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Online Transportation Law Reform for Justice and Sustainability

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Abstract: This research discusses the urgent need for legal reform in the regulation of online transportation to create justice and sustainability for all parties involved, especially driver partners and consumers. The current legal vacuum creates significant imbalances in the relationships between application companies and drivers, often leading to exploitation and income uncertainty for drivers. Through an analysis of existing policies and practices, this study identifies the challenges faced by drivers regarding their rights in an unbalanced partnership system, as well as the impacts of fluctuating tariffs and non-transparent profit-sharing. Furthermore, this research explores various efforts needed to update regulations, including the establishment of minimum tariff standards, a fair profit-sharing structure, and guarantees of social protection for drivers. It is hoped that the findings of this research can serve as recommendations for policymakers to formulate more inclusive and sustainable regulations in the online transportation industry.

Keyword: Legal Reform, Online Transportation, Justice, Sustainability, Legal Vacuum, Driver Partners.

INTRODUCTION

In Indonesia, there has been significant progress and improvement in logistics infrastructure, evidenced by the increasing number of businesses in the transportation sector. Public transportation is a mode of passenger transport that operates on a rental or payment system. Another definition of public transport, also known as mass transportation, is a system designed to move large numbers of passengers to various destinations. Public transport plays a crucial role in supporting the economy in metropolitan areas. According to Fitrin US (2010), from a macroeconomic perspective, transportation plays an essential role as a driver of the national, regional, and local economy, both in urban and rural areas. Communities living in developed urban areas require good access to commercial, educational, and recreational needs. The increasing population and improvements in community welfare contribute to the rising demand for public transportation. Developing societies are typically characterized by high mobility, caused by the availability of adequate transportation services at affordable and acceptable rates.

Public transportation can be classified into three categories: land transport, sea transport, and air transport. Given that much of Indonesia's territory consists of waterways, the role of maritime transport as a connector between islands is vital in meeting such needs. A sustainable public transportation system positively impacts the sustainability of the economy, social culture, and environment. The existence of a transportation system results from economic interaction and provides opportunities for communities to enhance their mobility. Improved mobility in transportation offers significant benefits and contributes to the reduction of negative impacts on the economy, society, and environment.

Public transportation, known in legal terms as "public transport," is one of the basic needs of society supporting daily activities. Therefore, the government has an obligation to provide and manage public or mass transportation as a form of public service in the transportation sector. The utilization of mass transportation not only can transport more passengers but also plays a role in reducing traffic congestion, lowering air pollution levels, and saving energy and other resources. Nowadays, societal needs are increasingly complex and diverse. One of the most crucial aspects of daily life is transportation. High mobility—especially in urban areas—requires a transportation system that is fast, easily accessible, and affordable in terms of cost. The Internet of Things (IoT) and the digitization process indirectly encourage social changes in this era of globalization. The rapid development of technological innovations has created opportunities for new, more effective and efficient solutions, replacing less optimal old methods. This condition is one of the driving factors behind the emergence of online transportation service applications as an alternative for the community in meeting their transportation needs.

The business model of online transportation services, more commonly known as ride-sharing, is an innovation that involves a partnership between the application service provider and individuals who own vehicles. Application companies provide a digital platform intended to connect potential passengers with vehicle owners. The presence of the ride-sharing industry in the era of globalization reflects a shift from private resource ownership (owning resources) to a resource-sharing (sharing resources) model, enabling community members to coordinate to acquire, provide, or share access with one another. In Indonesia, there are three popular ride-sharing service providers: Go-Jek, Grab, and Uber. The three companies collaborate with individuals who own both two-wheeled and four-wheeled vehicles.

