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Analysis of Gojek's Expansion Strategy to Vietnam in 2018-2022

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Abstract

The modern economy places the issue of the digital economy as one of the important issues for the world's countries. Indonesia is one of the countries that is quite ambitious about its digital economy. This is evidenced by Indonesia's position as the country with the fifth startup contributor in the world, with a total number of startup contributions of 2,482 startups. According to research, 10 Indonesian startups have successfully gone global. The company that successfully expanded with the first position was Gojek. Gojek is one of the start-ups engaged in digital transportation services. Gojek was founded in 2010. thanks to its innovation, Gojek has attracted the attention of many investors so that it can become one of the unicorn companies in 2019. Although it has strength in terms of investment and innovation offered, in Indonesia Gojek has received a lot of public rejection because it is considered to interfere with Indonesia's traditional public transportation services. Despite receiving a lot of rejection in its domestic territory. However, Gojek bravely made efforts to expand to several ASEAN countries in 2018. Based on this, the author is interested in seeing how the expansion strategy chosen by Gojek in its inaugural expansion, through Uppsala-style internationalization analysis and the theory of society centered based approach, the author found that Gojek made gradual expansion efforts and Gojek's development competed with Indonesia's traditional transportation services. This research uses a qualitative approach that is descriptive analytical. The data and information were obtained through books, journals, government websites, reports and online articles.

Keywords:

Multinational Company, Gojek Expansion, Vietnam

Introduction

World economic governance in the 1500s was dominated by European countries. This economy is associated with three important supporting aspects, namely lawyers, guns, and money. The combination of these systems led the European economy to the term mercantilism, which is an expansive economic policy with the state as the central actor in the process of exploration and extraction of natural resources and at the same time as a trade actor in various commodities in the world market. This kind of economic governance began to shift when absolute kings began to be replaced by political leaders whose power and authority were limited by law, and traveling merchants began to be replaced by multinational corporations (MNCs). (Hadiwinata, 2002).

This change has led to significant changes in modern economic governance. This kind of shift is strongly caused by the massive revolution in the field of telecommunications and transportation so that business transactions between countries are easily carried out. Bob Sugeng argues that in this modern economic era, the main actors of modern business are companies engaged in various fields (services and commodities) and operate across national boundaries. (Hadiwinata, 2002) Currently, multinational companies that make many efforts to expand abroad are dominated by companies engaged in the economic sector. These companies are mostly start-ups that are being developed by many countries because of the issue of the importance of the digital economy. The term start-up in the modern economy is actually not new but has existed decades ago, precisely in the 1900s. According to Maryati, what is meant by start-up is a company that has just been built or is in a pioneering period, and usually start-ups refer more to companies engaged in technology and information. (Maryati, 2020)

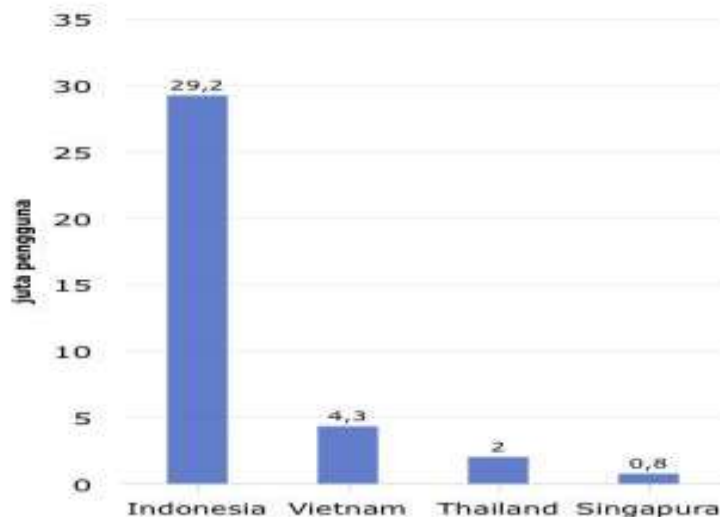
The modern economy put the issue of start-ups as one of the important issues. This is related to the assumption that the digital economy is one of the economic contributors to large countries, one of which is the American economy. The high ability of the digital economy to support the economy of the United States, so it is not surprising that America is a country that actively encourages the growth of start-ups from its country. Launching data from Katadata.co.id, the United States is the country with the highest number of start-up contributors in the world. That the United States is the country with the most start-up growth in the world with the number of start-ups reaching 74,827. (KataData.id, 2022)

10 countries with the most start-ups in the world, after the United States there is the United Kingdom, Canada and then with the fifth position achieved by Indonesia.

