which drivers are in the passenger’s vicinity. Passengers are given a price before ordering, based on the distance of the trip and the time of day. Once at their destination, passengers can pay with cash or through the internal Go-Pay service on the app. Eighty per cent of the fare is allocated to the driver, while the remaining 20 per cent is retained by the company. Under 2016 tariffs, Go-Jek drivers earn far less per trip than regular motorcycle taxi drivers. For example, the standard price for the 13-kilometre trip between the gated community of Kalibata City in South Jakarta and Tanah Abang in Central Jakarta was Rp 50,000 in 2016, but Go-Jek charged only Rp 15,000. However, Go-Jek drivers have the potential to earn more than
regular motorcycle taxi drivers because they accept more fares per day than the regular drivers and receive bonuses for completing a certain number of trips.

Over time, though, Go-Jek drivers’ ability to accrue a large number of trips has declined. One Jakarta-based driver claimed he had made up to Rp 7 million per month upon first signing with Go-Jek in October 2015, but could make only Rp 1–3 million per month in January 2016. Another had recently decided to quit because of the increase in competition. GoJek drivers in Makassar had similar responses, with one driver saying he had experienced a more than 50 per cent drop in income between October 2015, when he joined the company, and February 2016. One factor in this development is the rapid increase in the number of motorcycle taxi drivers associated with Go-Jek. A second is the decision by the company to drop the tariff by 25 per cent from November 2015. When drivers complained to Go-Jek about this unilateral decision, the company told them to leave if they did not like it. Third, the company made changes to its points-based bonus system. Whereas previously drivers had received a bonus of Rp 50,000 for amassing eight points, they now had to amass 10 points to qualify for the bonus.

Go-Jek drivers continued to earn more than their peers even after these changes were introduced. The conventional motorcycle taxi drivers we interviewed reported earning Rp 50,000–100,000 per day, while Go-Jek drivers reported making a minimum of Rp 150,000 per day. There was nevertheless widespread dissatisfaction with the company’s actions, prompting Go-Jek drivers to organise themselves. To some extent, their efforts have mirrored the informal associations of conventional motorcycle taxi drivers, which generally operate in a particular territory and coalesce around a particular rank; tend to self-regulate, for example by charging a standard fare; and may provide members with uniforms, access to repair equipment and sometimes an emergency fund (CDIA 2011; Energy and Resources Institute 2013). In other ways, however, they mirror the operation of a trade union in a formal sector workplace, as one would expect given Go-Jek’s status as a pseudo-employer.10

Taking collective action

While the associations that have sprung up among Go-Jek drivers focus predominantly on creating a community, in Jakarta they have also begun to focus on shared demands that target Go-Jek’s management. This tendency was clearly evident in a demonstration organised on 3 November 2015 in response to the reduction in the payment to drivers from Rp 4,000 to Rp 3,000 per kilometre, which had been announced the previous day. According to management, the company could no longer bear the cost of subsidising trips. It did not want to risk increasing prices, so instead chose to reduce the payment to drivers. Drivers reported that hundreds participated in a demonstration held outside the Go-Jek office. Some described the event as a strike, during which Go-Jek drivers across the Greater Jakarta region refused to take orders on their phones. Go-Jek management threatened to sack the striking drivers (Jakarta Post, 4 November 2015), but drivers confirmed that no attempt was made to follow through on this threat.

In December 2015, further protests broke out in Jakarta, Bandung, Denpasar and Makassar when Go-Jek ordered a mass suspension of drivers accused of creating ‘fictive orders’, a

10 For an overview of Indonesia’s trade union movement in the post-Suharto period, see Caraway and Ford (2014)
practice by which drivers maximise their access to subsidies and bonuses by using a second phone to make orders that they then accept on their Go-Jek accounts. The largest demonstrations took place in Denpasar, where 1,400 drivers were suspended without notice and subjected to heavy fines, in some cases experiencing confiscation of their motorcycles for not paying the fines (Kabar24, 2 December 2015). Seventy of the suspended drivers approached the Bali Legal Aid Institute, which organised a meeting between representatives from the Ministry of Transport, the Ministry of Manpower, Go-Jek management and the suspended drivers; no agreement was reached, however. When management offered suspended drivers in Makassar a choice between resigning or paying a fine, members of the Makassar Go-Jek Drivers Union (Serikat Driver Go-Jek Makassar) threatened to shut down the Go-Jek office and resign en masse (Kompas, 2 December 2015). The demonstration continued for a second day in front of the Makassar city government offices, where the drivers demanded that the government meet with Go-Jek management to resolve this and other issues (Kompas, 3 December 2015). Several months later, the problem had still not been resolved, and drivers continued to communicate and organise through social media applications such as WhatsApp.

Ironically, one explanation for the high level of organisation among Go-Jek drivers is that many of them had previously belonged to a conventional motorcycle taxi service. Some had even previously organised resistance to app-based services. In August 2015, for example, the drivers belonging to the motorcycle taxi ranks located outside each of the gates to Kalibata City collaborated in a picket designed to stop Go-Jek and other app-based motorcycle taxi drivers from entering the complex, with support from taxi drivers and public minibus drivers who had also been affected by the rise of app-based services. This very effective action came unstuck when residents mounted an online petition calling on the motorcycle taxi drivers to allow drivers using the ride-sharing platforms to enter the grounds (Merdeka, 10 August 2015). By September 2015, the motorcycle taxi drivers were ready to admit defeat, and the majority have since signed up to Go-Jek or Grab. Indeed, the only drivers not to do so were those who did not have the correct documents or could not meet one of the schemes’ other requirements (interviews with conventional motorcycle taxi drivers, Kalibata City, 25 January 2016). In the long term, however, the presence of a pseudo-employer means that the campaigns of the Go-Jek ‘partners’ have a better chance of success than those of the truly self-employed.

