
Integrity Issue on Grab Drivers' Fraud Phenomenon

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ABSTRACT

Recent development of technology undeniably and rapidly goes into orbit. Internet technology turns out to be a media to simplify anyone's work. Along with its developments and the service industry revolutions, a new breakthrough has emerged, namely smartphone app-based ride-hailing services. This eliminates the problems existing in conventional services, such as the difficulty of finding rates, uncertain rates and passenger safety guarantee. This study aims to describe the fraud committed by the Grab drivers and its impact for the drivers and Grab, and how to overcome it. This study uses qualitative research with a phenomenological approach. The object of this research is Grab drivers in Malang. The data used are primary and secondary data obtained through interviews, Application screenshots, and news items. The results of this study indicate that there are some frauds committed by Grab drivers such as (1) fictitious orders, (2) account sales, (3) account leases. To anticipate it, Grab has initiated a program namely "Grab Lawan Opik". One of Grabs internal controls is the selfie verification used to reduce account sales and leases.

Keywords: Fraud, Grab, Internal Control, Online Transportation, Opportunities

INTRODUCTION

The development of technology recently undeniably and rapidly goes into orbit. People are competing to innovate and utilize these developments to create something with economic value (Ismail, 2016). Internet technology turns out to be a media to simplify anyone's work. This is due to the internet is able to address problems such as distance, time and cost. The internet has not only changed the way it deals but make significant developments in various sectors, one of which is in the transportation sector.

Along with its developments and the service industry revolutions, a new breakthrough has emerged, namely smartphone app-based ride-hailing service applications. The PT Go-Jek Indonesia, Grab, and Uber are some companies providing such kind of service. Their apps eliminate the problems existing in conventional services, such as the difficulty of finding rates, uncertain rates and passenger safety guarantee. The online transportation business grows rapidly along with increasing people's interest in doing many things as quickly and efficiently as possible.

Graph 1.1 2019's Grab and Go-Jek Market Segment in Indonesia in



Source: ABI Research, 2019

The online transportation business competition in Indonesia is much more severe. A survey conducted by ABI Research about online transportation company competition portrays Go-Jek users are 35% while Grab's are 75%. Grab surpasses Go-Jek since it focused on providing services for daily needs, known as SuperApp. It is Grab's success in leading the market and becoming a SuperApp able to capture a large volume of public demand besides transportation. In this industrial revolution 4.0, the size of a company is not a passport to success, however its agility to quickly achieve accomplishment (Caesarini, 2017). One way to compete in this service industry, in addition to security guarantees and providing good services, is the internal company control.

The presence of Grab in Indonesia has opened up large employment opportunities for the community by being Grab's partners. This brings a positive impact on the economic growth. Grab commits to investing US \$ 700 million in the government until 2020 to stimulates employment (liputan6.com, 2017), and prioritizes the welfare of employees and driverpartners. In addition, Grab has launced Top Partner Program, a program used for a tribute to the drivers who meet the specified requirements (www.grab.com, 2017). Currently, the amount the drivers are increasing over the years tightening competition among the drivers. The government has limited the numbers due to their unfair competition (Tribunnews.com, 2018). Fraud is one of the ways the drivers commit to get more income due to that intense competition. They call this "tuyul". Tuyul refers any fraud or trickeries they commit to pursuit gains that will lead to massive bonuses of the day. One of them is fictitious orders. These are orders in which the drivers pretend to be passengers at the same time. Using two different smartphones with different accounts, they fake the orders. These fictitious orders arise as a result of competition among the drivers and their efforts to get bonuses. In addition to fictitious orders, other trickeries are committed not only by the drivers, customers but also other parties. Fraud Triangle Theory states that there are three things making someone commits fraud i.e. pressure, opportunity, and rationalization (Cressey, 1950). In this case viz the drivers get the opportunity to commit a fraud because of the lack of internal control within the company.

One of the cases highlighted by the media was the Jakarta Metropolitan Police had arrested 12 suspects proven to have committed fictitious orders by manipulating the GPS location and the app (merdeka.com, 2018). Committing those fictitious orders, the accomplices are able to reap up to 20 million rupiahs per month. The numerous fictitious orders make the company suffered such great losses that the management needs to anticipate. Grab Indonesia Management has introduced the "Grab Lawan Opik" comprising systems to detect risks and various frauds including in fictitious orders (Kompas.com, 2018). The systems work by tracking fictitious orders using a risk and fraud detection system developed in six research centers in Asia.

Literature Review

Someone could commit fraud by three things, namely pressure, opportunity, and rationalization (Cressey, 1950).