The emergence of online transportation services has had significant consequences for traditional public transport and society as a whole. On the one hand, this service offers comfort and accessibility for users, changing the behavior patterns of society in selecting transportation modes. Passengers now have more flexible options and can easily order vehicles through applications without having to wait for traditional public transport, which often runs unscheduled. However, on the other hand, the growth of online transportation services has also led to a decline in the number of passengers using traditional public transport, such as buses and shared taxis, thereby reducing the income of traditional drivers. This can lead to social impacts, such as an increase in unemployment in the traditional transport sector. The increasingly tight competition between online transportation services and traditional public transport necessitates improvements in the quality of public transport services, which are often hindered by bureaucracy and a lack of innovation. Society also faces new challenges, such as the need for adequate regulations to protect the rights of drivers and passengers in both sectors. Therefore, although online transportation services provide many benefits for users, their existence also creates complex challenges that must be faced by traditional public transport and society as a whole.

The policies regulating online transportation in Indonesia aim to create a safe, orderly, and fair transportation ecosystem for all stakeholders, including users, drivers, and service providers. One of the main regulations providing the legal foundation for public transportation, including online transportation services, is Law No. 22 of 2009 concerning Traffic and Road Transportation. This law emphasizes the importance of providing adequate and quality public transport services and mandates the government to regulate and supervise transportation operations. Additionally, the government has issued more specific regulations, such as the Minister of Transportation Regulation No. 26 of 2017, which regulates the provision of transportation services for people using motor vehicles not on routes. This policy aims to address issues such as tariff uncertainty, passenger safety, and protection for drivers. Furthermore, this policy allows online transportation services to operate legally under certain conditions, such as vehicle feasibility tests and driver registration. With this regulation, it is hoped that better integration can be achieved between online transportation services and traditional public transport and that the overall quality of transportation services can improve, thereby minimizing issues of congestion and user dissatisfaction. Based on this brief exposition, in this research, the author will analyze and identify the need for improvements or reforms in online transportation regulations for justice and sustainability, as well as the impact of the legal vacuum regarding online transportation regulations and efforts regarding the legal update of online transportation.

METHOD

The normative legal research method is employed in this legal study, which focuses on document studies and legal norms. This method aims to analyze applicable legal rules and how those rules are applied or interpreted in a particular regulatory context. In normative legal research, the primary sources used include legislation and other legal literature. This approach is highly relevant for examining legal issues that have theoretical and conceptual dimensions, such as the need for improvements or reforms in online transportation regulations for justice and sustainability, as well as the impacts of the legal vacuum surrounding online transportation policy regulations. One of the approaches used in this method is the statute approach and the conceptual approach. The statute approach is conducted by examining and analyzing various regulations that govern specific issues, such as Law No. 6 of 2023 on Copyright and relevant regulations concerning relationships in online transportation. Through this approach, researchers can analyze and identify the need for improvements or reforms in online transportation regulations for justice and sustainability and the impacts of the legal vacuum in online transportation policy regulations.

RESULT AND DISCUSSION

Reforming Online Transportation Regulations for Justice and Sustainability

Agreements serve as fundamental means in social and individual life and are widely applied in various daily activities, including business activities. Online transportation services, as a result of technological innovation, have penetrated the transportation business sector by involving individuals who own motor vehicles to collaborate in providing transportation services to consumers through a digital system. The collaborative relationship between service-providing companies and driver partners is bound by partnership agreements. Agreements play a very important role in social and individual life as a means to regulate relationships among parties in various activities, including the business world. In business, agreements function not only as formal documents recording agreements but also as legal foundations establishing the rights and obligations of each party. The existence of agreements is crucial for creating legal certainty, which in turn fosters better trust and collaboration among the parties involved.

Online transportation services represent one such technological innovation that has revolutionized the transportation sector. Through digital applications, individuals who own motor vehicles can collaborate with service-providing companies to offer transportation services to consumers. This business model not only provides convenience for consumers in accessing transportation services but also creates opportunities for vehicle owners to earn additional income. This concept reflects a global trend that increasingly emphasizes sharing economy principles, wherein individuals can utilize their owned resources to contribute within a broader ecosystem. The collaborative relationship between service-providing companies and driver partners is governed by partnership agreements. These agreements serve as the foundation for both parties to carry out their operational activities. In partnership agreements, arrangements are made regarding the rights and obligations of each party, including mechanisms for profit sharing, service standards, and responsibilities concerning risks and dispute resolution. With clear and detailed agreements, it is expected that potential conflicts can be minimized, fostering harmonious collaboration between companies and driver partners.