Based on these findings, Indonesia can be categorized as a country that is quite ambitious with its digital economy. As Sri Mulyan said, one of the factors driving Indonesia's economic growth, which is currently growing very rapidly, is the digital economy. She noted that the digital industry in 2021 reached 70 billion US dollars and is expected to continue to increase to 145 billion by 2025. According to Katadata.co.id research, there are 10 Indonesian start-up companies that have begun to globalize. The first position is filled by Gojek, which is a company engaged in online transportation services. (KataData, 2019) Gojek itself is a start-up business founded by Nadiem Makarim on October 13, 2010. This initiation began with Nadiem's desire to access ojek more easily without having to go to the base. Departing from this, Nadiem then created the Gojek application. At the beginning of its formation, Gojek was only a call center and centered at several points. However, this idea was then responded well by several investors so that on January 7, 2015 Gojek succeeded in launching applications for Android and iOS for the first time. (Fakhriyah, 2020) The high investment rate generated by Gojek then led Gojek to become one of the start-ups from Indonesia that successfully expanded abroad. The rapid development of Gojek from its inception in 2010 to the present has led to the high interest of investors who want to invest in Gojek. In 2019 several investors invested in Gojek starting from Google, Temasek, Warburg, Pincus and Tencent. Then followed by Google again injecting funds reaching 16 trillion. (News, 2022) As of 2021, Gojek managed to become the largest fundraising start-up with the total funding obtained as of November of the same year reaching 18.5 trillion. (News, 2022)

Throughout the history of expansion, Gojek has successfully expanded to several ASEAN countries. Gojek's first expansion was aimed at Vietnam. This expansion was carried out in 2018. In this expansion Gojek chose to use the name Go-Viet in its expansion to Vietnam.

Figure 1. ASEAN Countries Which Use Gojek App



Source: Gojek

Based on the graphic above, among the four Gojek application user countries in Southeast Asia. The second highest position of Gojek users is Vietnam with a total of 4.3 million users in 2019. The high number of Gojek users in Vietnam if reported by Nadiem Makarim's expression at the inauguration of Gojek's expansion to Vietnam, that Vietnam is considered the most optimal country for this type of technology or online transportation platform services. This expression is based on several reasons, the first is that Vietnam has a very large population of 107 million people with very high smartphone penetration, then has the highest ratio of two-wheeled motorcycle usage in Southeast Asia. Gojek's expansion in Vietnam was carried out on August 1, 2018, in H o Chi Minh City Vietnam. Before the official release, Gojek had first announced the launch of its application on June 25, 2018. At this stage Gojek made related adjustments and conducted beta testing for the first time. After the inauguration in 2018 with the brand name Go-Viet. Three years after public acceptance with Gojek armed with the name Go-Viet. Finally Gojek officially changed its name and made adjustments to the Indonesian-owned company. This year Gojek introduced a superapp that can be used in any of its expansion destination countries.

Methods

This research uses a qualitative approach on the basis of the research objectives that the author writes requires a more detailed understanding. In addition, the purpose of this research will also explain how the phenomenon in the research question can occur naturally. When viewed from the characteristics of the problems in this study, this research can be classified in the descriptive analysis type of research. According to

Sugiono, the descriptive analysis method is a method that functions to describe or give an overview of the object under study through data or samples that have been collected as is without analyzing and making conclusions that apply to the public. (Sugiyono, 2016) Analytical descriptive research takes the problem or focuses the attention of writing on the problems to be studied.

Results

Dynamics of Gojek Growth

Gojek was first present on October 13, 2010 in Jakarta. The beginning of the formation of this online transportation service was only in the form of an all center. The effort to build this company started with a small office with limited members. At this time Gojek only has a small office with 6 members, 10 phones and 4 call center agents. The way this call center works is by connecting Gojek users to customer service, then customer service will contact the ojek. The way this call center works makes the ojek booking time relatively long, which is about 20 to 30 minutes. This has an impact on the development of Gojek, in the early days of Gojek's pioneering often experienced stagnation. (Paramadita et al., 2020) A year later since Gojek found the call center innovation. In 2011 the call center encountered many obstacles, finally deciding that the call center was no longer effective in connecting customers and drivers. This obstacle became the initial reason for the birth of Gojek's innovation to create an application that can be accessed via cellphone.

Gojek started business in Indonesia after the presence of several foreign-owned online transportation service provider brands entered Indonesia, starting from Grab Singapore and Uber from America. Grab and Uber officially started their operations in 2014, while Gojek only officially provided services with applications in 2015, a year after Grab and Uber officially operated. Originating from abroad, these two brands of online transportation service providers offer services in the form of car sharing services or online taxi services called Grab-car and UberX, Uberpool, or Uberblack. Until finally at the end of 2014, online transportation experienced a turmoil of rejection

from traditional transportation. The on-demand transportation controversy began to emerge, as Uber and Grabtaxi first entered the Indonesian market. However, this turmoil did not last long, as it is undeniable that enthusiasts of online transportation modes mushroomed in Indonesia.

