JRSSEM 2025, Vol. 5, No. 2
E-ISSN: 2807 - 6311, P-ISSN: 2807 - 6494

The Influence of e-Servqual and Financial Compensation on Driver Loyalty with Satisfaction as a Mediator

Benni Ahdiyana Pamungkas, Cristian Hadi Pranata
LSPR Institute of Communication and Business, Indonesia
Email: benni.ap@lspr.edu, pranatah623@gmail.com

Abstract. Driver loyalty is a critical factor in sustaining the growth and competitive advantage of ride-hailing companies. Despite its importance, research on the determinants of driver loyalty in Indonesia remains limited, particularly concerning the roles of driver satisfaction, financial compensation, and service quality in a digital environment. This study aims to examine (1) the effect of driver satisfaction on loyalty and (2) the influence of financial compensation and *e-Servqual* on driver satisfaction. Adopting a positivist paradigm with a hypothetical-deductive approach, this research employs a quantitative method using a cross-sectional survey. A total of 178 drivers were selected through non-probability purposive sampling. Data were analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM). The results indicate that both financial compensation and *e-Servqual* positively and significantly affect driver satisfaction, which in turn has a significant positive impact on driver loyalty. These findings highlight the necessity for ride-hailing companies to improve both monetary incentives and digital service quality to enhance driver satisfaction and loyalty. The study provides practical implications for management strategies and contributes to filling the research gap in Indonesia's ride-hailing sector.

Keywords: *Driver; Loyalty; Satisfaction; e-Servqual; Financial Compensation*

INTRODUCTION

Industry ride-hailing consists of companies offering transportation services *on demand* using a mobile app or web platform. Ride-hailing is a business concept within the *sharing economy* between vehicle owners and passengers booked through the application *online*. Service providers now not only offer passenger delivery services but also have expanded to food delivery services and even *digital payment*. Industry CAGR growth for ride-hailing is predicted to reach 6.83% in 2024–2028, with a total of 1.97 billion users globally (Muchlisin et al., 2024). Indonesia itself contributes significantly to the ride-hailing industry in Southeast Asia, with revenue of US$ 5.7 billion in 2019, expected to increase to US$ 18 billion by 2025 (Katili et al., 2024). Service users are generally higher in urban communities with dense transportation networks (Siddiq & Taylor, 2024).

The ride-hailing industry in Indonesia has developed since the emergence of Gojek in 2011. The following year, Grab appeared with the same concept in Indonesia. Both are now *super apps* in Indonesia's ride-hailing industry (Katili et al., 2024). Gojek (Indonesia) and Grab (Malaysia) were once among the 11 global unicorns from Southeast Asia—private start-ups

(*start-up*) with a valuation of US$ one billion. Both have now reached *decacorn* status, with valuations of US$ 14.9 billion (Grab) and US$ 12.5 billion (Gojek). Grab claims to have 183 million users and 2.8 million partner drivers, while Gojek stated it already has 170 million users with two million drivers (Chalermpong et al., 2023). A few years later, several other service providers entered the market, but some decided to leave Indonesia due to fierce competition.

Gojek must have the right strategy for the sustainability of its business in the long term by paying attention to its stakeholders. In accordance with the concept of stakeholder theory from Freeman in 1984, business people need to manage *valuable* relationships with stakeholders for the long-term sustainability of the company. Stakeholder theory is defined as a theory that considers, understands, and manages the needs, desires, and demands of all stakeholders (both internal and external). This theory emphasizes that companies should not only focus on the interests of shareholders in making decisions but should maximize value creation along with stakeholders and maintain long-term success and sustainability. Stakeholders are any entity (individual or group) that can influence or be influenced by an organization in an effort to achieve its goals (Mahajan et al., 2023). One of the primary stakeholders in the ride-hailing business is the driver-partner (*driver*).

