



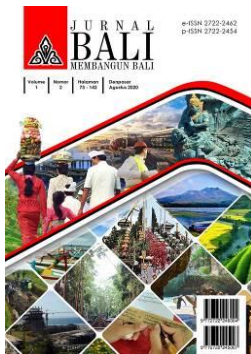
Compensation Fairness and Driver Switching Intention: Evidence from KSU Sedana Murti

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Sejarah Artikel

Diterima pada
11 Juli 2025

Direvisi pada
21 Juli 2025

Disetujui pada
23 Agustus 2025

Abstract

Purpose: This study aims to examine the relationship between compensation fairness and driver switching intention, with empirical evidence drawn from Koperasi Serba Usaha (KSU) Sedana Murti in Bali.

Research methods: A mixed-method exploratory sequential design was employed, beginning with qualitative exploration through Focus Group Discussions (FGDs) and in-depth interviews, followed by quantitative analysis using multiple regression.

Findings: The qualitative phase revealed that drivers' reluctance to remain on online platforms is shaped by perceptions of external fairness (full income without commission deductions and competitive fares), internal fairness (transparent operations and proportional incentives), and individual fairness (income adequacy to support personal and family needs). Additional non-financial factors such as professional pride, guest satisfaction, and work comfort also reinforced the preference for tourist taxi systems. Quantitative results confirmed that external fairness (X_1), internal fairness (X_2), and individual fairness (X_3) all significantly affect switching intention (Y), with an Adjusted R^2 value of 0.907. Among them, individual fairness emerged as the most dominant factor.

Implication: These results validate the relevance of Compensation Fairness Theory and Switching Intention Theory within the framework of the Theory of Planned Behavior, demonstrating that perceived fairness strongly drives occupational decisions in Bali's tourism transport sector.

Keywords: Compensation fairness, switching intention, online taxi, tourist taxi, CFAM

Abstrak

Tujuan: Penelitian ini bertujuan mengkaji hubungan antara keadilan kompensasi dan niat pengemudi untuk beralih, dengan bukti empiris yang diambil dari Koperasi Serba Usaha (KSU) Sedana Murti di Bali.

Metode penelitian: Desain sekuensial eksploratif dengan metode campuran digunakan, dimulai dengan eksplorasi kualitatif melalui Diskusi Kelompok Terfokus (FGD) dan wawancara mendalam, dilanjutkan dengan analisis kuantitatif menggunakan regresi berganda.

Hasil: Tahap kualitatif mengungkapkan bahwa keengganan pengemudi untuk tetap menggunakan platform daring dibentuk oleh persepsi keadilan eksternal (pendapatan penuh tanpa potongan komisi dan tarif kompetitif), keadilan internal (operasional yang transparan dan insentif proporsional), dan keadilan individu (kecukupan pendapatan untuk memenuhi kebutuhan pribadi dan keluarga). Faktor non-finansial tambahan seperti kebanggaan profesional, kepuasan tamu, dan kenyamanan kerja juga memperkuat preferensi terhadap sistem taksi wisata. Hasil kuantitatif mengonfirmasi bahwa keadilan eksternal (X_1), keadilan internal (X_2), dan keadilan individu (X_3) secara signifikan memengaruhi niat beralih (Y), dengan nilai Adjusted R^2 sebesar 0,907. Di antara faktor-faktor tersebut, keadilan individu muncul sebagai faktor yang paling dominan.

Implikasi: Hasil ini memvalidasi relevansi Teori Keadilan Kompensasi dan Teori Niat Beralih dalam kerangka Teori Perilaku Terencana, yang menunjukkan bahwa persepsi keadilan sangat mendorong keputusan pekerjaan di sektor transportasi pariwisata Bali.

Kata kunci: Keadilan kompensasi, niat beralih, taksi daring, taksi wisata, CFAM

INTRODUCTION

Transportation is one of the most strategic sectors in regional development, functioning both as a promoting factor and a serving factor. In the context of tourism, transportation plays a vital role as the lifeblood of economic activity, facilitating tourist mobility while also stimulating regional potential. As Yudana (2016) highlights, the development of the transportation sector is intended not only to provide accessibility but also to strengthen tourism as a key driver of local economic growth.

However, the development of digital technology in the transportation industry has introduced new challenges for Bali's tourism transport ecosystem. The emergence of online taxi platforms such as Gojek and Grab has transformed the market landscape by offering an application-based system with easy access, cheaper fares, and incentive algorithms designed to encourage driver loyalty. This phenomenon has triggered significant shifts in the competitive dynamics between tourist taxi drivers and online taxi drivers. Research by Fajri & Kartika (2016) emphasizes that taxi services are a crucial component in supporting the tourism industry and shaping the image of a tourist destination. Nevertheless, their study also revealed that many taxi operators fail to meet minimum service standards, which can reduce tourist satisfaction and undermine competitiveness. In the context of Bali, such concerns are compounded by tensions between tourist taxis and online taxis, which often manifest in the form of social conflicts as well as regulatory debates. Puspa & Sarjana (2021) further highlight the legal ambiguity of partnership agreements between online taxi platforms and their drivers, particularly regarding wage-related issues, since drivers receive commission and incentives rather than formal salaries. This legal gap indirectly reflects fairness concerns, as drivers often perceive the compensation structure as unequal compared to conventional employment frameworks.

The issue of fair compensation (compensation fairness) has therefore become crucial in analyzing drivers' intentions to remain in or switch to online-based transport systems. Compensation fairness can be assessed from three dimensions: external, internal, and individual fairness. According to Simamora (Sutrisno, 2015) external fairness refers to the extent to which compensation is competitive with similar jobs in the external labor market, internal fairness relates to equity across different jobs within the same organization, and individual fairness emphasizes the perception of fair treatment compared to colleagues with similar contributions. In the context of taxi drivers in Bali, these three dimensions are reflected in their perceptions: low fares and commission deductions are viewed as harmful (external fairness), unequal access between local and non-local drivers reflects disparities (internal fairness), and dissatisfaction with inconsistent incentive systems highlights the issue of individual fairness.