In mid-2014, many investors began to fund the company. According to a CNBC News report, Northstar Group became one of Gojek's initial investors in 2014. The beginning of Northstar's journey with Gojek began when Northstar founded a venture capital company called NSI Ventures or what is currently known as OpenSpace Venture. OpenSpace Venture invested in Gojek in the series A round with Gojek's valuation still at US\$ 400 million. Then in the same year Gojek also received a series A investment from the Capikris Foundation. Thanks to the investment received and various forms of cooperation, Gojek finally officially launched its application with the initial name GO-Jek which can be accessed via android and ios on January 7, 2015. Carrying the branding of Indonesia's traditional transportation services. Gojek provides three service options including Go-Ride (motorcycle taxi), Go-Send (package delivery) and Go-Mart (grocery delivery).(Gojek, 2018a) As of the release of the application Gojek has succeeded in attracting drivers to cooperate with an additional 800 drivers, if totaled at that time the number of drivers in the Jakarta area was 2200 drivers.(Gojek.id, 2020).

On March 5, 2015 Gojek first tried to expand its market share, the first area chosen was the Bali area with an additional 300 drivers. Then still in the same year the following month Gojek again issued its new innovation by launching a new service in the form of GO-Food, at the same moment Gojek expanded its market share back to the Bandung area, then continued by targeting the Surabaya area. This year was a year of growth for Gojek because it carried out massive recruitment to increase the number of drivers. This year was then followed by the launch of new services through the application and of course the expansion of market share back to areas of Indonesia that were previously untouched by Gojek.(Bisnis, 2019) In 2018 Gojek plans to expand to the Southeast Asia region. Gojek's strong desire is supported by the high interest of

investors who invest in Gojek. In addition, in this phase Gojek has a total Gross Transaction Value (GTV) of more than US\$ 9 billion and a year-round transaction volume of 2 billion at the end of 2018. Then to support the desire for expansion, Gojek again acquired a Bitcoin start-up called Coins.ph worth 70 million US dollars whose purpose is to develop cashless-based payment services. (Bisnis, 2019)

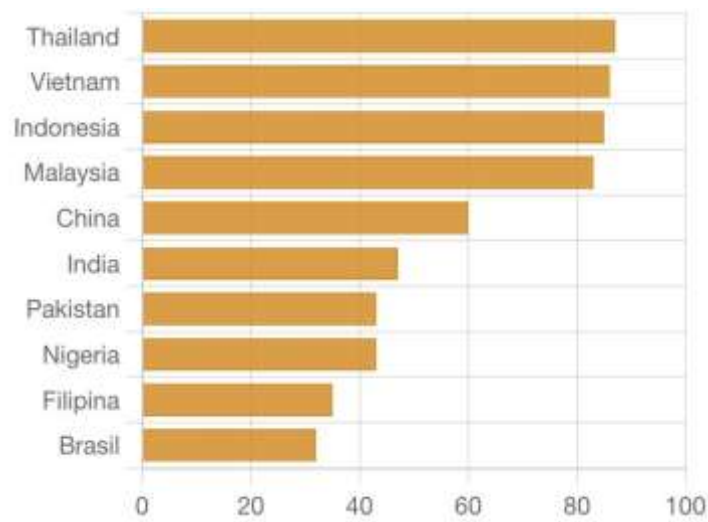
Figure 2. Vietnam Population Growth 2018-2021



Source: Statista, 2023.(Statista.com, 2023)

The data above shows that there is an increase in population of 64.8% in each year. The high population is directly proportional to the high population mobility rate that Vietnam has. Based on these findings, the Vietnamese population is looking for modes of transportation that can support the high mobility rate of their residents. In some findings, it is mentioned that the majority of Vietnamese people, despite being a country with good economic growth, still rely on the use of motorbikes in their daily lives.

Figure 3. The World's Most Motorcycle User Countries



Source: GoodStats,2023.(GoodStats, 2023)

The data above shows that Vietnam is the country with the second highest number of motorcycle users in the world with a percentage of 86%. Although in many findings, Vietnam is classified as a country with a good economy, but in everyday life its people rely more on motorbikes as a choice of transportation. This is revealed in one of the research findings quoted from “Dantri International News” that almost 40% of Vietnamese citizens with high incomes still choose to use motorbikes for their daily activities. This choice is taken because it is considered more effective when people travel, especially traveling within the city. According to this study also revealed that the number of motorcycle users in Vietnam reached 74%, then 11% were car users and 8% were public transportation users.(Ardelia et al., 2022, p. 10) Apart from being a country with a majority of its population as motorcycle users, Vietnam is also a country with a fairly high number of smartphone users. This reason then makes it easier for people to access the online transportation modes provided. Vietnam occupies the 10th position with 66.9 million smartphone users as of 2020.(KataData, 2021) The high population with high mobility rates then supported by high smartphone penetration is the reason for Gojek's presence in Vietnam.

