


Chapter 28

Indonesia E-Hailing Taxi: The Competition Between Law and Technology

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ABSTRACT

Transportation development has revolutionized ride-hailing to e-hailing. This alteration impacts many aspects, mostly in economics and employment opportunity. However, this triggers competition with the traditional; moreover, the absence of significant regulation and standards for operation raises conflicts and an uneven market. This research concerns how e-hailing taxi must be regulated under Indonesian law for its certainty and expediency. This considers that the operation of e-hailing taxi in Indonesia is not sufficiently regulated, neither from security risks, tariff limits rates, nor in terms of skilled quality for the labor and so on. The researcher found, if there is no certainty for its app-based transportation laws, the effects will create an unhealthy and imbalanced market, high-risks, and double standard operation.

INTRODUCTION

As the era is transforming rapidly including transportation (Singh, 2002), all countries all over the world, including Indonesia have welcomed every revolution as it is needed to be added or even be replaced; from the conventional to be digital one. For Indonesia, one of the signs is the era of online transportation (technology-based transportation) that has begun since 2016. The entry of the online transportation is considered to be advantages, however, this epoch comes across with several issues.

Technology-based transportation in the digital era essentially brings out so many advantages, regrettably, conflicts and uncertainties also become similar concerns. In response to the online transportation, Indonesia has set special regulations concerning online transportation, namely: Ministerial Regulations

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Number 118 of 2018 concerning Special Rental Services. However, this regulation does not cover the whole elements needed in order to regulate and protect the whole aspects of its operations in Indonesia. The regulatory framework is vital in conjunction with the work risk, tariff limit rates, the protection of customers (Çetin & Deakin, 2019), the vehicle ownership status and most importantly is creating a competitive and healthy market, between the conventional and online-mode one.

E-hailing mode taxis in Indonesia are still becoming the question in terms of their legal status. Their presence is absolutely undeniable and has become the most significant choice as a transport mode in the society (Zico, 2018). After all this time in Indonesia, the conventional taxi has monopolized the market, despite that, the apps-based taxi also need to compete fairly by being regulated both from the operators and drivers (Harding, Kandlikar, Milind & Gulati, 2016). It does not merely focus on comparing the services provided by both competitors (conventional v. e-hailing), yet rather than focus on how they can create a level-playing field in the transportation sector in Indonesia.

The failure of Indonesian Government can be observed from the protest voiced by interest parties, conventional drivers and apps-based operators in 2017. E-hailing taxi regulation is also becoming a concern in several ASEAN countries members, such as Malaysia and the Philippines. The concerns are also the same with Indonesia's. Some deliberations are really becoming the fundamental step to protect so many aspects of executing e-hailing transportation, especially taxis under legal framework (Renckens, 2007).

LITERATURE REVIEW

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In the present era, there are so many cities worldwide having a demographic growth significantly and rapidly. As life and its ways are changing, the way people are living experiences the same. The efficiency will probably become the most concerned within daily basis life right now. The entrance of e-hailing taxis into human's life is also positively considered as the best solvent in terms of efficiency of transportation. As an essential part of the urban system, transportation has been evolving from time to time. Its model, capacity and the function, either for personal or public needs. However, this revolution will demand the other aspects to run in unison as a response of existing challenges for business and disruptive innovation (Pardo et al, 2012). By means, it can be an opportunity and competition at the same time. The way competition is running is not merely how the conventional taxis and the apps-based one are competing one another, but both how the regulatory framework puts this issue into law which deals with the competition matters.

In Indonesia, the advance response for addressing the e-hailing taxi is due to several events that happened over this. Likewise the conventional mode, e-hailing taxis must be regulated within the relevant regulatory framework to ensure legal certainty and safety for business, technical and its even operation posing new challenges. The current applicable law in Indonesia concerning Transportation is set in Law Number 22 of 2009 on Traffic and Road Transport. Since the comes up of online / e-hailing taxis, this regulations has not accommodated yet the comprehensive issue and what-to-regulate in responding to apps-based taxis. This long-awaited event is still rolling with no end.

At a glance, the effort of e-hailing taxis laws transformations, Indonesia through Ministerial regulation Number 108 of 2017, Ministry of Transportation has been set several points as addressed to online transportation were failed to patch the need for this new transportation and transaction model (Yanocha

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