Several previous studies have also addressed the issue of switching intention among platform-based workers. Palacios *et al.* (2022) show that job satisfaction and fairness play a major role in determining whether gig workers stay or leave a platform. Ahmed *et al.* (2021) found that in the context of online transportation in South Asia, compensation perceived as unfair directly contributes to an increased intention among drivers to change jobs. Meanwhile, Sun *et al.* (2021) emphasize that switching intention is also influenced by external factors such as government regulations and local market conditions. Dorothee *et al.* (2018) identify that low fares, high commission burdens, and non-transparent algorithm systems encourage drivers to seek alternatives, either by

leaving the platform or by offering services offline. Research by Rasheed *et al.* (2020) and Vizano *et al.* (2021) further reinforces this argument by highlighting the importance of fair compensation in ensuring the sustainability of gig economy platforms.

Although many studies have discussed switching intention in the context of gig workers and online taxi drivers in various countries, there is a limitation in research that specifically addresses the context of Bali, where the community-based tourism transportation system continues to persist and even remains the primary choice for many drivers. This research gap is important to highlight, because unlike international findings that tend to emphasize the shift of workers from conventional systems to digital platforms, in Bali many online taxi drivers actually return to, or prefer to remain within, the tourist taxi system. In fact, field observations indicate that a considerable number of online taxi drivers have begun to imitate the work patterns of tourist taxis: rejecting certain application orders, preferring offline customers, directly offering tour services to tourists, and disregarding platform incentive programs. This condition reflects a strong switching intention, namely the tendency of online taxi drivers to transition into tourist taxi drivers, even though some of them are still formally tied to the platform system. Furthermore, this phenomenon indicates the presence of negative perceptions toward the online taxi system as well as resistance to perceived unfair work patterns, thereby generating new adaptive strategies within Bali's tourism transport ecosystem.

In addition, cooperatives also play a central role in this dynamic. Cooperatives such as KSU Sedana Murti serve as a legal umbrella for the operation of online taxis under a community-based framework, while also acting as a strategic pillar to maintain driver stability. Cooperatives function as mediators between drivers, platforms, and the government, and provide protection for drivers in facing the uncertainty of digital systems. With a strong membership base and an organized community system, cooperatives are able to manage both resistance and adaptation among drivers toward digital disruption, thereby ensuring the continuity of tourism transportation as an integral part of Bali's tourism industry.

Based on this background, this study aims to identify the reasons why tourist taxi drivers remain and do not switch to online platforms, using the framework of Switching Intention Theory; analyze perceptions of compensation fairness on online taxi platforms across the three dimensions of fairness (external, internal, and individual); and formulate an applied model based on the Compensation Fairness Applied Model (CFAM) as an adaptive strategy for cooperatives and community-based tourism transportation to sustain their business in the digital era. Thus, this study contributes to the literature by providing a new perspective on the relationship between fairness and switching intention in the tourism context of Bali. In addition, in practical terms, the findings of this research may serve as a foundation for local government, transportation cooperatives such as KSU Sedana Murti, and other tourism stakeholders in formulating fairer and more sustainable policies for Bali's tourism transport ecosystem.

RESEARCH METHOD

This study applied a mixed-methods exploratory sequential design that combined qualitative and quantitative approaches. As emphasized by Mulyadi (Wijayanti *et al.*, 2021), social research often requires both numerical measurements and narrative explanations to capture the meaning behind human perceptions. The

qualitative stage was conducted first to explore drivers' perspectives, followed by the quantitative stage to test the relationships statistically. Such a design is considered effective to ensure that the construction of variables is grounded in real field experiences before being transformed into measurable indicators (Creswell & Creswell, in Vebrianto *et al.*, 2020).

The qualitative phase was conducted through interviews, observations, and focus group discussions (FGDs). As van Eeuwijk & Angehrn (2017) explain, FGDs are a qualitative data collection method where a selected group of participants engages in in-depth and professional discussions on specific topics. In this research, FGDs and interviews were used to explore the perspectives of tourist taxi drivers on compensation fairness, their reasons for remaining in the profession rather than joining online taxis, and the strategies they employ to adapt and survive amid the challenges of digitalization in Bali's tourism transport sector.

The analysis of qualitative data began with data reduction, which Jaya (2020) defines as the process of sorting, focusing, simplifying, and concentrating field data. In this stage, interview transcripts and observation notes were carefully examined, and only relevant information was retained for deeper analysis. The responses were then organized into thematic categories to ensure clarity and coherence. For example, themes such as factors influencing switching intention, perceptions of compensation fairness, and survival strategies in facing globalization were identified as the main analytical categories. Each theme was elaborated in narrative form and supported by representative quotations from informants. The categorized themes were later summarized in tabular form to make the findings systematically organized and easier to interpret.

The qualitative exploration itself was guided by three central questions. The first question, "What are your reasons for remaining a tourist taxi driver and not joining an online platform?", was grounded in Switching Intention Theory and aimed at revealing the determinants behind drivers' decisions to stay in the tourist taxi system. The second question, "In your opinion, has the online taxi platform implemented a fair compensation system for its driver-partners? Why or why not?", was guided by Compensation Fairness Theory and used to extract indicators of external, internal, and individual fairness, which were later employed to construct quantitative instruments. The third question, "What strategies do you currently use to continue attracting passengers?", was based on Strategic Adaptation Theory and provided insights into drivers' survival strategies in a competitive digital market.

Building upon the results of this qualitative phase, the subsequent quantitative phase was designed to test the relationship between compensation fairness and switching intention. Simamora (Sutrisno, 2015) explains that the design and implementation of a compensation system must ensure the presence of external, internal, and individual fairness through the development of an effective salary structure and appropriate wage levels. Within the framework of compensation fairness theory, these three components are used as the independent variables in this research, and are defined as follows: external fairness as the first variable (X1), which refers to compensation considered appropriate in relation to prevailing market rates; internal fairness as the second variable (X2), which refers to compensation provided based on the internal value of the job to the organization; and individual fairness as the third variable (X3), which refers to fairness evaluated by comparing one's compensation with that of colleagues. The dependent variable (Y) is switching intention, which Ajzen

(1991) conceptualizes through the Theory of Planned Behavior as behavioral intention influenced by attitude, perceived behavioral control, and subjective norms.