Apart from the socio-cultural aspect, the Vietnamese government bureaucracy is also open to the presence of foreign investment in the country. Stander 2020 argues that the policies implemented by the government of one country are one of the important variables for investors in choosing their destination country given that

government policies encourage foreign access into the country. (Maulidya et al., 2020) In the case of Vietnam, in 2019 Politburo issued resolution 55 to make Vietnam more attractive to foreign investment. The resolution aims to attract \$50 billion in new foreign investment by 2030. This support is provided by changing regulations to prevent foreign investment and systematizing the quality of efficiency, high technology, and protection as investment criteria.(Dewi, 2018)

Furthermore, the Vietnamese government again issued Decree 667, which seeks to establish a foreign investment cooperation strategy for 2021-2030. This decree contains improvements in the business climate and an increase in foreign investment from certain countries. The Vietnamese government seeks to increase the amount and quality of foreign investment, especially in the high-tech and digital economy sectors. The resolutions drafted in 2025 and 2030 aim to increase the proportion of registered foreign investment capital from Asia, Europe, and the United States. Capital invested by these countries amounts to more than 75% of all capital distributed in Vietnam.(Ardelia et al., 2022) The implementation of this policy is aimed at improving the business climate in terms of laws and regulations and supporting infrastructure. This shows that the government is trying to increase Vietnam's attractiveness as a place to invest foreign money.(Rahajeng, n.d.)

Seeing the potential of Vietnam based on various supporting factors ranging from social, cultural and government aspects. Finally Gojek chose Vietnam as the first expansion destination country. In this expansion Gojek chose a different name from the original Gojek name known in Indonesia. Giving this different name, reflects on how successful Gojek is in the Indonesian market. This is reflected in the background of the birth of Gojek, which was originally a traditional ojek that was only used by certain classes of people and was only found at the base points. But thanks to its innovation, Gojek was transformed into an application-based online transportation service used through smartphones that can be accessed anywhere and anytime. This innovation is the beginning of changes in ojek users who were originally only certain classes but thanks to the innovation of the Gojek team. Ojek can now be enjoyed by

everyone from the upper class to the middle class. The success of Gojek in developing its wings in Indonesia, finally in 2018 Gojek tried to expand its market to the Southeast Asia region.

Gojek's expansion is planned to target four ASEAN countries, namely Vietnam, Thailand, Singapore and the Philippines. Gojek's first expansion began with its expansion to Vietnam. Gojek's first expansion to Vietnam chose the name GO-Viet to show that Gojek is in Vietnam and belongs to the Vietnamese people. In addition to coming up with a new name in its expansion to Vietnam, Gojek also chose a different logo from the initial Gojek logo known in Indonesia. Go-Viet chooses a flag with the dominant color of red then with the addition of

a. Domestic stage

The initial stage of Gojek's development began in 2010, where this year Gojek's initiation was first born.(News, 2022) In the early stages of its formation, Gojek only provided *call center* services that were used to connect drivers and users. The following years Gojek continued to show a positive trend, until finally at the end of 2014, online transportation experienced a turmoil of rejection from traditional transportation drivers. The *on-demand* transportation controversy began to emerge, as Uber and Grabtaxi first entered the Indonesian market. However, this turmoil did not last long due to the government's efforts to curb it.

In mid-2014, many investors began to provide funding to Gojek. According to the CNBC News report, Northstar Group became one of Gojek's initial investors in 2014.CNBC News Indonesia, "Turn GoTo Into Decacorn, Here's How Northstar Invests," 2022. Then continued with the entry of OpenSpace Venture investing in Gojek in the series A round with the condition that Gojek's valuation was still 400 million US \$. This stage is categorized as a domestic stage expansion development effort. This stage is characterized by the absence of the company's international activities. At this stage the company's development is still limited to domestik development only.

b. *Inward stage*

At this stage Gojek is starting to try to take steps to enter other countries' markets. This big step begins with the acquisition of Indian start-ups namely C42 Engineering and Codelgnition. At this stage Gojek managed to attract as many as 200,000 drivers, Gojek's headquarters at that time was located in Bengaluru. (Prananda et al., 2020) In this year a fantastic investment value was successfully collected by Gojek, worth more than 550 million US \$. (Bisnis, 2019) Thanks to Gojek's ability to attract investors, finally on August 4, 2016 Gojek officially became the first unicorn company after obtaining funding of US \$ 550 million. (Prananda et al., 2020) The following year Gojek returned to get more funding, 2020) The following year Gojek again received an additional investment of US\$ 1.5 billion from a company led by Tencent Holdings. (Bisnis, 2019) Thanks to the large investment received by Gojek, finally in 2018 Gojek succeeded in expanding into Southeast Asia, starting with its expansion into Vietnam. At the beginning of Gojek's presence in the case of its expansion into Vietnam. Gojek comes with the name Go-Viet with a dominant red logo and an additional star logo. The presence of Go-Viet is led by local players, in this case Gojek is led directly by Cheng Tuyen, a local actor from Vietnam.