The primary legal basis for the implementation of these agreements can be found in Article 1313 of the Indonesian Civil Code, which defines an agreement as an act in which one or more persons bind themselves to another person or persons. From this event, a legal relationship arises among the parties known as an obligation, wherein each party has rights and obligations. The definition of partnership itself is regulated in Article 1 number 13 of Law No. 20 of 2008 concerning Micro, Small, and Medium Enterprises, which states that partnership is cooperation in business, either directly or indirectly, based on principles of mutual necessity, trust, strengthening, and benefiting, involving actors from Micro, Small, and Medium Enterprises as well as Large Enterprises.

In this relationship, each party has rights and obligations that must be fulfilled, creating fundamental interdependence in every business interaction. The term "partnership" is established in Article 1 number 13 of Law No. 20 of 2008 concerning Micro, Small, and Medium Enterprises. In this law, partnership is defined as business cooperation that may be direct or indirect. This definition indicates that partnerships are not limited to formal relationships but also encompass interactions that involve trust and mutual support among business actors, whether from Micro, Small, and Medium Enterprises (MSMEs) or Large Enterprises. The basic principles in partnership include mutual need, mutual trust, mutual strengthening, and mutual benefit, which serve as the foundation for successful collaboration.

The formulation regarding partnership agreements in online transportation generally refers to provisions in the Civil Code, particularly Article 1338 in conjunction with Article 1320. Article 1338 of the Civil Code emphasizes that all agreements made legally binding have a binding legal force for the parties making them. However, to be legally effective, the agreement must meet requirements set out in Article 1320 of the Civil Code. The partnership agreement in the business of online transportation is one type of agreement in the business sector, which generally must meet the required criteria for the validity of agreements.

The formulation of partnership agreements in online transportation is based on the provisions contained in the Civil Code, particularly Article 1338, which stipulates that every legally binding agreement has legal force binding upon the parties involved. This emphasizes that each party in the agreement has an obligation to fulfill the agreement made. For the agreement to be considered valid and legally enforceable, it must meet the requirements stipulated in Article 1320 of the Civil Code, which includes clear agreement among the parties, the legal capacity of the parties to bind themselves, a specific and clear object of the agreement, and a lawful cause, namely a legitimate reason for making the agreement. In the business of online transportation, partnership agreements must be carefully designed, considering all of these elements to ensure that the rights and obligations of each party are legally guaranteed. Compliance with these requirements is essential not only for maintaining the validity of the agreement but also for protecting the interests and rights of the parties in the partnership arising from technological innovations in the transportation sector. This also creates the legal certainty necessary to support the sustainability and development of online transportation businesses, which in turn can benefit all parties involved, including consumers who use these services.

Based on the provisions stipulated in Article 1313 of the Civil Code, an agreement is defined as an act in which one or more parties bind themselves to one or more other parties. An agreement agreed upon by both parties will result in the creation, alteration, or termination of a legal relationship. M. Yahya Harahap outlines three important aspects that serve as a foundation in an agreement, namely:

1. Legal relationships
2. Rights and obligations that create reciprocal (reciprocal) effects between the parties.

In the work relationship, the bond formed between the service provider company and online transportation drivers is inherently linked to the agreement articulated in the partnership agreement. This partnership agreement creates a legal relationship between the application service provider and the driver partners, where the application company acts as an intermediary bridging the transactions via the internet between vehicle owners wishing to rent their transport services and potential consumers needing transport services.

