



The Effect of JULO on the Well-Being of Grab Drivers in Malang City

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ABSTRACT

This study aims to analyze the impact of online loans on the welfare of GRAB drivers in Malang City. Using a quantitative approach, data were collected through a survey of 45 drivers who met specific criteria, such as being single and having taken out a loan with JULO within the past year. The analysis reveals that online loans have a significant impact on the welfare of GRAB drivers. However, the study finds that while online loans can provide financial benefits to drivers, their overall impact on welfare is limited. This indicates that driver welfare is influenced not only by access to online loans but also by other more significant factors. Therefore, policies and programs designed to enhance driver welfare should consider broader factors such as job stability, adequate income, and access to social services

INTRODUCTION

Advances in financial technology have greatly facilitated access to financial services, including financing and loans. One significant innovation in this area is Peer-to-Peer (P2P) Lending, which allows borrowers and lenders to transact directly through online platforms (OJK, 2016). As access to loans has become easier, many individuals, including online transportation drivers such as those working for Grab, have taken advantage of these services to improve their financial well-being. However, questions arise regarding the extent of the impact of services like JULO on the well-being of Grab drivers in Malang City.

While P2P Lending has become a popular financial solution, research on its effects on specific groups, such as Grab drivers, remains limited. Most previous studies have focused more on the benefits of P2P Lending for SMEs or investors, with less attention given to its impact on individuals using these services for everyday needs (Nizar, 2017). Therefore, this study aims to address this gap by specifically examining the impact of JULO on the well-being of Grab drivers in Malang City.

The study aims to analyze how the use of JULO by Grab drivers in Malang City affects their well-being, including economic, social, and psychological aspects. In doing so, this research will not only provide a deeper understanding of the impact of P2P Lending services on this group but also offer practical insights for policymakers and fintech industry stakeholders in developing more inclusive and beneficial products.

Additionally, the study is expected to educate Grab drivers about the benefits and risks of using JULO. With better understanding, they are hoped to make wiser and more sustainable financial decisions, ultimately enhancing their overall well-being (Sunarti, 2012). Moreover, the findings will contribute empirical evidence that enriches the literature on well-being theory and fintech.

Considering these aspects, this study will serve as an important foundation for understanding the role of fintech, particularly JULO, in improving individual well-being in the digital age. It is hoped that this research will provide guidance for the development of policies and fintech products that better meet the needs of the community.

LITERATURE REVIEW

Fintech

Financial technology, or fintech, has undergone significant evolution since the late 19th century, beginning with the use of telegraphs and advancements in transportation that facilitated global financial information transfer (Arneris, Barberis & Ross). This development continued with the introduction of credit cards in the 1950s by Diners Club and American Express, which became the foundation for modern cashless payment systems. In Indonesia, fintech began to rapidly advance with the introduction of the first ATM by Bank Niaga in 1987, followed by e-banking services from Bank Internasional Indonesia in 1988, and further developed by Bank BCA with the KlikBCA service in 2001. Advances in technology and increased internet access have made it easier for people to conduct various financial transactions online, transforming traditional interactions with financial services.

The growth of fintech in Indonesia has accelerated with the emergence of various online lending services that offer convenience and efficiency in accessing financial resources. According to Omarini (2018), online loans are financial transactions that occur directly or indirectly without involving traditional financial institutions, offering lower costs and faster processes compared to conventional loans (Hsueh, 2017). One of the major players in this industry is JULO, established in 2016, which has successfully expanded its services throughout Indonesia. JULO's collaboration with online transportation platforms like Grab aims to enhance drivers' well-being by providing access to loans that can be used for daily needs and other financial requirements, highlighting fintech's crucial role in supporting financial inclusion and community economic growth.

Well-Being

Well-being refers to a state where individuals and communities achieve a good quality of life, encompassing social, material, and spiritual aspects. Sunarti (2012) defines well-being as a life condition that allows for the optimal fulfillment of physical, spiritual, and social needs, while Martin Seligman (2011) adds that well-being involves five elements: positive emotions, engagement, relationships, meaning, and achievement. The World Health Organization (1984) expands this concept by stating that well-being includes complete physical, mental, and social health, not merely the absence of disease. Well-being is also measured through various indicators such as quality of life, subjective well-being, and happiness, as expressed by OECD (2012) and Layard (2005).