At this stage Gojek is still only limited to providing technology transfer by replicating the business model that Gojek has in Indonesia, but with Gojek's talent and leadership held by local players from Vietnam. This stage is included in the inward stage category where Gojek has started efforts to expand. Gojek conducted the initial stage of expansion by establishing small interactions with the destination country.

c. *Outward stage.*

After passing the initial stage of expansion by building interactions through technology transfer. The next stage carried out by Gojek is to conduct

research to assess the response of the Vietnamese people to the presence of Gojek in their country. Gojek's expansion in Vietnam received a positive response from both the Vietnamese government and the local Vietnamese community. This is indicated by the high number of users of this online transportation from Indonesia. As of six weeks from the *soft-launch*, Gojek has been able to capture an online motorcycle taxi market share in Ho Chi Minh City of 35% percent (IDN Times, 2018), with a total download of 1.5 million times (Prananda et al., 2020).

Since its first presence in Vietnam until 2019 Gojek has been able to reach 4.5 million users.(Katadata.co.id, 2020) This strong reason then became the beginning of Gojek's courage to *re-brand* the company from Go-Viet to Gojek according to the name of the original company. This *re-branding* allows the use of the same application for Gojek users from Vietnam and Indonesia. The use of this *superapp* allows the Gojek application management business to be directly held by the original company, Gojek Indonesia. The use of this superapp is intended to support Gojek transactions in the expansion area. After being well received, through the local approach strategy carried out. Gojek makes adjustments to innovations to the needs of Vietnam's market. In 2021 Gojek introduced a *superapp* that seeks to provide multi-service services that people can use to facilitate their daily activities. After getting a market in Vietnam, Gojek believes this *superapp* will be accepted in Vietnam. Armed with courage, Gojek finally replaced the Go-Viet application with the Gojek superapp to improve service efficiency.

d. *Co-operation* stage.

At this stage Gojek has acquired several large Vietnamese companies to support services. One of the companies that cooperates with Gojek is a service that provides *cashless* payments to facilitate payments. (Prananda et al., 2020) MoMo is an *e-wallet* from Vietnam which is a *cashless* payment application with the most users in Vietnam.

The approach taken by Gojek in its expansion to Vietnam according to George Chandra and friends is considered Uppsala-style internationalization. There are four stages carried out by Gojek in internationalizing, namely passing the domestic stage as evidenced by company development and investment search efforts for the company. Then the second stage is by entering other countries' markets but at this stage Gojek is only limited to transferring technology, in this case in the *inward* stage category. Furthermore, Gojek began to build more intensive relationships, to support acceptance in the Vietnamese market which is included in the *outward stage*. After being well received Gojek then made simplification efforts by using Indonesia's Gojek superapp. The last stage is Gojek collaborating with a local brand from Vietnam, MoMo wallet.

This service option is provided in stages according to the results found from market research conducted. Thanks to this way, Gojek can survive in the midst of a pandemic, when many companies experience a decline in income. This phase Gojek emphasizes the delivery service provided because there is a need to keep a distance for everyone due to the pandemic. Through a gradual approach Go-Viet has succeeded in capturing the Vietnamese market. This is evidenced by the KataData report that there are around 4.3 million Gojek users in Vietnam as of 2019. (Katadata.co.id, 2020) Vietnamese Gojek users are the highest users after Gojek users from Indonesia. Seeing the high enthusiasm of the Vietnamese people for Go-Viet.

Finally, in the second year of its expansion, to be precise August 2020 Go-Viet with its logo officially changed to follow the original Gojek logo and name used in Indonesia. Seeing the great potential of the Vietnamese market, Gojek was then eager to introduce the Gojek *superapp* to users. This superapp is a multi-service platform that provides more than 20 services. The change of application to *superapp* was followed by a change of Gojek logo. Gojek in the early days was given a motorcycle logo to show the motorcycle ride-hailing service they provided. In 2019 this logo was replaced with a new logo, "solv".

This logo tries to give meaning that the new Gojek logo shows Gojek's mission to empower people to live a hassle-free life, with an additional map pin to show that Gojek can be accessed anywhere.

The merger of brand and technology allows Gojek users in Indonesia, Vietnam, Thailand, and Singapore to download one application but can be used when visiting the four countries.(News, 2020) Go-Viet's change to *superapp* Gojek continues to show satisfactory results. In 2020 Gojek has more than 150,000 driver partners and has collaborated with 80,000 GoFood *merchants* in Hanoi and Ho Chi Minh City, Vietnam.(News, 2020)

Tabel 1. Gojek's net income 2018-2022

	2018	2019	2020	2021	2022
Gojek's net income 2018-2022	1,43 T	2,30 T	3,32 T	5,2 T	11,3 T

Sources are processed from various sources

As of 2018-2022 Gojek's economy continues to increase. Gojek's net income was recorded at 1.43 T in 2018 and then increased in 2022 to reach 11.3 T. Gojek's presence in the Vietnamese market in the 2018-2020 period continues to show relatively significant growth. In 2021, amidst recovery efforts due to Covid-19, the Vietnamese economy shows a downward trend. Vietnam's economy at this time only grew by 2.58%. (CNBC Indonesia, 2021) This has an impact on Gojek's growth trend.