The qualification of capacity to draft the agreement is regulated as one of the objective requirements within an obligation, as stated in Article 1320 of the Civil Code. In the partnership agreements between prospective driver partners and application companies, the element of capacity among the parties has been fulfilled. This is evidenced by the recruitment process, where prospective driver partners are required to submit identification documents, namely their National Identity Card (KTP), Driver's License (SIM), and a Police Clearance Certificate (SKCK). Both of these requirements are administrative preconditions that can only be met by individuals who are at least 17 years of age with a clean reputation concerning criminal actions. After online registration, the company will verify the accuracy of the data submitted by prospective driver partners.

In any agreement, the existence of an object, whether in the form of goods or services, is an absolute requirement. In partnership agreements, the object promised between both parties is the provision of application services by the application company to driver partners, which serves as a conduit for delivering transportation services to consumers. The outcome of utilizing this application leads to subsequent agreements regarding the percentage profit sharing between both parties, in which 15%-20% of the total daily earnings are given to the company, while the remainder belongs to the driver partner.

The element of a lawful cause describes the objectives that the parties wish to achieve in the execution of an agreement. Article 1337 of the Civil Code provides a limitation on the definition of a lawful cause by stating that a cause is categorized as prohibited if it contradicts morality, public order, or is forbidden by law. In partnership agreements in the online transportation business, both parties gain benefits; driver partners find assistance through the application used to seek consumers and generate income, while the company receives a percentage of the earnings from the passenger transportation performed by the driver partners.

The lawful cause in an agreement reflects the objectives that the parties involved seek to achieve through the execution of that agreement. According to Article 1337 of the Civil Code, a cause is considered prohibited if it contradicts morality, public order, or is prohibited by law, indicating the importance of having a legitimate reason in making an agreement. The partnership agreement in the business sector of online transportation benefits both parties—driver partners and service-providing companies—where driver partners benefit from the application facilitating their search for consumers, enabling them to earn an income from the transportation services they offer. Meanwhile, the service-providing company gains profit in the form of percentages from revenue generated by driver partners from every transportation service rendered. This reciprocal relationship creates an ecosystem that benefits both parties contributing to achieving shared objectives, namely providing efficient transportation services that are valuable to consumers while ensuring the sustainability and growth of businesses amidst the dynamics of the continually evolving transportation industry.

The creation process of an agreement includes three stages: pre-contractual, contractual closure, and post-contractual. According to Malloy, the pre-contract phase is characterized by information collection and negotiation. The relevant legal consideration is to reveal and examine the status of promises and the parties before the implementation and enforcement of the contract. The beginning of the legal relationship of partnership between the online application service provider and driver partners starts with the online registration performed by prospective driver partners through the company's website or by signing a written contract at the company's representative office by both parties. The relationship between the company and driver partners is a cooperative partnership legal relationship, where both parties have equal standing in the agreement. Accordingly, this legal partnership relationship does not fall under the provisions of the Job Creation Law, which generally regulates relationships that are hierarchical and subordinate (employer and employee). Therefore, these regulations cannot be applied to issues related to partnership agreements between driver partners and companies. The legal framework used to accommodate issues related to partnership agreements in online transportation is Articles 1320 along with Articles 1658 to 1662 of the Civil Code.

However, in practice, this legal framework has yet to effectively address the potential imbalance in the position of either party in the agreement. The lack of regulation specifically governing this partnership relationship results in uncertainty in legal protection for driver partners. The application of standardized contracts and several exculpatory clauses by application companies, without involving the driver partners, creates imbalances that should be equal. The partnership model in the online transportation industry also reflects the socioeconomic implications arising from the shifting context of employment in the era of the 4th industrial revolution. Despite the existence of legal provisions providing a basic framework for partnership agreements in the online transportation sector, in practice, this legal framework often falls short of addressing the potential imbalance between the parties involved.

The legal vacuum specifically regulating the partnership relationship creates uncertainty for the legal protection of driver partners, who are typically the more vulnerable party in the agreement. The application of standardized contracts drafted unilaterally by application companies, along with various exculpatory clauses benefiting the companies, without involving input or approval from driver partners, has the potential to generate imbalances in the partnership relationship that should be equal. The developing partnership model in the online transportation industry reflects broader socioeconomic implications, emerging in response to employment shifts due to the 4th industrial revolution. This transformation demonstrates a paradigm shift in work relationships, where technological involvement not only alters how transportation services are provided but also impacts how legal and economic relationships between service providers and driver partners are established, frequently at the expense of driver partner protection and welfare.