Community well-being is influenced by factors such as population, health, education, consumption, and housing. According to BPS (2023), indicators of well-being include population distribution, health levels, education attainment, consumption patterns, and housing quality. Adam Smith, in "The Wealth of Nations," emphasizes that profit results from market efficiency, which ultimately enhances general well-being. Meanwhile, Dunn and Norton (2013) in "Happy Money" argue that how money is spent has a greater impact on well-being than the amount of money itself. Therefore, higher income allows individuals to meet basic needs, invest in health and education, and improve long-term living standards and well-being.

Research Hypothesis

According to Ismael Nurdin and Sri Hartati (2019), a hypothesis is a preliminary conclusion that is not yet final; a provisional answer or assumption; representing the researcher's initial stance on the research problem, which states the relationship between two or more variables. Suharsimi Arikunto, as cited in Hardani et al. (2020), describes a hypothesis as a temporary answer to a research problem, pending confirmation through collected data. Sugiyono (2017) defines a hypothesis as a provisional answer to the research problem, which has been posed in the form of a question. Since it is temporary, it must be validated through empirical data. Thus, a hypothesis is proposed as a theoretical answer to a research question but is not yet based on empirical data. Based on previous journals, theoretical reviews, the conceptual framework, and the conceptual model discussed in this study, the proposed research hypotheses are as follows:

1. Loans from JULO affect the well-being of Grab drivers in Malang City.
2. Loans from JULO do not affect the well-being of Grab drivers in Malang City.

METHODOLOGY

This research employs a quantitative approach with a causal associative research design. Quantitative research is intended to test established hypotheses through objective, rational, and systematic statistical analysis. Data for this study is collected from two sources: primary and secondary data. Primary data is gathered directly from respondents, in this case, Grab drivers, through questionnaires and interviews. Secondary data is sourced from existing materials such as company reports or documentation. The study population consists of 30 Grab drivers in Malang City, including 15 motorcycle drivers and 15 car drivers, with the entire group serving as the sample to ensure representativeness.

Data analysis techniques include descriptive analysis and simple linear regression. Descriptive analysis is used to outline the characteristics of the collected data, while simple linear regression is employed to examine the relationship between the independent variable, Online Loans, and the dependent variable, Driver Well-Being. This regression analysis allows the researcher to determine the extent to which Online Loans affect driver well-being, with income and expenditure differences serving as key indicators. Before conducting the regression analysis, the researcher also performs classical assumption tests, such as tests for normality, multicollinearity, heteroscedasticity, and autocorrelation, to ensure that the model used is unbiased.

RESULT

Simple Linear Regression Analysis

The Simple Linear Regression Analysis was conducted using the Data Analysis tool in Microsoft Excel to determine the impact of Online Loans (X) on Well-Being (Y). The results of the Simple Linear Regression are shown in Table 1.

Table 1. Results of Simple Linear Regression
 SUMMARY OUTPUT

<i>Regression Statistics</i>	
Multiple R	0,581567372
R Square	0,338220608
Adjusted R Square	0,322463956
Standard Error	6458139,967
Observations	44

Source: Data Processed 2024

Based on Table 1, the analysis results are as follows:

Table 2. Results of Simple Linear Regression Analysis

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>
Intercept	-5059354,988	2731293,255	-1,852366083
X	3,08182239	0,665180558	4,633061435

Source: Data Processed 2024

Based on Table 2, the equation for the Simple Linear Regression is:

$$Y = -5,059,354.9 + 3.08X$$

Explanation:

1. The constant value (a) of -5,059,354.9 means that if the value of Online Loans (X) were zero, the well-being of the driver (Y) would decrease by 5,059,354.9.
2. The coefficient of Online Loans (X), which is 3.08, indicates a significant positive effect of online loans on the drivers' well-being.

Simultaneous Hypothesis Testing (F-Test)

The F-Test (Simultaneous Test) is used to determine whether there is a joint or simultaneous effect of independent variables on the dependent variable. An ANOVA (Analysis of Variance) test is a form of hypothesis testing that allows conclusions to be drawn based on the data or statistical groups analyzed. Decision-making is based on the F-value found in the ANOVA table, with a significance level of 0.05. The criteria for the F-test are as follows (Ghozali, 2016):

1. If the significance value of $F < 0.05$, then H_0 is rejected and H_1 is accepted. This means that all independent variables have a significant effect on the dependent variable.
2. If the significance value of $F > 0.05$, then H_0 is accepted and H_1 is rejected. This means that none of the independent variables have a significant effect on the dependent variable.