However, this did not last long because there was an increase again due to food delivery transactions in the first quarter of 2022. There was an increase of 3 times when compared to 2021. According to Gojek's report, there was an increase of 35% in new Gojek users in Vietnam, then in the same year there was an increase in GoFood transactions by 72% percent throughout 2022.(Antara News, 2022) Although the world was hit by a pandemic and some service providers experienced a decline in revenue. The opposite happened to Gojek.

This happened partly due to the ability to diversify the services provided by Gojek through the *supearapp* innovation provided.(Ernawati & Lutfi, 2022)

Discussion

Indonesia is proud of the presence of Gojek as one of the *online* transportation service brands from Indonesia. Thanks to the ability of this *start-up*, Indonesia can finally be present in the middle of several ASEAN countries. Compared to several other brands of online transportation services from abroad, such as Grab and Uber. Gojek is one of the proud brands, thanks to its business capabilities, it has managed to enter the ranks of *unicorns* that can expand abroad.(The ASEAN Post, 2019) Gojek has succeeded in leading Indonesia to become one of the contributing countries to multi-service online transportation services for four ASEAN countries.(Jose, 2021) Looking back at the journey of Gojek's birth until it became one of Indonesia's *start-ups*, it was not easy. Gojek is an online transportation service with application-based technology development. At the beginning of its appearance, this online transportation service received a good response from some people because it was considered to be one of the best innovations regarding public transportation services in Indonesia. The presence of Gojek as an online transportation service is expected to help the role of public transportation which has only been used by the lower classes because the quality of comfort is far comparable to private vehicles.

In 2016, a year after Gojek began to be recognized and many enthusiasts. Many protests were made by groups of traditional transportation service providers. These protests came from taxi and public transportation drivers, protesting the presence of online transportation service applications such as Grab and Uber. One of the protests against online transportation services came from Organda DKI Jakarta. This protest highlights the impact of online transportation on the presence of taxis in the capital. Since the arrival of online transportation services, around 10,000 taxis in the capital have stopped operating.(Kontan, 2016) There are even taxi operators that have gone out of business due to the presence of online transportation services. There are several

taxi management companies that have gone out of business due to the presence of online transportation services. PT Pusaka Intan, which manages Diamond taxis, was reported to have completely stopped operating. PT Hiba Utama has reportedly cut operations.

This chaos is not only experienced by several small-scale taxi operators, PT Blue Bird Tbk, which is a larger operational company, is also shaken by the presence of online transportation services. (Kontan, 2016) The bankruptcy of several taxi companies led to the assumption that online transportation services apply *predatory pricing* practices. This assumption was born because Gojek's prices are adrift cheaper than other online transportation services, especially taxis. (Kontan, 2016) This phenomenon is considered by many researchers as one of disruptive innovation. One of the writings that reviews the presence of online transportation services is Clayton M. Christensen and Joseph Bower. Through the article "*Disruptive Technologies: Catching the Wave*" states that disruptive innovations are innovations that help create new markets, disrupt or damage existing markets and eventually replace the old technology. (Joseph, 1995) Disruptive innovation can no longer be avoided given the globalization of technology that occurs. The innovations offered by technological developments on the one hand provide solutions to some parts but unconsciously damage other ecosystems. In this case, the presence of new technological innovations in the form of *online* transportation services will actually disrupt the existence of old technology. This is also inspired by the case of the presence of online transportation, especially Gojek in Indonesia.

The presence of *online* transportation, which was originally one of the solutions to the problem of public transportation, has now become a new problem, because the presence of *online* transportation is present in the conditions of the Indonesian transportation system that has not been well organized. This condition then forced the community to make efforts to protest the problems that occurred. The strengthening of protests carried out by several community groups so that the Minister of Transportation Ignasius Jonan responded by sending a letter requesting the

deactivation of online transportation service applications to the Ministry of Communication and Information Technology. But unfortunately, the efforts made by the Ministry of Transportation were rejected because these two applications could not be blocked because so far they did not violate the content. The ban effort as a response to the demonstration then received a response from President Jokowi. (Antara News, 2016) If examined further, Jokowi's decision is based on considering how online ojek contributes to increasing public transportation users, reducing unemployment and improving the economy in Indonesia. The response from Jokowi is then the reason for strengthening online transportation services to be back on the road.