Thus, the quantitative analysis employs multiple linear regression to examine the extent to which external fairness (X1), internal fairness (X2), and individual fairness (X3) influence switching intention (Y). Data collected from respondents—who are online taxi drivers registered under KSU Sedana Murti—were processed using SPSS version 25. Statistical tests included validity and reliability testing of instruments, classical assumption tests, and hypothesis testing through t-tests and F-tests. This integration of qualitative and quantitative phases within an exploratory sequential design allows the research to ensure that the survey indicators are rooted in drivers' real experiences while also providing empirical evidence of how compensation fairness shapes their intention to switch into becoming tourist taxi drivers.

RESULT AND DISCUSSION

Phase 1 (Results of Qualitative Research)

The qualitative phase began with a Focus Group Discussion (FGD) during a mediation forum at the Bali Provincial Parliament in February 2025, triggered by large-scale demonstrations by tourist taxi drivers. The forum revealed six key demands, including limiting online taxi quotas, tariff standardization, and restrictions on non-local drivers, which directly reflect concerns over external and internal fairness. These issues highlighted compensation disparities, unequal access, and perceived threats to professional legitimacy, establishing fairness as a fundamental source of conflict between tourist taxi drivers and online taxi platforms.

Accordingly, the interview phase was designed to probe these concerns from a lived-experience perspective. Tourist taxi drivers were recruited using purposive and snowball sampling to capture variation across key tourism zones (Ubud, Kuta, Canggu, Jimbaran, Seminyak, and Tabanan). Additional informants were reached through community networks such as the Bali Driver Community, enabling access to voices embedded in day-to-day field operations and informal coordination systems.



Figure 1. Observational Snapshot of a Tourist Taxi Base Used during The Qualitative Interview Phase
[Source: Megano, 2025]

Interviews were organized around three open-ended questions, each tied to a specific theoretical lens: (1) Switching Intention Theory guided the question on why drivers remain in the tourist taxi sector rather than joining online platforms; (2) Compensation Fairness Theory framed the question on perceived fairness of online taxi income systems across external, internal, and individual dimensions; and (3) Strategic Adaptation/Survival Strategy Theory anchored the question on tactics to secure passengers and sustain operations amid digital competition.

Reasons for Remaining as Tourist Taxi Drivers

The first interview question, “What are your reasons for remaining a tourist taxi driver and not joining an online platform?”, revealed six interrelated themes that explain drivers’ refusal to migrate to online platforms. These reasons reflect not only economic concerns but also professional, cultural, and operational considerations that align with the framework of Switching Intention Theory (Ajzen, 1991).

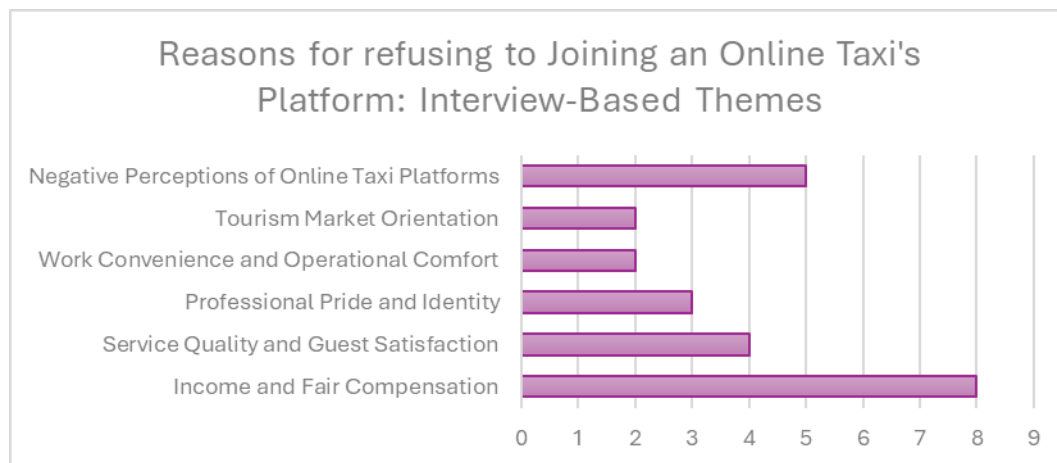


Figure 2. Bar Chart of Interview Themes: Refusal to Join Online Taxi Platforms
[Source: Data Processed, 2025]

The most dominant theme was income and fair compensation. Tourist taxi drivers emphasized that operating within the cooperative-based system allowed them to retain the full income without deductions, while online platforms impose high commission rates and set fares far below operational costs. As one driver explained, “With online we are like agents. There are deductions. The fare is cheap, and they take most of the profit, leaving us at a loss.” This directly reflects the principle of equity in compensation as described by Simamora (Sutrisno, 2015), which stresses the balance between effort, experience, and the outcomes received. In line with Milkovich & Newman (2002), compensation is not only a financial return but also a recognition of one’s labor. In this sense, the tourist taxi system is perceived as more just, because it gives drivers autonomy to negotiate rates directly with passengers and secure income that better represents their real costs.

A second theme was service quality and guest satisfaction. Many drivers positioned themselves as more than transport providers, often acting as informal tour guides who offer personalized services, local knowledge, and cultural insights. They viewed online taxi systems as too rigid and efficiency-driven, unable to accommodate the hospitality expected by international tourists. One informant noted, “Online does not

offer any service and it is too cheap, so guests are not satisfied.” This indicates that tourist taxi drivers see themselves as part of the tourism experience itself, not just a means of transport, consistent with Herzberg’s two-factor theory (Wahjono, 2023), which highlights intrinsic motivation such as recognition and responsibility as drivers of job satisfaction.