**Impact on conventional motorcycle taxi drivers**

Despite drivers’ increasing disillusionment with app-based transport platforms, they recognise that those who have not signed up are worse off than those who have signed up, and in absolute terms. This belief is shared by conventional motorcycle taxi drivers and borne out by anecdotal evidence. For example, the income of one driver, who felt he was too old to join a ride-sharing platform, had dropped from Rp 100,000 to just Rp 60,000 per day.

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11 One driver reported that he received up to 10 orders a day, but a ‘cheating’ driver could claim up to 30.
12 The Bali Legal Aid Institute is a regional affiliate of the Indonesian Legal Aid Foundation (Yayasan Lembaga Bantuan Hukum Indonesia, or YLBHI). This network of legal institutes was strongly involved in labour issues under the New Order from the 1970s. For a detailed scholarly account of YLBHI, see Aspinall (2005). For a discussion of its involvement in labour issues, see Ford (2009).
Conventional motorcycle taxi drivers are also frustrated that the online transport companies are undercutting them and saturating the market. On a number of occasions, this frustration has boiled over into physical confrontation. On 1 September 2015, thousands of workers rallied outside the presidential palace, protesting against job losses and demanding better health insurance. Following clashes between Go-Jek drivers and conventional motorcycle taxi drivers, Jokowi invited representatives from both sides to the presidential palace in an attempt to mediate between them (Jakarta Post, 1 September 2015). A few months later, a brawl broke out between Go-Jek drivers and conventional motorcycle taxi drivers on the campus of the University of Indonesia in Depok (Coconuts Jakarta, 19 January 2016). Similar incidents have occurred in many other places. Such was the severity and frequency of conflict at the FX Sudirman shopping mall in Central Jakarta, for example, that Go-Jek set up a shelter for its drivers to protect them from intimidation (Jakarta Globe, 8 September 2015).

Conflict reached a new level on 22 March 2016, when Blue Bird taxicab drivers went on strike against the app-based platforms, including Go-Jek. As a convoy of taxicab drivers passed by Sudirman station they were chased by Go-Jek motorcycle taxi drivers throwing rocks and sticks, but the fight was broken up by police as the taxicab drivers began to respond (Viva, 22 March 2016). Elsewhere, a brawl broke out between the protesters and passing Go-Jek drivers, who were subsequently rescued by police. Shortly after, several waves of Go-Jek drivers approached protesters in front of the national parliament but were stopped by the police before physical contact could occur (Antara News, 22 March 2016).

Similar tensions have followed the path of the app-based transport services as they have expanded to other cities. Drivers interviewed in Bali recounted their experiences of intimidation and threats from drivers in the conventional transport sector. Several Go-Jek drivers in Makassar admitted that they chose not to wear their uniforms for fear of being targeted by regular motorcycle taxi drivers. In Yogyakarta, Go-Jek drivers avoided areas in which conventional motorcycle taxi drivers waited for passengers for fear that a fight could break out. Similar instances of conflict between Go-Jek drivers and other transport providers have been reported in Bandung, Medan and Surabaya. In short, while some have benefited from the rise of app-based transport services, these services have had a detrimental effect on the incomes of conventional motorcycle taxi and taxicab drivers.

**Conclusion**

As this discussion suggests, the rise of Go-Jek and other app-based transport providers in Indonesia has had a polarising effect. On the one hand, consumers have not only embraced the convenience and economy of app-based transport services but have also demonstrated their willingness to come to the defence of Go-Jek, Uber and Grab. On the other hand, transport authorities and taxicab drivers have vigorously opposed the unregulated growth of disruptive technologies that threaten the viability of conventional transport providers. App-based transport services have also proved divisive among motorcycle taxi drivers. Those who have decided to join an app-based platform have profited from greater demand, higher incomes and other benefits such as insurance. As these companies increasingly absorb market share, however, the working lives of drivers who do not join their ranks have become even more vulnerable than they already were.

In the long term, the initial benefits accorded to early adopters may be eroded by the platforms’ ability to drive down costs as they achieve increasing dominance in the market; for
now, however, predictions of the long-term effects of app-based transport services on drivers’ working conditions remain speculative. What is clear is that rather than contributing to the informalisation of work—as has been the case in many other countries—the presence of app-based transport services has actually increased the level of formalisation in Indonesia’s motorcycle taxi industry. App-based motorcycle taxi drivers are considered independent contractors and so are not covered by Law No. 13/2003 on Manpower. This means that they do not have access to the job security and working conditions that are at least nominally guaranteed in the formal sector. It must be remembered, however, that—in contrast to taxicab drivers—conventional motorcycle taxi drivers are fully self-employed. Although they have long-established cooperatives, the absence of a shared employer limits their activities to fare setting and the provision of mutual benefits, akin to the activities of the guilds established by craftsmen in preindustrial times. In short, app-based motorcycle taxi drivers now have a more structured employment relationship than Indonesia’s conventional motorcycle taxi drivers, rather than the converse.

Go-Jek and its competitors claim that they are not employers. However, they are employer-like organisations in the sense that they not only set fees and regulate driver behaviour, but also have the power to discipline drivers by depriving them of access to customers and therefore to a viable income. As demonstrated here, an important element of this semi-formalisation has been the potential for collective action against one or more of these companies, and ultimately possibly for collective bargaining. The app-based motorcycle taxi drivers have already shown their capacity to act collectively. Although their protests and mass actions have thus far been unsuccessful, the potential for collective action to improve working conditions and income shows the benefit of this increased formalisation in an economy where informal sector employment remains the norm.

References