Oatley through the *society centered approach to the sector model* through his book *International Political Economy* considers that political trade policy is driven by the battle between industries. Fighting by one industry with another will affect every political trade policy that a country will take. The two industries in this case are between traditional transportation services and various brands that provide online transportation services including Gojek. The battle of these two industries has a different business approach, traditional services still rely on various kinds of service limitations, while online transportation services have been equipped with various technological features that can help the services provided. Traditional transportation services can only be accessed through predetermined base points, while online transportation services can be accessed anywhere armed with a *smartphone* because they are equipped with GPS features that can facilitate service. The industry that conducts this battle is carried out by two industries with different approaches, one industry is categorized as a modern industry, namely capital and technology intensive industries, while the other is a traditional industry where the industry is centered on abundant community factors. (Oatley, 2012, p. 38) Oatley in this theory considers that the winner of the battle is of course the capital and technology intensive industry because it is considered capable of helping the country to support the development of globalization. Although the winner of the battle can be predicted, the traditional transportation industry in its development is trying to fight back. This is evidenced

by the many demonstrations carried out by traditional transportation service provider groups in the regions.(Kontan, 2016) Although it seems that the resistance carried out by traditional transportation service provider groups is very difficult considering that there are two groups of providers who are opponents in transportation services in this fight. First, foreign online transportation service providers, in this case Grab and Uber, and another Indonesian online transportation service provider, Gojek. This policy battle is actually trying to be contested by two industries, namely the export-oriented industry, namely Gojek and the industry that is competing with imported brands, namely Grab and Uber, namely traditional transportation services including motorcycle taxis, public transportation, and even taxis with larger companies (Oatley, 76).

Seeing the dynamics of the battle between Gojek and traditional transportation services from many policies is more inclined to Gojek. This opinion strengthens Oatley's explanation that in assessing the policy battles born from the sector model, the winner is the export-oriented industry because it is considered to be an actor that supports globalization. This is evidenced by various policies born from the government that still focus on winning Gojek as an export-oriented industry. For example, through the government's response efforts regarding the chaos about the rejection of online transportation services that occurred with the issuance of the Minister of Transportation Regulation Number: PM 32 Year 2016 concerning organizers of transportation of people with motorized vehicles not on a route in several cities. (Kemkominfo, 2017) The regulation is intended to provide equality for transportation service providers in Indonesia. The issuance of regulations regarding online transportation has received a positive response from the community. Conventional Developer Groups who are members of the West Java Transportation Alliance Aspiration Forum (WAAT) for example. (Jabar, 2018) According to this group, online transportation is feasible so there is no longer a reason for the government not to enforce laws related to online transportation in Indonesia. (Jabar, 2018) In addition, the polemic about the rejection of online transportation services was

responded to by the Chairman of the National Presidium of the Two-Wheeled Action Association (Garda), according to him that ojol riders deserve attention considering that during the pandemic ojol riders continued their activities amid the high number of corona cases. (detikNews, 2022) Gojek's presence is relatively new in Indonesia so that there needs to be an effort to develop regulations periodically related to the rules governing this online transportation service. Researchers see that the latest rules set are only limited to regulating Gojek route regulations. This regulation does not support safety and matters related to drivers. Departing from this, the Minister of Transportation issued another regulation, namely PM 118/2018 which regulates the security, safety, comfort, affordability and orderliness of online transportation drivers. The enactment of this regulation again received rejection from the community because it was considered burdensome for drivers. In the article Tribun Jabar summarizes that there was a demonstration titled "Action 221" rejecting the implementation of Permenhub 108 because it was considered burdensome for online transportation drivers.(Tribun Jabar, 2018)

Despite facing many challenges since its launch until 2018. But it is undeniable that Gojek has a large market in Indonesia. Gojek's success should be taken into account because thanks to its presence it contributes to reducing unemployment in Indonesia. According to researchers from the Demographic Institute of FEB University of Indonesia stated that from a survey conducted 75% of Gojek drivers are high school graduates then there are 65% of drivers who work part-time. Thanks to this, Gojek has helped increase the income of driver-partners and also helped the welfare of the driver's family. According to the same study summarizes that there has been an increase in the average income of Gojek drivers by 44% in the same year.(Kompas 2018, In addition to contributing to drivers, Gojek also contributed to the Indonesian economy of 7.1 billion USD in 2019.(Gojek, 2020) The following year, the Demographic Institute of the University of Indonesia also again issued research results that the GoTo *Financial* ecosystem contributed up to 249 trillion or equivalent

to 1.6% of Indonesia's GDP in 2020, this figure is expected to continue to increase until it reaches 60% by the end of 2021.

Successfully reaching the market in Indonesia with a high enough investment figure to become one of Indonesia's first *unicorns*. Gojek's success in Indonesia did not end the polemic over the presence of online transportation in society. This then confirmed Gojek's desire to expand abroad. Finally, on May 24, 2018 Gojek officially announced its expansion plan to four Southeast Asian countries, namely Vietnam, Singapore, Thailand, and the Philippines.(Gojek, 2018a) Gojek's expansion in these four countries is marked by the presence of *ride-hailing* services that continue to develop by replicating business models that have proven successful and have succeeded in bringing Gojek as a market leader in its home country, Indonesia.Gojek, "GO-JEK to Launch International Expansion Into Four New Markets," 2018, <https://www.gojek.com/blog/gojek/go-jek-to-launch-international-expansion-into-four-new-markets>. Gojek's expansion into Southeast Asia began with its expansion into Vietnam. This online transportation service provider application has *soft-launched* in Ho Chi Minh City on August 1, 2018. Vietnam is the first destination country for Gojek expansion. Vietnam is a suitable country for online transportation services because it has a social and cultural structure that supports the presence of Gojek. Starting from a dense population and the majority of people are motorcycle users and have a relatively high number of smartphone users.