The third theme, professional pride and identity, underscores the role of tourist taxi drivers as cultural ambassadors who maintain Bali’s service values. Their participation in cooperatives, adherence to community-based systems, and positioning as tourism professionals were considered a source of pride. One driver remarked, “We offer better quality even if our fares aren’t that lower.” This reflects affective commitment as described by Allen and (Oktarini & Indrawati, 2014), where professional loyalty stems from emotional and cultural attachment, not merely economic incentives.

Work convenience and operational comfort also played an important role. Unlike online drivers who must respond instantly to digital bookings and travel to unpredictable destinations, tourist taxi drivers appreciated the relaxed work rhythm, flexible scheduling, and reduced stress levels in their cooperative-based system. As one informant put it, “We earn more and feel less exhausted compared to being an online taxi driver.” This aligns with Vroom’s Expectancy Theory (Wahjono, 2023), where individuals are motivated when they perceive a positive link between effort and reward.

Another theme that emerged was tourism market orientation. Tourist taxi drivers explained that their primary market consists of international tourists, who are willing to pay higher fares and expect tailored services such as airport transfers, daily tours, and curated itineraries. In contrast, online platforms often cater to local riders with shorter and cheaper trips. As one driver highlighted, “Tourists bring dollars, but locals pay in rupiah.” This shows how market orientation reflects both financial logic and the pursuit of professional prestige, aligning with Martono (2021), who argues that transportation in tourism is more than mobility—it is part of value creation in the tourism industry.

Finally, negative perceptions of online taxi platforms strongly influenced their decision not to join. Drivers expressed distrust toward revenue-sharing systems, unpredictable algorithms, and the lack of community contributions from platforms like Gojek or Grab. One driver summarized this sentiment: “That is why I don’t join, they were unfair, so I did not want to work with them.” This finding is consistent with research by Ahmed *et al.* (2021) and Sun *et al.* (2021), who found that drivers’ dissatisfaction with economic injustice and lack of transparency contributes significantly to attrition in online taxi systems.

Taken together, these six themes confirm that the refusal to join online platforms is a multidimensional decision. Beyond financial considerations, tourist taxi drivers’ loyalty is reinforced by professional pride, intrinsic motivation, guest satisfaction, operational comfort, and cultural identity. These findings underscore that switching intention is shaped not only by income but also by broader perceptions of fairness, legitimacy, and professional recognition, situating tourist taxi drivers firmly within Bali’s traditional tourism ecosystem.

Perceptions of Compensation Fairness in Online Taxi Platforms

The second interview question asked, “Based on your opinion, do you believe that online taxi platforms have implemented a fair compensation system for their driver-

partners? Why or why not?" This question was designed to elicit drivers' perceptions regarding compensation fairness, which would later inform the development of quantitative instruments. The responses revealed consistent skepticism toward online taxi systems, with drivers highlighting multiple issues that align with the three dimensions of Compensation Fairness Theory: external fairness, internal fairness, and individual fairness (Simamora in Sutrisno, 2015).

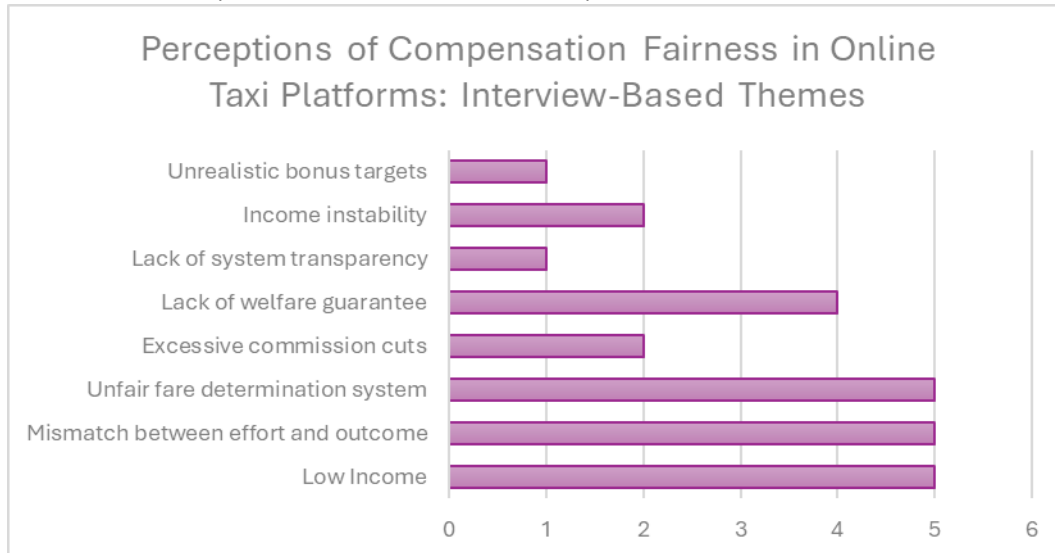


Figure 3. Bar Chart of Interview Themes: Compensation Fairness in Online Taxi Platforms
[Source: Data Processed, 2025]

The most frequently raised concern was low income, with informants stressing that the earnings from online taxis were significantly lower than what could be achieved as tourist taxi drivers. One driver remarked, "The earnings are too little if I joined that." This reflects the failure of external fairness, where compensation is expected to be competitive with alternatives in the labor market. In line with Simamora's (Sutrisno, 2015) framework, the drivers felt that platform income levels did not match the standards of comparable employment, thereby reducing its attractiveness. Closely related to this was the theme of a mismatch between effort and outcome. Informants emphasized that the long working hours required by online platforms were disproportionate to the limited income earned. As one stated, "Some people work more than 12 hours and still make very little." This resonates with the principle of equity, where fairness requires a balance between input and outcome.

