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Dynamics of Business Competition in the Business Sector Online Transportation: Case Study of Grab Indonesia's Discriminatory Allegations Against Independent Drivers According to the Business Competition Supervisory Commission's Perspective

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Abstract

This research discusses the dynamics of business competition in the online transportation sector, focusing on a case study of allegations of discrimination by Grab Indonesia against independent drivers. Ride-hailing has become an integral part of modern society, leveraging technological developments to provide efficient and transparent transportation services. However, behind the convenience offered, the issue of unfair business competition arises, such as what happened to Grab Indonesia. This research explores how the cooperation between Grab Indonesia and PT TPI, which provides rental vehicles for drivers, has led to allegations of discrimination against independent drivers. Using a normative juridical research method, this study analyzes the mechanism for resolving violations of law related to discrimination by the Business Competition Supervisory Commission (KPPU). The results show that the discriminatory actions taken by Grab Indonesia have negatively impacted independent drivers and triggered regulatory intervention by KPPU.

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1. INTRODUCTION

Transportation *online* is a service that can be accessed via the application on a smartphone and make use of the internet. This technology emerged because of developments over time and increasingly advanced technology. For example, all activities such as ordering, tracking routes, paying, and giving ratings for this service, can be done via the application. So, online transportation is one way of organizing traffic and transportation that follows technological developments. With transportation services *online*, consumers can now order vehicles via the smartphone. For example, if someone uses the JekDes application, all important information about the trip such as distance traveled, price, driver identity, driver arrival time, as well as company data will appear on their smartphone screen. In addition, the driver's identity is verified by the company before the trip begins, so the fare charged is clear based on the distance traveled.

Business competition is an important part of the market economy that influences industrial dynamics and consumer welfare. According to Michael E. Porter, healthy competition encourages companies to innovate, increase efficiency, and improve the quality of their products or services. In this case, healthy competition serves as a key driver of economic progress, providing consumers with more choices and more competitive prices. However, business competition does not always take place fairly. Such unhealthy practices often occur. In general, types of unhealthy business competition in the economy

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include: (1) Cartels (horizontal competition), (2) Closed agreements (vertical competition), (3) Mergers, and (4) Monopolies that can harm market mechanisms. Jean Tirole, a Nobel Prize-winning economist, emphasized that practices like these hinder market efficiency and harm consumers. In Indonesia, this issue is regulated in Law no. 5 of 1999 concerning Prohibition of Monopolistic Practices and Unfair Business Competition, and supervision is carried out by the Business Competition Supervisory Commission (KPPU).

With advances in technology and digitalization, the scope for business competition, especially in digital economic sectors such as transportation *online*, has already changed. According to R. M. Surachman, it is important to maintain healthy competition so that it not only benefits large companies, but also provides opportunities for small and medium businesses to develop. Cases involving large companies such as Grab and Gojek often receive attention due to allegations of unfair competition practices that could endanger the sustainability of other businesses. Managing business competition in the right way is very important to ensure the market remains fair and dynamic. This research will discuss how business competition functions in Indonesia, the role of regulations and the KPPU in maintaining healthy competition, as well as the challenges that arise in the current digital era. Understanding business competition in depth is necessary to formulate effective policies, protect consumers, and create a supportive business climate.

Problem Formulation

- 1. What is the role and impact of the collaboration between Grab Indonesia and PT TPI in car rental on distribution and allocation *driver* of *platform* Grab?
- 2. What is the mechanism for resolving legal violations faced by Grab Indonesia regarding allegations of discrimination against *driver* independent?

2. RESEARCH METHOD

1. Type of Research

The research carried out in this article is a type of normative juridical research, which is legal research carried out by examining library materials or secondary data only. This type of research is also known as library legal research.

2. Research Approach

The research approach used in the article involves a statutory approach and a conceptual approach.

3. Legal Materials

The legal materials used in this research consist of primary legal materials and there are three articles that were allegedly violated by Grab and PT TPI, namely Article 14 relating to vertical integration, Article 15 paragraph (2) relating to exclusive deals and Article 19 letter (d) relating discriminatory treatment in Law No. 5 of 1999 concerning Prohibition of Monopolistic Practices and Unfair Business Competition. Apart from that, secondary legal materials such as books, journals, scientific papers, and tertiary legal sources in the form of news articles were also used in this research.