Gojek's internationalization in Vietnam is proof that Indonesia is one of the countries in Southeast Asia that is experiencing rapid development in the digital economy. Throughout 2019 Indonesia has had 4 unicorns out of a total of 10 unicorns originating from Southeast Asia.(The ASEAN Post, 2019) In addition to having a valuation of more than 1 billion USD, Indonesian *unicorns* have also begun to expand their markets in Southeast Asian countries. These companies include Gojek, Tokopedia, Traveloka and Bukalapak.(Das et al., 2018) Based on this success, the government sees that Indonesia has high economic potential in the field of electronic-based economy and establishes it as one of the backs of the national economy. This is

in line with the commitment to encourage Jokowi's vision to make Indonesia “*The Digital Energy Asia*” with a valuation of 130 billion USD and give birth to 1000 *technopreneurs* by 2020.(setkab.go.id, 2016)

Optimizing the ideals that have been designed by the government, various efforts have been made to encourage the growth of the digital economy in Indonesia. Various policies are implemented by the government, starting from the issuance of the *E-Commerce Road Map* for 2017-2019 which is contained in Presidential Regulation of the Republic of Indonesia Number 74 of 2017.(Faizah & Khoiriyah, 2021) In this road map there are eight programs presented by the government ranging from funding, taxation, consumer protection, education and human resources, communication infrastructure, logistics, cybersecurity, and the formation of SPNBE road map implementation management 2017-2019. In addition, Indonesia also initiated the establishment of the *Next Indonesia Unicorn* (NextICorn) program. This program is Indonesia's commercial diplomacy effort under the Ministry of Communication and Information Technology which is tasked with conducting four strategies to attract foreign investment into Indonesian *start-ups*. NextICorn is tasked with finding information about *venture capital* and potential Indonesian *start-ups*, roadshows to various countries to promote and build networks, then forming the Next Indonesia unicorn Foundation as a problem-solving forum for *start-ups* and *venture capital*.(Faizah & Khoiriyah, 2021)

Thanks to the government's encouragement, Gojek managed to make its first expansion to Vietnam. Of course this is a matter of pride for Indonesia, this form of pride can be seen that at the inauguration of Gojek it was not only attended by Gojek's CEO, Nadiem Makarim. But also attended by Indonesian President Joko Widodo and accompanied by several Ministers ranging from Menkopolhukam Wiranto, Cabinet Secretary Pramono Anung, Minister of Foreign Affairs Retno LP Marsudi and Minister of Communication and Information Rudiantara.(Gojek, 2018a) This support is provided by Indonesia considering that in the last few decades economic globalization is one of the important things used to improve the domestic economy

and the image of the *home country* in the international arena. In addition, for the company itself, internationalization is an important thing to do to support the development of the company along with the significant changes that occur in the global market both in terms of communication, transportation and the opening of opportunities for companies to participate in the global chain.(Ariyani, 2022).\

Gojek expansion is carried out in several stages as described. The purpose of this gradual approach is to minimize the possibility of failure of its expansion in Vietnam. Gojek before expanding conducted research on Vietnam's market trends by finding social and cultural similarities. Approaching the target Gojek drivers is one of Gojek's ways to get the market in Vietnam. The strategy that distinguishes Gojek from other transportation brands is the emphasis on Gojek's partiality to the drivers who are invited to work together. This strategy is claimed to be able to reach a market of 35% since it was first present and can reach a figure of 25,000 driver partners in two expansion destination cities in Vietnam, namely Hanoi and Ho Chi Minh.(Detikinet, 2018)

Conclusion

Economic governance today has undergone a shift from a traditional economy to a modern economy. Modern economic actors are no longer states but multinational *corporations (MNCs)*. Gojek is one of the MNCs from Indonesia engaged in online transportation services. In 2018 Gojek officially expanded to several ASEAN countries. Despite contributing to the economic and socio-cultural improvement of Indonesian society. However, in the midst of the community, Gojek's presence has received a lot of criticism because it is considered to reduce the income of traditional ojek from Indonesia.

Amidst the great contribution Gojek has made to Indonesia, it has received a lot of public criticism. The complicated polemic was finally in 2018 Gojek made its first expansion to Vietnam. Vietnam is a market that is considered potential because in terms of social and culture it has similarities with Indonesia. Gojek in its expansion

carried out gradual internationalization and took several local approaches by giving names and logos according to Vietnamese society. Although it has reached a large market in Vietnam, it is undeniable that Grab is still superior in the Vietnamese market. This is due to Grab's much earlier expansion time when compared to Gojek. Although adrift much earlier when compared to Grab, Gojek remains optimistic that it can compete well. Gojek's optimism comes from the expansion strategy that Gojek has carried out. Through a local approach, it can give the impression of ownership from the community.

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