A second major issue was the unfair fare determination system, where fares were set unilaterally by the application and considered far below market value. Informants noted cases where even tourists were charged unrealistically low fares, leading drivers to feel that their labor was undervalued. Coupled with this was excessive commission cuts, where both the platform and vendor deductions left little net income for drivers. One informant explained, "Nowadays it seems like the app cuts a lot. Plus vendor cuts too. That's too much." These issues highlight weaknesses in internal fairness, where the wage and incentive structure within the organization fails to proportionally reflect drivers' contributions. Incentive schemes were also criticized under the theme of unrealistic bonus targets, which were perceived as nearly impossible to achieve, and thus ineffective in motivating drivers. These findings echo the view of Simamora & Henry (Oktarini & Indrawati, 2014), who argue that unfair

internal compensation policies undermine employee commitment and loyalty.

In addition to external and internal fairness, drivers also expressed concerns tied to individual fairness. A key theme was lack of welfare guarantee, with drivers pointing out that platform earnings were insufficient to support family needs or vehicle maintenance. As one put it, “The earnings are too small to support daily living. Better save that money for a decent meal like Nasi Be Guling instead.” Lack of system transparency was another theme, particularly regarding order distribution and priority algorithms. Informants stated that assignments often appeared arbitrary, undermining trust in the system. One driver complained, “I don’t understand how they assign orders. Sometimes pickup locations are far while drivers are nearby.” Related to this was the issue of income instability, as drivers reported no guarantee of daily earnings despite long hours of work, making it difficult to plan financially. These individual fairness concerns directly echo Adams’s Equity Theory (Wahjono, 2023), which emphasizes the importance of proportional and personally adequate rewards for sustaining motivation and loyalty.

Taken together, the thematic analysis identified eight issues: low income, mismatch between effort and outcome, unfair fare determination, excessive commission cuts, unrealistic bonus targets, lack of welfare guarantee, lack of system transparency, and income instability. The first two are rooted in external fairness, the next three in internal fairness, and the last three in individual fairness. Frequency analysis further showed that the most dominant concerns were low income, mismatch between effort and outcome, and unfair fare determination—suggesting that tourist taxi drivers place particular importance on adequate earnings and just compensation structures.

These findings confirm that compensation fairness is not a merely theoretical construct but a lived reality that shapes drivers’ work preferences. Negative experiences or perceptions of unfairness have led many drivers to resist joining online platforms, while some who initially worked with them have shifted back to tourist taxi operations. In line with the Theory of Planned Behavior (Ajzen, 1991), these negative perceptions directly inform switching intentions, reinforcing the role of fairness in shaping occupational decisions.

By grounding the analysis in Compensation Fairness Theory, the study demonstrates that drivers’ refusal to embrace online platforms is tied not only to low pay but also to systemic issues of equity, transparency, and welfare. These qualitative findings provided the foundation for developing quantitative instruments in the subsequent research phase, where indicators of external, internal, and individual fairness were systematically tested to measure their impact on drivers’ switching intentions.

Strategies to Attract Passengers

The third interview question asked, “What strategies do you currently use to continue attracting passengers?” This question was designed to explore how tourist taxi drivers sustain their business amidst competition with online taxi platforms. Grounded in Strategic Adaptation Theory and Survival Strategy Theory, the analysis highlights how drivers deploy both individual and collective strategies to adapt to market pressures, technological disruption, and evolving tourist expectations.

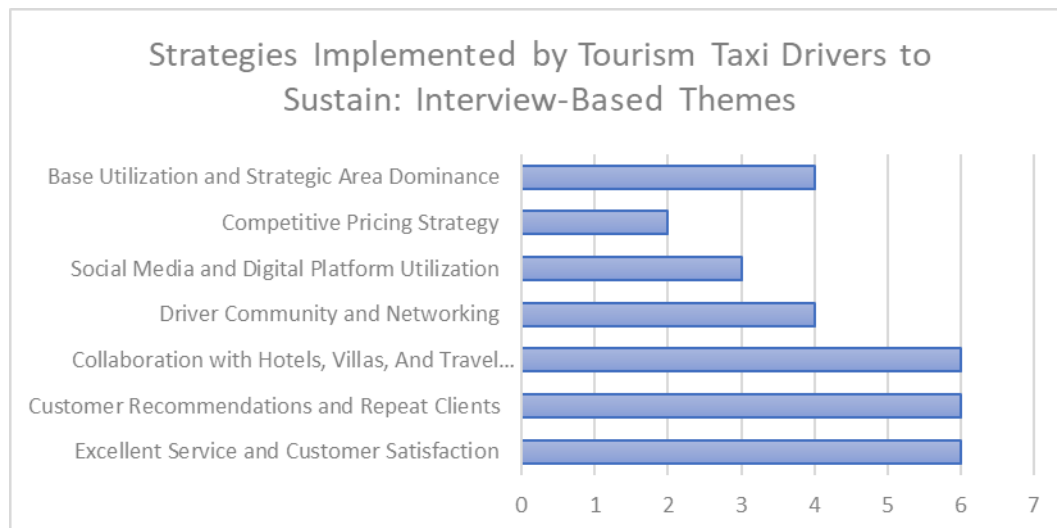


Figure 4. Bar Chart of Interview Themes: Survival Strategies by Tourist Taxi Drivers
[Source: Data Processed, 2025]

From thematic analysis, seven main strategies emerged. The most dominant theme was Excellent Service and Customer Satisfaction, cited by six informants. Drivers consistently emphasized that prioritizing service quality, vehicle cleanliness, and personal grooming is a key differentiator that helps them retain loyal customers. As one explained, “More to prioritizing service, cleanliness, and grooming.” This strategy reflects Herzberg’s Motivation Theory (Wahjono, 2023), which highlights recognition and responsibility as motivators that enhance job satisfaction beyond monetary rewards.

The second most frequently mentioned theme was Customer Recommendations and Repeat Clients, also cited by six informants. Drivers rely on satisfied guests as “free marketers” who generate repeat bookings and referrals. “Still relying on recommendations from previous guests,” noted one informant. This underscores the role of interpersonal trust and word-of-mouth in shaping drivers’ long-term sustainability, in line with Perception Theory (Sutrisno, 2015), where positive evaluations reinforce drivers’ professional value and strengthen their motivation to remain in the tourism sector.