The results of the F-Test for the impact of Online Loans on Grab drivers' well-being can be seen in the following table:

Table 3. Results of Simultaneous Hypothesis Testing (F-Value)

ANOVA					
	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	1	8952638	895263	21,465	0,00003471
Residual	42	17517180	4170757,3		
Total	43	2646981			

Source: Data Processed 2024

Based on the output from the F-test, the significance value of F is ≤ 0.05 . This indicates that the amount of Online Loans (X) significantly affects the well-being of Grab drivers.

Coefficient of Determination (R-Squared)

The Coefficient of Determination (McFadden R-squared) measures how well the model explains the variation in the dependent variable. The value of the coefficient of determination ranges between 0 and 1. In correlation analysis, this value, known as R-squared or the coefficient of determination, quantifies the proportion of the variance in the dependent variable (Y) that is explained by the independent variable (X). In this study, the R-squared value aims to show the extent of the impact of Online Loans on driver well-being. Thus, the effect of online loans on driver well-being is measured using the coefficient of determination.

The results of the R-squared or Coefficient of Determination test are shown in the following table:

Table 4. Regression Results

<i>Regression Statistics</i>	
Multiple R	0,58157
R Square	0,33822
Adjusted R Square	0,32246
Standard Error	6458140
Observations	44

Source: Data Processed 2024

Based on the output, the variable Online Loans (X) affects the variable Well-Being (Y) by 32.22%. The remaining 67.78% is influenced by other variables not included in this study.

DISCUSSION

Based on the research data, there is a significant effect of online loans on the well-being of Grab drivers. This is demonstrated by the F-value of 0.00003471, which is below the 0.05 threshold, indicating that the null hypothesis (H_0) is rejected. This means that the independent variable (X), which is online loans, has a significant impact on the dependent variable (Y), which is driver well-being. In other words, the amount of online loans affects the well-being of Grab drivers in Malang City. This finding is consistent with the research conducted by Dewi Ratna Sjari, Bonar M. Sinaga, Nunung Kusnadi, and Yusman Syaukat in their 2022 journal article titled "The Impact of Microloans on Women's Household Well-Being," where they concluded that credit loans can enhance labor financing and cover other necessary production costs in primary businesses. Both variables then contribute to increased production, which in turn boosts household income and revenue.

Increased household income subsequently raises consumption and investment expenditures, which reduces household vulnerability and improves well-being. This is aligned with the findings of Willa Sondang Geviani Marbun, Abdillah Rizky Ananta Lubis, Artha Rehwelda Lumban Gaol, Nita Lestari, Rehulina Dahinta Ketaren, and Via Yusnika Suhendy in their 2020 journal article titled "Implications of Online Loan Regulations on Customer Well-Being." Their conclusion is that online loan regulations have a significant impact on customer well-being, particularly within the context of online loan applications. Customers tend to experience better well-being when dealing with ethically responsible loan providers. Factors such as financial education, reasonable interest rates and service fees, and responsive customer service greatly influence customer well-being.

CONCLUSION AND RECOMMENDATION

Based on the research results regarding the impact of online loans on the well-being of Grab drivers, it can be concluded that online loans do affect the well-being of Grab drivers. This is evidenced by an F-value of 0.00003471, which is below the 0.05 threshold, indicating that the null hypothesis (H0) is rejected. This means that the independent variable (X), online loans, has a significant effect on the dependent variable (Y), driver well-being. In other words, the amount of online loans impacts the well-being of Grab drivers in Malang City. However, the effect is not comprehensive, as the Coefficient of Determination, or R-squared value, shows that online loans explain only 0.32246 or 32.22% of the variation in well-being. This indicates that online loans are not the sole factor influencing Grab drivers' well-being; other factors have a greater impact.

Based on the findings of this study, the following recommendations can be made:

1. It is hoped that this research will serve as a learning opportunity for both drivers and others to exercise caution when taking out online loans, as borrowers have a significant responsibility to repay the funds.
2. This study can serve as a foundation or reference for future research related to online loans and well-being. Further investigations can delve deeper into this topic and provide more comprehensive results.

ACKNOWLEDGE

This study has limitations related to the relatively small sample size of 45 drivers, selected based on specific criteria such as single status, having borrowed from JULO within the past year, and experiencing certain issues, which may restrict the generalizability of the results. Therefore, future research is recommended to expand the respondent population by including drivers with different marital statuses, including those who have not borrowed from JULO, and to extend the study duration to explore the long-term effects of JULO on Grab drivers' well-being. This approach is expected to provide a more comprehensive and representative understanding of JULO's impact on the well-being of Grab drivers in Malang City.

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