The ride-hailing business model generally carries the concept of multisided platforms (MPs). A platform is the *interface* (interface) of a system that facilitates interaction between several parties, usually complementary parties (partners) and customers. MPs allow for direct interaction between two or more different entities related at one time (Soldiers, 2024). Gojek, in collaboration with drivers, creates *value co-creation* or shared value for users. Value co-creation is an integration of resources from many parties, where in its development it has even become a dynamic and networked ecosystem (Final, 2024). Ride-hailing service is a business with a triangle of actors: application providers (Gojek), service provider partners (Gojek drivers), and customers as end-users. Gojek's main role as a service provider is to facilitate the exchange of value between the customer and the driver through the application service (Aisyah et al., 2024). From the perspective of marketing orientation, this ride-hailing business model makes partners as well as customers who must be well served and satisfied, so that loyalty is created by Gojek.

The concept of loyalty began to be widely discussed after consumer behavior researchers outlined the concept of brand loyalty. Loyalty is considered a consistent behavioral response (purchase/use), expressed over time, by several decision-making units, to one or more alternative brands from a set of brands, and is a function of a psychological process (decision-making, evaluative) (Jacoby & Keyner, 1973). Loyalty is a strong commitment to buy or reuse a chosen product/service consistently in the future, despite situational influences and marketing efforts that have the potential to cause behavior change (Oliver, 1999).

There are at least three reasons why driver loyalty is important to note in the ride-hailing industry. First, referring to the concept of MPs, driver loyalty is needed to ensure co-creation of service between consumers, drivers, and Gojek still exists. Second, referring to drivers as primary stakeholders, drivers, just like employees, need to have high loyalty. Loyalty forms a commitment to responsibility for work, building positive working relationships, upholding the

company, and being willing to work longer (Candra, 2022). Loyalty to employees can motivate them to treat and provide the best service to consumers (Kurdi et al., 2020). This is necessary so that the services provided to consumers remain excellent and the business sustains and grows. Third, low loyalty encourages drivers to commit fraud. A survey shows that Gojek drivers commit the most fraud, including fictitious orders and the use of fake GPS, resulting in both material and non-material losses for the company (Azzahro et al., 2020). This is reinforced by the findings of Khoiriyyah & Setiawan (2024), which affirm that loyalty makes employees happy and is an effective strategy in preventing potential fraud.

Loyalty is a behavior in which human behavior and all its complexities are difficult to explain, so a theoretical approach is needed to discuss it (Stuart & Scott, 2021). The S-O-R theory was adopted in this study as a basic concept for the preparation of a research model framework that explains the relationship between each variable. Mehrabian and Russell in 1974 proposed the S-O-R (Stimulus-Organism-Response) as a concept that describes a person's behavior as a result of affection and internal cognition caused by their surroundings (Hochreiter et al., 2023). This theory simply proposes three main elements, namely environmental stimuli (stimulus), impact of cognition and internal affection (organism), and behavior (response). In this study, the response is loyal behavior, while the organism refers to driver satisfaction. The stimulus comprises financial compensation (Maknunah et al., 2024) and *e-Servqual* (Yuan et al., 2020). Financial compensation is included as a forming variable due to the primary motive of drivers joining for commercial reasons. This aligns with Social Exchange Theory (SET), which explains that social relations between stakeholders are formed and maintained because each party offers mutual benefits to each other over time (*reciprocity*). Gojek receives services and drivers earn income (compensation) for their services (Hernandez Marquina et al., 2024). The next variable is *e-Servqual* because Gojek, as an application company that provides transportation services, offers these services digitally. Santos explained that *e-Servqual* is a comprehensive measurement of digital quality and excellent electronic services (in Prasetya et al., 2023).

Previous studies have highlighted factors influencing driver satisfaction and loyalty in the ride-hailing industry. First, research by Kurdi, Azzahro, & Setiawan (2020) found that driver satisfaction is significantly influenced by financial compensation and digital service quality, which, in turn, affects loyalty to the company. However, this study examined digital services in general without specifying the components of *e-Servqual*, leaving a gap in understanding the specific dimensions of electronic service quality. Second, Khoiriyyah & Setiawan (2024) emphasized the importance of driver loyalty in reducing fraudulent behavior, but their study was largely descriptive and lacked an empirical analysis of the causal relationships between compensation, satisfaction, and driver loyalty using a structural model.