A third dominant strategy was Collaboration with Hotels, Villas, and Travel Agents, also cited six times. By securing alliances with accommodation providers, drivers ensure a steady flow of passengers. One driver stated, “Collaborate with hotels and villas in this area.” This practice demonstrates the integration of transportation into the tourism supply chain, consistent with Martono (2021), who emphasizes that collaboration between transportation actors and the tourism industry enhances efficiency and consumer responsiveness.

Driver Community and Networking was another frequently cited theme (4 mentions). Drivers explained that participation in communities enables them to share passenger sources and exchange job information. One noted, “I join a driver community, there are many who give job info.” This illustrates how social capital and solidarity operate as survival mechanisms, replacing the impersonal algorithms of online taxi systems.

Similarly, Base Utilization and Strategic Area Dominance (4 mentions) represents drivers’ efforts to secure territorial control over high-demand locations. As one driver commented, “We have our own area, so that’s where we get the

passengers.” This reflects continuity of traditional systems while symbolizing resistance to algorithmic allocation of rides.

Other strategies included Social Media and Digital Platform Utilization (3 mentions), where some drivers have built their own websites or relied on guest recommendations via social media. “Eventually, I built my own website and rely on guests who recommend me via social media platforms,” said one informant. This demonstrates the proactive use of technology as a tool of empowerment rather than subordination (Gusminto & Yasin, 2023; Istianto, 2019).

Finally, Competitive Pricing Strategy was mentioned twice. Drivers admitted offering slightly lower fares to remain attractive but emphasized that their rates were never as low as those of online taxi apps. “Honestly, I often offer cheaper prices, but not as low as online taxis.” This reflects the application of compensation fairness principles (Simamora in Sutrisno, 2015), ensuring that pricing still aligns with perceived service value.

Overall, these findings reinforce the premise that adaptive strategies are not only economic but also cultural and professional. Tourist taxi drivers consciously integrate local cultural values, service excellence, and digital innovation to sustain their livelihoods, while resisting the online platform systems perceived as unfair. In line with Switching Intention Theory (Ajzen, 1991), their adaptive responses reflect both resistance to digital labor models and a reaffirmation of their professional identity within Bali’s traditional tourism ecosystem.

Phase 1 (Results of Quantitative Research)

Phase two of the research aims to examine the influence of perceived compensation fairness among online taxi drivers on their switching intention to become tourist taxi drivers in Bali. The independent variables in this study include external fairness (X_1), internal fairness (X_2), and individual fairness (X_3), developed from Simamora’s compensation fairness theory (Sutrisno, 2015). The dependent variable is switching intention (Y), which was operationalized using (Ajzen, 1991) Theory of Planned Behavior, encompassing attitudes toward switching, subjective norms, and perceived behavioral control.

Respondents in this phase were 45 online taxi drivers affiliated with Koperasi Serba Usaha (KSU) Sedana Murti, a legally established cooperative in Bali that manages online transportation services, primarily in collaboration with Gojek. Founded in 2014 as a cooperative following earlier organizational transformations, KSU Sedana Murti has since grown into one of the largest transportation cooperatives in Bali, with more than 2,300 registered members and around 200 active drivers daily. The cooperative provides a range of services including ASK (Special Rental Transport) license processing, driver registration and administration, emergency rescue services, solidarity funds, skills development programs, and partnerships with local tourism destinations. Its Denpasar unit, located at Jl. Pulau Misol No. 100, serves as the main operational hub and was chosen as the research site due to its central role in licensing, partner support, and member coordination.

Data for this phase were collected through structured questionnaires that were designed based on the qualitative findings in the first phase. The qualitative indicators identified earlier were operationalized into Likert-scale items to capture perceptions of external, internal, and individual fairness, as well as switching intention.



Figure 5. KSU Sedana Murti Business Unit Office
[Source: Megano, 2025]

Prior to the main survey, the instrument underwent validity and reliability testing. All items demonstrated validity, with corrected item–total correlation values exceeding the *r*-table threshold. and reliability, with Cronbach's Alpha values ranging from 0.741 to 0.802, indicating good internal consistency (Sekaran in Nugroho & Haritanto, 2022) These results confirm that the questionnaire was suitable for the main research data collection process.

To ensure the appropriateness of the regression model, classical assumption tests were also conducted. The Kolmogorov–Smirnov test confirmed normality (Sig. = 0.070 > 0.05), scatterplot analysis indicated the absence of heteroskedasticity, and VIF values for all independent variables were below 2.05, suggesting no multicollinearity. The ANOVA F-test showed a significant linear relationship between the independent and dependent variables ($p < 0.05$), while the Durbin–Watson statistic of 1.732 fell within the acceptable range (1.5–2.5), indicating no autocorrelation. Collectively, these tests demonstrate that the regression model satisfies the key assumptions required for multiple linear regression analysis.

With the instrument validated and the regression assumptions met, the data were considered ready for hypothesis testing using multiple linear regression. The subsequent section presents the results of the regression analysis, examining the partial and simultaneous influence of compensation fairness dimensions on the switching intention of online taxi drivers to tourist taxi services in Bali.

The multiple linear regression analysis was conducted to determine the simultaneous effect of the three independent variables—external fairness (X_1), internal fairness (X_2), and individual fairness (X_3)—on the dependent variable, namely switching intention (Y), or the intention of online taxi drivers to switch to conventional tourist taxis. The regression model used in this study is expressed as follows:

$$Y = b_0 + b_1X_1 + b_2X_2 + b_3X_3 + \varepsilon$$

Based on data processing using SPSS, the following regression equation was

obtained:

$$Y = 1,403 + 0,267X_1 + 0,304X_2 + 0,432X_3$$

The constant value of 1.403 indicates the switching intention score when all three compensation fairness variables are assumed to be zero. The coefficient of external fairness (X_1) is 0.267, meaning that every one-unit increase in perceived external fairness raises switching intention by 0.267 units, assuming other variables remain constant. Likewise, internal fairness (X_2) with a coefficient of 0.304 and individual fairness (X_3) with a coefficient of 0.432 also show positive effects, demonstrating that all fairness dimensions contribute positively to switching intention.