Impact of the Legal Vacuum Regarding Online Transportation Policy Regulations and Efforts on Legal Updates for Online Transportation

Uncertain legal protection for driver partners in the online transportation business poses significant risks to their welfare and rights. Without clear and specific regulations, drivers often find themselves in weak positions, particularly due to the nature of partnership contracts that are typically dominated by application companies. In these agreements, companies usually set clauses and important policies, including profit-sharing, tariffs, and other partnership requirements. Unfortunately, drivers often do not have adequate negotiation space or involvement in drafting these terms, leaving them vulnerable to exploitation.

This condition directly impacts the uncertainty concerning drivers' basic rights, including a stable income guarantee. Tariff policies, for instance, are often determined unilaterally by application companies based on market adjustments or certain business strategies that may not benefit drivers. Consequently, sudden and unpredictable tariff fluctuations can lead to decreased daily earnings for drivers, which are often not accompanied by compensation or alternative arrangements. Moreover, the non-transparent profit-sharing between companies and drivers raises doubts about the fairness and clarity of drivers' rights over the earnings they generate from each trip. This uncertainty is exacerbated by the limited legal protection available for drivers' employment in this partnership system. Because drivers are not recognized as formal workers of the company but rather as partners, provisions set out in the Employment Law cannot be applied to them. As a result, they do not receive social security, accident protection, or leave rights typically granted to formal employees. This places drivers in a precarious situation where they bear full risks without guarantees from the company or adequate legal protection from the state.

The imbalance in rights and obligations between application companies and driver partners in the online transportation business presents a significant issue affecting drivers' bargaining positions. Due to the legal vacuum in online transportation regulation, companies have the freedom to implement standardized contracts that contain unilateral clauses that favor their interests. Exculpatory clauses or liability limitation provisions, for instance, are common in these partnership contracts, generally stating that companies are not liable for losses or risks that drivers may face. Consequently, in the event of a loss or accident while working, driver partners must shoulder the risk themselves, without adequate assistance or compensation from the company.

The unilaterally applied standardized contracts create inequalities in the fulfillment of obligations. Companies can determine tariff changes, incentive systems, or work policies at any time without needing the approval or input of drivers. This situation is burdensome for driver partners, who in practice often rely on basic tariffs and incentives to achieve sufficient earnings. Without consistently provided certainty, drivers face financial pressure that is difficult to predict and must adapt to terms that can change at any time. This also potentially lowers drivers' motivation and welfare, given the uncertainties surrounding daily wages and contract terms that do not offer long-term protection.

The weak bargaining position of driver partners is further exacerbated by the lack of social guarantees typically available in formal working relationships. In the existing partnership contracts, drivers are regarded as independent partners, hence they are not entitled to health guarantees, accident insurance, or other benefits usually afforded to company employees. This situation not only economically disadvantages driver partners but also creates uncertainty regarding their long-term welfare guarantees, which should be addressed by more protective regulations.

The absence of minimum tariff standards and fixed profit-sharing structures in the online transportation business creates significant uncertainty regarding driver partners' earnings. Since there are no specific regulations regulating minimum tariffs or profit sharing, application companies hold complete control over tariff policies and profit-sharing systems. As the dependent parties in this arrangement, drivers have no guarantee of a stable and decent minimum income. Tariff policies can change at any time based on unilateral decisions from the companies, such as lowering the base rate or reducing incentives, directly affecting drivers' daily income. Without legal protection concerning standard tariffs, the economic welfare of driver partners is vulnerable to variations in the internal policies of the company.