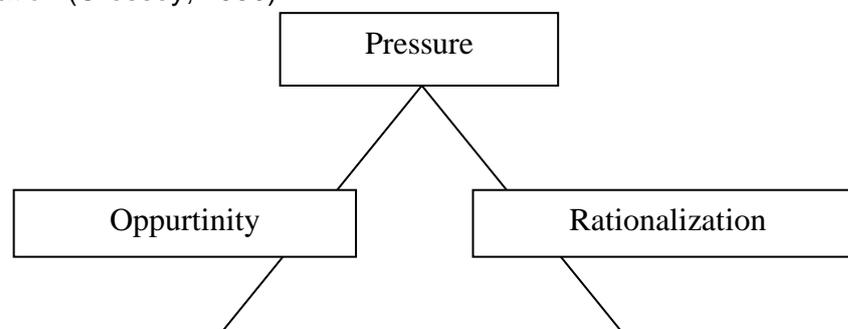


Figure 2.1 Fraud Triangle
Source: Cressey, 1950

Internal control can be defined into two types in a strict and broader sense. In the strict sense, it is akin to internal check which is a mechanical procedure for checking the administrative data accuracy (Alfinovita and Sukoharsono, 2013). In a broader sense, according to Halim A. (2015: 207) in the Professional Standards of Public Accountant SA 319, it is a process carried out by the board of commissioners, management, and other personnel of entities that are designed to provide adequate confidence about achievement of the following three categories of objectives: reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. These conclude that the internal control can be effectively used to protect company assets against fraud and prevent it committed by parties within or outside the company.

According to Karyono (2013: 44), fraud is an act of deviating and breaking the law intentionally committed with the intention to obtain personal/group benefits and result in detrimental to other parties. Fraud in the business environment has a more specific meaning. Fraud is the intentional fraud, misuse of company assets, or manipulating financial data for the benefit of the culprit. Meanwhile, Albrecht et al. (2012) defines fraud as a generic term, and encompasses all the intelligence that humans can design, used by an individual, to gain more advantage with false information. There are no fixed definitions and regulations that can generally explain the proportions in the definition of fraud, due to shock, deception, intelligence and other unjust comprises within.

Transportation is a means of supporting people's lives and as a basis for growth in a country. According to Salim (2016: 6) transportation is the activity of moving goods, cargo and passengers from one place to another. Aminah (2010) explains that transportation is a major component in life and living, government systems, and other systems.

RESEARCH METHOD

This study uses a qualitative research method. According to Creswell (2009: 4), a qualitative research is a method to explore and understand the meaning by a number of individuals, or groups of people as being derived from social or humanitarian problems. The type of research used in this study is the transcendental phenomenology. Phenomenology basically holds that what appears on the surface, including in everyday human behavior is only a symptom or phenomenon of what is hidden in the "head" of the perpetrator (Bungin, 2017: 44). The object of this research is Grab drivers in Malang. The data used are primary and secondary data obtained through interviews, application screenshots, and news items.

RESULTS AND DISCUSSION

Profile of PT. Grab Indonesia

Grab was founded to accommodate complaints from Southeast Asian people about the difficulty of getting a taxi when they need. Grab as previously known as GrabTaxi is a Singapore-based company founded by Antony Tan. It is an application that serves online transportation and is available in six Southeast Asia namely Malaysia, Singapore, Thailand, Vietnam, Indonesia and the Philippines. Grab was a taxi booking application in 2012, which then developed its product platform including a car rental and ride-hailing services. Grab services are aimed to provide an alternative experience for the drivers and passengers, that emphasize speed, safety and certainty.

Fraud Committed on GrabBike and GrabCar.

There are many cheats committed by GrabBike and GrabCar drivers. This is generally committed to get multiple benefits and bonuses or incentives of the day. The urge is the desire to more easily and practically make money. The trickeries are as follows:

Ordinary Fictitious Orders

Many drivers make a fictitious order causing a great loss for Grab. Committing these orders, the drivers can make a large amount of money up to millions of rupiah derived from daily bonus incentives. The drivers used another different smartphone used to order Grab services as a passenger, a fake passenger.

GrabFood Fictitious Orders

In addition to fictitious orders the drivers commit other frauds, such as service GrabFood fictitious orders. The drivers manipulate GrabFood order by using a fake food sales receipt shown for the completion of the GrabFood orders. Although GrabFood orders are completed, the food or drink is not delivered to the customers and the restaurant does not receive any profits. This will result in undermining the customer's trust.

The Use of Illegal Applications to Manipulate the System

merdeka.com have published "GrabCar drivers do fictitious orders, get Rp. 20 million a month" news. The case is an evidence of a fictitious order committed by the drivers manipulating the existing systems of the application. They manipulated Global Positioning System (GPS) enabling them to be in any location they want.

Grab Accounts Trade

This is one of the frauds often committed by the drivers. It is easily found in online social media forum like Facebook. It is initiated when drivers with suspended or removed personal accounts are looking for other drivers' account to be reemployed as Grab drivers.