4. Collection of Legal Materials

The process of collecting legal materials is carried out by identifying positive legal rules, examining library materials such as books, scientific journals, research reports, and other sources of legal materials that are relevant to the legal issues being studied. The legal materials that have been collected are then classified, selected and ensured that they do not conflict with each other to facilitate analysis and construction. The originality of the journal writing is focused on legal violations regarding discrimination committed by Grab Indonesia against *driver* independent

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3. RESULTS AND DISCUSSION

Role and Impact of Collaboration between Grab Indonesia and PT TPI

PT Solusi Indonesia (PT STI) is Grab's operational entity in Indonesia, which is responsible for platform management, service management and overall supervision of Grab's operations in Indonesia. PT STI functions as the main manager who coordinates all activities on the Grab platform, including interactions with partners such as PT TPI and driver independent. Grab Indonesia, through PT STI, operates a technology platform that connects users with transportation services, food delivery and others. As a transportation ecosystem manager online, Grab Indonesia plays a central role in ensuring smooth operations, facilitating relationships between service providers (such as drivers) and consumers, as well as interacting with various strategic partners, including PT TPI, to support the growth and sustainability of its services in the Indonesian market. On the other hand, PT PT (Teknologi Pengangkutan Indonesia) acts as a car rental service company that collaborates with Grab Indonesia. PT TPI provides vehicles for rent to drivers through various schemes, such as rent-to-own, thereby allowing individuals without private vehicles to join as drivers. Apart from that, PT TPI also manages the administration and maintenance aspects of vehicles, as well as providing training to drivers to ensure high service standards.

Grab was dragged to court along with PT Teknologi Pengangkutan Indonesia or PT TPI, for alleged monopoly of online taxi orders. The KPPU has long targeted Grab and PT TPI because they are suspected of committing business competition violations by prioritizing driver partners who are members of PT TPI to get passengers compared to other partners. It is stated that Grab as the application provider has provided exclusive treatment to driver partners under the auspices of PT TPI who rent cars from PT TPI. Even though PT TPI and independent Grab drivers are considered equal, Grab allegedly discriminates by prioritizing drivers under PT TPI. So that non-PT TPI driver partners feel disadvantaged.

This cooperation leads to allocation *of drivers* more focused on vehicles provided by PT TPI, reducing opportunity for *driver* independence. *Driver* Those who use vehicles from PT TPI get priority in receiving orders, which triggers unfairness in the distribution of work on the platform. There is an income gap between *drivers* which collaborates with PT TPI and *driver* independent, with higher income for *drivers* who work under PT TPI.

Mechanism for Settlement of Legal Violations Related to Allegations of Discrimination

KPPU conducted an investigation into allegations of discrimination against *driver* independents, leading to sanctions against Grab and PT TPI. KPPU found evidence of discriminatory practices and decided to fine Grab and PT TPI. Grab filed an appeal, but the South Jakarta District Court upheld the KPPU's decision with several reduced fines. In response, Grab changed several policies regarding order allocation and treatment *driver* independent to prevent future discrimination. In the Alleged Violation Report (LDP) case number 13/KPPU-I/2019 which was read by investigators, there were three articles that were allegedly violated by Grab and PT TPI, namely Article 14 relating to vertical integration, Article 15 paragraph (2) relating to exclusive deals and Article 19 letter (d) regarding discriminatory treatment in Law no. 5 of 1999 concerning Prohibition of Monopolistic Practices and Unfair Business Competition.

4. CONCLUSION

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This research concludes that the collaboration between Grab Indonesia and PT TPI has created unfair conditions for independent drivers, where they experience discrimination in order allocation. KPPU found that Grab Indonesia prioritized drivers who collaborated with PT TPI, which had an impact on unequal income distribution and harmed independent drivers. Even though Grab Indonesia has filed an appeal, the KPPU's decision is still upheld by the court, which requires the company to change related policies. This study emphasizes the importance of strict regulations to maintain healthy business competition, especially in an increasingly complex digital era. In addition, this research highlights the need for a more inclusive approach to protecting small and medium-sized businesses in the face of the dominance of large companies in the digital economy sector.

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