The profit-sharing structure is also often unfavorable for driver partners, who frequently receive a smaller percentage than the application companies. Most platforms implement a profit-sharing system where about 15-20% goes to the company while the remainder goes to the driver; however, this calculation does not always reflect the drivers' real expenses, such as fuel, vehicle maintenance, and work risks. In a competitive market, this profit-sharing policy may limit drivers' capacity to enhance their earnings. Meanwhile, companies continue to earn a percentage from each trip without having to bear the daily operational costs, which are entirely the responsibility of the drivers. This further exacerbates the economic inequality between drivers and application companies. The uncertainty of tariffs and imbalanced profit-sharing also affects drivers' economic stability, especially under dynamic and rapidly changing market conditions. For example, during a downturn in demand due to seasonal changes or unfavorable economic conditions, drivers still have to compete for orders at low rates. Lacking a guaranteed minimum tariff, drivers are forced to work harder to achieve adequate income, even on days when demand for services is very low. This highlights the need for regulations that not only establish fair tariff and profit-sharing standards but also ensure drivers' long-term welfare.

The absence of clear regulations in the online transportation industry does not only impact driver partners but also directly affects consumer protection. Consumers often find themselves in situations where travel tariffs may vary significantly over short periods, without any transparent explanation mechanisms from application companies. This fluctuating fare, usually triggered by surge pricing systems, has the potential to create uncertainty for consumers. As a result, consumers frequently cannot predict their travel costs, particularly during specific times such as rush hours or inclement weather. Without regulatory oversight governing tariff limits or clear mechanisms for tariff notification, consumers are left in weak positions without adequate protection from what could be perceived as unfair tariff practices.

Safety is also a serious concern due to the absence of specific regulations mandating application companies to ensure high safety standards. In several cases, security incidents such as accidents or privacy violations have been experienced by consumers, yet there is not always clear accountability from application companies. In traditional transportation, vehicles and drivers must meet safety standards and undergo feasibility tests regularly. However, in the online transportation model, this responsibility often shifts to drivers as independent partners, causing application companies to often not bear direct responsibility when incidents involving consumers occur. This lack of regulation results in consumers being vulnerable to safety risks, as there are no standards ensuring the operational safety of vehicles and driver professionalism. The unclear accountability of application companies also complicates consumer issues when facing service problems, such as delays or inaccurate information received through the application. For example, if delays or cancellations occur by the drivers, there is not always an effective compensation policy or assistance mechanism from the application company. This is in contrast to conventional transportation services that have standardized procedures for addressing complaints and providing compensation. Thus, the absence of regulations binding application companies to be accountable directly for service quality may lead to consumer detriment.

Formulating specific regulations for online transportation is crucial to create equity in relationships between application service providers and driver partners, as well as to ensure the protection of drivers' rights. To date, many application companies apply standardized contracts that are one-sided, in which drivers can only accept the terms set by the company without any opportunity for negotiation. With specific regulations in place, the structure of partnership contracts could be arranged in such a manner as to provide a balance of rights and obligations among both parties, preventing exploitative practices, and ensuring driver partners' participation in drafting partnership agreements. Such regulations could involve standards requiring consultation and mutual agreement on essential contractual elements, including profit-sharing systems, incentive policies, and the right to refuse orders without penalty. Specific regulations could also govern work systems within online transportation platforms, such as establishing minimum tariff standards and fair profit-sharing structures, to ensure that drivers' earnings do not solely rely on fluctuating internal company policies. These standards are necessary to prevent income uncertainties often faced by driver partners, especially in highly competitive markets relying on demand-and-supply systems that are not always favorable to drivers. Regulations could also include limitations on exclusivity clauses, enabling drivers the freedom to engage with multiple platforms without being tied exclusively to one application, ultimately providing them with more choices and income potential.

The specific regulations applied could also obligate application companies to provide training and education for driver partners regarding service and workplace safety. This would help enhance the service standards received by consumers while mitigating incident risks in the field. Furthermore, regulations could require companies to guarantee the safety of drivers through adequate insurance schemes for both drivers and passengers. The inclusion of these provisions ensures that companies take responsibility for safeguarding driver partners' welfare in the field, while simultaneously protecting consumers' rights to safe and quality services.