The strength of the regression model is reinforced by the coefficient of determination (Adjusted R^2), which reached 0.907. This indicates that 90.7% of the variation in switching intention can be explained by the three independent variables, while the remaining 9.3% is attributed to other factors outside the model. Theoretically, such a high Adjusted R^2 is consistent with the convergence between qualitative and quantitative findings: nearly all complaints voiced by drivers in interviews and FGDs were rooted in issues of compensation fairness. Themes such as Low Income, Mismatch between Effort and Outcome, Unfair Fare Determination System, Excessive Commission Cuts, Lack of Welfare Guarantee, Lack of System Transparency, Income Instability, and Unrealistic Bonus Targets were all directly aligned with the three fairness dimensions. This overlap explains why the model statistically accounts for such a high percentage of variance, validating the robustness of the regression output.

Hypothesis testing further supports these findings. The t-test results demonstrate that all three fairness dimensions have a significant partial effect on switching intention, as each variable's significance value was below 0.05. External fairness (X_1) recorded a t-value of 6.019 ($p = 0.000$), confirming that discrepancies between platform earnings and market-based earnings strongly influence drivers' desire to switch. This is in line with Simamora's compensation fairness theory (Sutrisno, 2015), which emphasizes that compensation must reflect external labor market standards, and with Ahmed *et al.* (2021), who found that income uncertainty in digital platforms drives switching intention. Internal fairness (X_2), with a t-value of 5.197 ($p = 0.000$), highlights drivers' dissatisfaction with commission deductions, order allocation, and incentive schemes—findings consistent with Simamora's view that fairness within an organization requires transparent and proportional distribution of compensation. Meanwhile, individual fairness (X_3) emerged as the most dominant factor, with a t-value of 10.529 ($p = 0.000$) and the largest coefficient ($\beta = 0.432$), underscoring that personal perceptions of adequacy—whether income can support family needs and operational costs—play the strongest role. This supports Adams's Equity Theory (Wahjono, 2023) and resonates with Palacios *et al.* (2022), who identified income sufficiency and stability as central to workers' switching intention.

The F-test results ($F = 144.539$, $p = 0.000$) indicate that external fairness, internal fairness, and individual fairness jointly exert a significant influence on switching intention. This collective significance highlights that compensation fairness cannot be understood in isolation: drivers' switching decisions are shaped simultaneously by comparisons to external market income, fairness within the platform system, and their own personal evaluations of adequacy. Within Ajzen's Theory of Planned Behavior (1991), these negative fairness perceptions shape attitudes toward platform work, reinforce subjective norms regarding the desirability of tourist taxi jobs, and enhance

perceived behavioral control, all of which translate into stronger switching intention.

Taken together, the results reveal a clear pattern: compensation fairness is the dominant determinant of drivers' occupational choices. The extremely high Adjusted R^2 reflects how strongly these fairness dimensions capture the drivers' lived experiences and decision-making rationales. Qualitative findings confirmed that many drivers deliberately prioritize offline passengers, limit their reliance on the platform, and adopt tourist taxi service models that emphasize personalized service, higher-value customers, and cultural identity. The regression results statistically substantiate these qualitative observations, demonstrating that perceptions of fairness are not only theoretical constructs but practical forces driving strategic adaptation and labor migration within Bali's tourism transport sector.

Compensation Fairness Applied Model

The final objective of this study was to design an applied model of compensation fairness that could explain and enhance the switching intention of KSU Sedana Murti online taxi drivers toward becoming tourist taxi drivers in Bali. To achieve this, the Compensation Fairness Applied Model (CFAM) was developed through an integrative process combining findings from FGDs, in-depth interviews, and quantitative analysis.

FGD results revealed that compensation fairness was the fundamental issue underlying disparities between online and tourist taxi drivers, with external and internal fairness as the main concerns. In-depth interviews further identified drivers' motivations, perceptions of fairness, and survival strategies, which shaped the CFAM structure. Quantitative findings reinforced these insights, showing that external fairness (X_1), internal fairness (X_2), and individual fairness (X_3) significantly influence switching intention (Adjusted $R^2 = 0.907$; $F = 144.539$; $p = 0.000$).