For this reason, this study aims to find out (1) whether there is an effect of satisfaction on driver loyalty, (2) whether financial compensation has an effect on driver satisfaction, and (3) whether *e-Servqual* has an effect on driver satisfaction. The benefits of this study include providing practical implications for Gojek management and other ride-hailing companies, offering strategies to enhance driver satisfaction and loyalty, maintain service quality, support

sustainable business growth, and reduce the risk of fraudulent behavior.

MATERIALS AND METHODS

The paradigm of this research is positivism. Each research variable is believed to be an objective reality, observable and quantitatively measured. The knowledge in this study was obtained through data collection using structured instruments and statistically analyzed to test the causality between variables. The researcher plays a neutral role and does not affect the research process or results. The research approach is hypothetical-deductive, which is a research approach related to the development and testing of hypotheses based on existing theories. The main goal of positivist inquiry is to verify causal relationships that ultimately lead to the prediction and control of a phenomenon, in this case, *loyalty driver* (Park et al., 2020). The research uses a quantitative method with an explanatory single cross-sectional study, i.e., research with the aim of describing something, usually a characteristic or function of a market, that collects information from each sample of population elements only once (Malhotra, Nunan & Birks, 2020).

The sampling in this study was collected using the non-probability sampling method. The sampling technique is purposive on the condition that the respondent is a driver partner who has joined for at least six months and is still or has been operating in Jakarta for the last six months. This is based on the statements of several drivers during the questionnaire trial, which indicated that generally new drivers have mastered the application well after six months of joining. The total sample was 178 respondents. This is in accordance with the minimum number of sample rules for models consisting of fewer than seven constructs with a minimum of three items each, requiring at least 150 samples (Hair et al., 2014).

Table 1 Operationalization Variables

Variable		No	Indicators
Financial Compensation		1	Gojek offers reasonable fair value
		2	In my opinion, the fare given by Gojek is fair
		3	Gojek offers a diverse incentive system
		4	Gojek incentive payment after closing points (Tupo) according to what should be received (e.g. order number per day)
E Servqual	Efficiency	5	The Gojek app makes it easier for me to find the information I need
		6	I can easily move from one menu to another on the Gojek application
		7	The Gojek app helped me complete all order activities quickly
		8	The information in this application is neatly arranged.
		9	Each application page does not need to load for a long time when opened
		10	In my opinion, the Gojek app is easy to use
		11	I can quickly log in to the Gojek app when needed.
		12	The menus or features in this application are neatly arranged

Variable		No	Indicators
	System Availability	13	The Gojek application can always be accessed at any time.
		14	The entire menu can be used immediately as soon as the app is activated
		15	I almost never encounter this app *error*
		16	While processing orders, the Gojek application still runs smoothly
	Fulfillment	17	Estimated pick-up or drop-off time is appropriate
		18	The difference in pick-up or drop-off time for passengers with the estimate given is still reasonable
		19	Incentives are sent immediately as soon as passengers have been delivered
		20	My balance immediately increased after completing the passenger delivery
		21	Every order I receive is real (not fictitious)
		22	The information is in accordance with the facts
		23	All the promises informed in the application are proven
	Privacy	24	The Gojek app keeps all my order information safe
		25	The Gojek app does not share my personal data with other parties
		26	My financial transaction information related to this app is secure
Satisfaction	Financial Compensation	27	The compensation system provided by Gojek is in line with my expectations
	E-ServQual	28	The Gojek application service system has met my expectations
	All	29	Overall, I am satisfied to be a Gojek partner
Loyalty	Future Use	30	Gojek remains my top choice as long as I am an ojol driver
		31	I have no plans to stop being a partner in the near future
		32	I wouldn't jump right away just because the incentives are higher elsewhere
	Recommendation	33	I recommend Gojek for ojol services to others
		34	I share positive things about Gojek with others
		35	If anyone wants to become an ojol driver, I would recommend Gojek