Establishing minimum tariff standards and fair profit-sharing structures by the government represents a strategic step toward balancing economic relations between application companies and driver partners and safeguarding consumers. Minimum tariff standards would set a lower price limit that consumers must pay, thereby avoiding overly aggressive pricing competition that could undermine drivers' earnings. In contrast, a fair profit-sharing structure would guarantee that profits between companies and drivers are distributed proportionally, ensuring drivers receive an adequate income after various deductions such as company commissions and operational costs. With these regulations in place, the government protects driver partners' welfare from unilateral tariff-setting practices by application companies, while also assuring consumers are not burdened with excessive fares. The minimum tariffs and profit-sharing policies are anticipated to create a more sustainable, balanced, and equitable online transportation industry for all parties involved.

As technology evolves, work relationships are undergoing significant changes, particularly with the emergence of partnership models in the digital sector, such as online transportation. This circumstance necessitates reform in employment laws that do not only focus on traditional working relationships but also accommodate digital partnerships. New regulations need to establish rights and obligations of driver partners fairly, encompassing social protection aspects such as health guarantees, accident insurance, and retirement funds, ensuring their welfare is protected even though they do not exist within conventional subordinate relationships. This legal reform aims to create a strong social safety net for workers in the digital sector while enhancing justice in the new, more flexible, yet vulnerable partnership model.

To ensure companies' compliance with the existing regulations, it is essential to create a supervisory body with sufficient authority and capacity to oversee business practices in the online transportation sector. This body will play a critical role in monitoring the implementation of standard contracts, tariffs, and profit-sharing while ensuring that companies do not engage in practices detrimental to driver partners and consumers. The application of strict sanctions against companies in violation, such as fines or operational restrictions, may encourage responsible business conduct. Through effective oversight and enforcement, the government can foster a fair, transparent, and sustainable business climate in the online transportation industry.

CONCLUSION

The partnership agreements in online transportation services are vital means facilitating collaboration between application service providers and driver partners to meet consumers' digital needs. Although these agreements are legally governed by the Civil Code encompassing essential aspects such as rights and obligations, capacity, and lawful causes, the existing regulatory vacuum specifically addressing online transportation partners results in legal uncertainty for driver partners. Application companies frequently resort to standardized contracts embedding unilateral exculpatory clauses without direct involvement from drivers, thus creating imbalanced bargaining power favoring the companies. This situation not only generates inequity in legal relationships but also highlights social and economic implications in the era of the 4th industrial revolution, where technology reshapes work relationships, introducing new challenges in safeguarding workers' rights in the digital sector. Therefore, specific regulations governing online transportation are urgently needed to attain fairer equity in partnership agreements, ensuring legal protection for driver partners and stringent oversight on application companies' business practices, ultimately achieving a balanced interest beneficial to all involved parties.

The legal uncertainties and bargaining inequalities between driver partners and application companies in the online transportation business pose severe risks to drivers' welfare and rights and consumer satisfaction. In this regulatory ambiguity, companies are empowered to impose unilateral contract clauses, tariff policies, and profit-sharing structures that tend to favor their interests, without adequate participation or negotiation from drivers. This significantly weakens drivers' bargaining positions as they are considered independent partners with no entitlements to the labor rights usually accorded in formal employment relationships, including social protection, health guarantees, and accident insurance. Furthermore, the uncertainty surrounding drivers' income due to fluctuating tariffs and incentives exacerbates their long-term welfare challenges. On the other hand, the absence of minimum tariff standards and consumer rights protection paves the way for unjust tariff practices and potential safety issues posing risks for consumers. Legal reform focused on developing specific regulations, such as establishing minimum tariff standards, fair profit-sharing structures, and social protection obligations for driver partners, is crucial for creating balanced partnership relationships and ensuring safe services for consumers. The establishment of a regulatory body with sufficient authority to supervise and enforce these regulations is a strategic step to guarantee the sustainability of an online transportation business that is fair, transparent, and sustainable.

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