Fraud Committed by GrabFood Customers and Partners

Based on the data, customers can commit fraud by making fictitious orders. This could unsettle the drivers. The irresponsible customers ordered a GrabBike service or another, however in the middle of the completion, the driver cannot contact the customers. The drivers have bought the food requested by the customer. However, when delivered to the given address, they cannot be reached. The wronged parties are the drivers and the company as well, since the customers have not paid for the order.

GrabFood partners or restaurants are one of the parties often disadvantaged in the online transportation business on the Grab application. In addition to many benefits gained after becoming GrabFood partners such as restaurant income and popularity increasingly rising, there is a certain risk as well. Based on the results of the interview, GrabFood partners are vulnerable to being deceived. Fictitious GrabFood orders conducting by making fake orders are extremely harmful for the restaurants. By faking a receipt, they complete the orders, though the driver do not actually purchase the orders. GrabFood partners are disadvantaged since they continue to pay monthly bills.

Fraud Committed by The Company

Not only committed by the drivers or customers, but also the company is also at risk for committing fraud. A number of driver complaints on company's policy is one of the things that needs further review if it is considered unjust. The incentive system, one of the systems in Grab applications, is not a fixed system and can be changeable with no agreement between the drivers and Grab. This leads to drivers' complaint since sometimes the amount of incentives or bonuses is reduced. The drivers never get a response from the Grab company, as a result there are a lot of Grab drivers' off-pit or strikes in Malang. In addition to unclear incentive changes, another complaint is about the length of the disbursement incentive process.

Fraud Impact

The amount of tricker occurring in the Grab application makes the parties concerned i.e. the drivers, customers, partners GrabFood, and the company suffer certain disadvantages. One of the most common frauds is fictitious orders. Fictitious order committed by Grab drivers is very detrimental to the company. In accordance with the online news entitled "Fictitious Orders Cost Grab 6 billion rupiahs" published on republika.co.id, Grab suffered a significant loss merely due to a handful of people made such fictitious orders that there are a lot to do to anticipate.

GrabBike and GrabCar drivers make fictitious orders with the purpose of several reasons. One reason is to pursue the target or meet minimum point of the day to get daily incentives. The incentives or bonuses are the main goal for them since the amount of money will be received after the minimum revenue completion. They commit this as their number of trips completed is less than the target set. For example, if it takes three more trips to complete the daily target, the drivers make fictitious orders to reach the minimum points required to get the incentives.

Anticipation of Fraud

Ethics and regulations for the driver must be obeyed and must not be breached. Grab are entitled to suspend or temporarily deactivate the drivers' accounts violating the provisions. Fictitious orders are one of the company's prohibitions. On the contrary, the drivers commit them to get daily incentives.

Solutions

Improving the system for receiving and confirming orders

Drivers can only accept orders if they are within a certain distance at the specified location. To be clear, the drivers can receive orders with a distance of approximately 3 kilometers from the driver recent location. This method aims to reduce usage fake GPS.

Improving Program Performance in Anticipation of Fictitious Orders

"Grab Lawan Opik" program have run well, proven with the reduction in fraud committed by the drivers. However, there are, still up to this point, a lot of drivers faking orders. In Malang there are still some drivers committing fictitious orders to get daily incentives.

Giving Urgent Attention to The Driver, Customers and Partners Complaints

Drivers are important element in the Grab company since they are the main source of company's income. Fictitious orders occur because of a desire and an opportunity to obtain profits for themselves. The management needs to pay close attention to simple-hearted drivers by giving them rewards. In addition, they need to listen to the driver's feedback and concerns. Just behavior or treatment for the drivers and company's policies must be firmly enforced to reduce their dissatisfaction.

CONCLUSIONS

The main conclusions that can be drawn are as follows:

1. PT. Grab Indonesia is an online transportation company that is rapidly growing with huge number of drivers. Grab naturally occurs in Malang, in which many newcomers provide the company great number of drivers. This teeming numbers of drivers create unhealthy competition among them leading to frauds for their own benefit, that is to say, fictitious orders, account trading, and leases. Fake GPS previously used to manipulate the drivers' recent location was lately blocked. Grab has developed the application by displaying drivers' real time position on its GPS. Fictitious orders, account sales, and leases remain occur even though Grab has implemented a selfie verification system. The drivers complain about the unsettled incentives and the selfie verification not daily applied make those three remain exist.

2. The fraud happens because of the pressure, opportunity, and rationalization. Those are very detrimental to some parties. The company suffers great non-material and material losses, such as loss of customer trust. As a result, Grab require more trips for the drivers to complete, due to the trickeries. Accounts trade and lease disadvantage the drivers, leading to more intense unhealthy competition and the ignorance to applicable regulations.
3. Grab has taken several steps to anticipate the fraud, one of which is "Grab Lawan Opik" coming up with a machine learning algorithm. This system can detect fraudulent activities. In addition, Grab make compensations for losses due to fictitious orders committed by the customers.

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