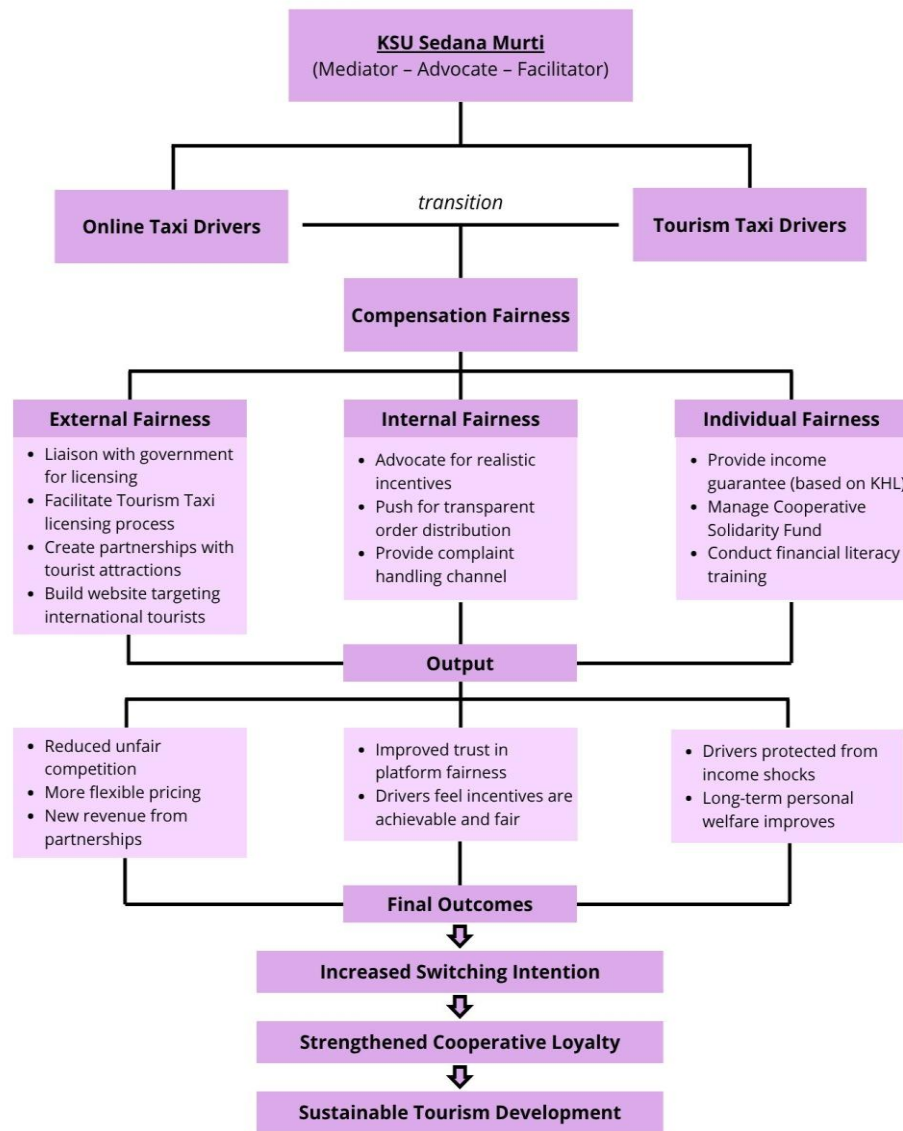


Figure 6. Compensation Fairness Applied Model (CFAM)
[Source: Megano, 2025]

Based on these findings, the CFAM framework was designed as follows:

1. **External Fairness:** KSU Sedana Murti acts as liaison with government for licensing, facilitates the transition process, builds partnerships with tourist destinations, and develops a cooperative website targeting international tourists. This is expected to reduce unfair competition, allow more flexible pricing, and create new income sources.
2. **Internal Fairness:** The cooperative advocates for realistic incentives, transparent order distribution, and a grievance mechanism. These measures aim to improve driver trust in platform fairness and ensure incentives are perceived as achievable.
3. **Individual Fairness:** The cooperative provides income guarantees based on Bali's Kebutuhan Hidup Layak (KHL), manages a Cooperative Solidarity Fund, and organizes financial literacy training. These initiatives protect drivers from income shocks and improve long-term welfare.

Overall, CFAM positions KSU Sedana Murti as mediator, advocate, and

facilitator in creating a fair, transparent, and sustainable compensation system. The model specifically empowers the cooperative to establish a fair and practical framework that not only increases the switching intention of online taxi drivers to become tourist taxi drivers, but also ensures that members continue to receive tangible benefits from the cooperative even after transitioning away from the online platform. In doing so, CFAM provides a dual function: strengthening cooperative loyalty through meaningful incentives and welfare protections, while simultaneously contributing to the sustainability of Bali's tourism transportation sector. Thus, this model supports sustainable tourism development in Bali by integrating compensation fairness with cooperative-based resilience, ensuring both economic security for drivers and long-term stability for the industry.

CONCLUSION

This study employed a mixed-method exploratory sequential design to investigate the influence of compensation fairness on the switching intention of KSU Sedana Murti online taxi drivers to become tourist taxi drivers in Bali. The qualitative phase, conducted through FGDs and in-depth interviews, revealed that drivers' decisions are strongly shaped by perceptions of external fairness (absence of platform deductions and competitive fares), internal fairness (transparent and balanced operational systems), and individual fairness (income adequacy to meet personal and family needs). Additional non-financial aspects such as guest relationships, work comfort, and professional pride further reinforce their preference for remaining in the tourist taxi system.

The quantitative phase confirmed that compensation fairness has a significant impact on switching intention. Multiple regression analysis showed that external fairness, internal fairness, and individual fairness jointly explain 90.7% of the variation in switching intention (Adjusted $R^2 = 0.907$). All three variables demonstrated significant effects, with individual fairness emerging as the most dominant predictor. This result highlights that drivers' personal assessment of income adequacy is the most decisive factor in motivating them to shift away from online taxi platforms.

Theoretically, these findings strengthen the relevance of Compensation Fairness Theory and Switching Intention Theory within the framework of the Theory of Planned Behavior. The three fairness dimensions play complementary roles in shaping drivers' attitudes, subjective norms, and perceived behavioral control that underpin switching decisions. The integration of qualitative and quantitative evidence also underscores that issues of unfair compensation—such as commission cuts, unrealistic incentives, and lack of welfare guarantees—are central drivers of occupational choices in Bali's tourism transport sector.

Practically, the research developed the Compensation Fairness Applied Model (CFAM) as a cooperative-based framework to facilitate a fairer and more sustainable transition for online taxi drivers toward the tourist taxi sector. The CFAM addresses external fairness through regulatory advocacy and tourism partnerships, internal fairness through transparent incentive and grievance systems, and individual fairness through income protection schemes and financial literacy initiatives. By positioning KSU Sedana Murti as mediator, advocate, and facilitator, the model provides a pathway to strengthen cooperative loyalty, improve welfare protection, and support the sustainability of Bali's tourism transport ecosystem.

In conclusion, this study confirms that compensation fairness is a critical determinant of switching intention and that community-based strategies can serve as effective alternatives to digital platform dependency. While compensation fairness explains the majority of variation in switching intention, future research should also examine psychosocial and structural factors such as family pressure, job security, and professional identity to enrich the analysis. Overall, the study contributes both theoretical insights and practical solutions, offering policy relevance for cooperatives, government agencies, and tourism stakeholders in developing a fair, transparent, and sustainable transportation system in Bali.

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