Source: Processed Researcher

The instrument of this research is a questionnaire divided into three parts. The first part consists of a screening statement regarding the requirements to be a respondent. Part two consists of statements measuring the operationalization of variables (Table 1) with a Likert scale. Referring to the formulation of the problem, this study made adjustments to several indicator statement items. This process was done by confirming in advance with multiple drivers (informally) to make them more relevant. Part three includes questions regarding

respondent profiles.

Data analysis techniques to answer all problem formulation questions used Structural Equation Modelling (SEM). SEM consists of two models: the measurement model, which confirms how the variables measured represent the construct, and the structural model, which shows how the constructs are associated with each other (Hair et al., 2014). PLS-SEM was chosen because it not only tests the relationships between constructs but also focuses on the model's predictive ability of the construct.

Hypothesis

The purpose of the research was obtained through hypothesis testing. Loyalty, as a behavior, has been shown in many previous studies to be influenced by satisfaction. Satisfaction is a person's level of cognition and affection for the stimulus they feel. Satisfaction is the result of a rational (cognitive) comparison between expectations and what is received, involving one's feelings (affective) (López-Mosquera & Sánchez, 2014). Research by Nguyen-Phuoc et al. (2020) proved that satisfaction was the variable that most affects consumer loyalty to taxi online services in Vietnam (47%). Research by Nastiti et al. (2023) proved that Gojek consumer loyalty is influenced by customer satisfaction. Research by Kuswanto et al. (2020) shows that customer satisfaction with the *sharing rides* service in Indonesia has been proven to affect consumer loyalty. Research by Azzahro et al. (2020) more specifically proves that satisfaction has a strong influence on driver loyalty. For this reason, the first research hypothesis is as follows:

H01: No effect of satisfaction on Gojek driver loyalty.

Compensation is remuneration determined by the company based on principles of fairness. This system of retribution is generally known in advance by workers or employees. Compensation is divided into two, namely financial and non-financial (Rosyidah et al., 2023). Financial compensation consists of direct compensation (basic salary, bonuses, incentives) and indirect compensation (insurance). Non-financial compensation is not related to money, for example, career path and annual leave. This study only included financial compensation because it has been proven to increase satisfaction among drivers as partners (non-employees) who need a direct payment system in the form of money that is simple and fair. Research by Maknunah et al. (2024) proves financial compensation significantly affects the satisfaction of Grab drivers in Tulung Agung. Another study showed that 19.1% of Gojek drivers' job satisfaction is due to the effect of compensation (Bouta & Wulansari, 2020). Compensation is strongly related to drivers' desire to stay or leave the company and causes high turnover (Wygal et al., 2021). For this reason, the second hypothesis in this study is:

H02: No effect of financial compensation on Gojek driver satisfaction.

The concept of *e-Servqual* is a follow-up theory of service quality that describes the quality of services delivered through electronic services (*online*). All measurements of services offered in digital businesses, such as Gojek, can be evaluated through *e-Servqual*. Parasuraman et al. (2005) explain that there are four dimensions of *e-Servqual* measurement: Efficiency, Fulfillment, System Availability, and Privacy. Efficiency is the speed and ease of access of the application, such as whether the application is easy to use and has good navigation. Fulfillment

is interpreted as the extent of the service promise in an application, such as the commitment to providing the required features. System Availability is the level of performance of an application to function properly; for example, the application is able to provide proper navigation. Privacy is the level of security of user data, such as an application maintaining data confidentiality of drivers. Research by Rita et al. (2019) proves that overall *e-Servqual* can affect consumer satisfaction in online shopping. Other research shows that *e-Servqual* significantly influences *e-satisfaction* (Agritika et al., 2024). The *e-Servqual* model in this study is modeled as a second-order construct as tested by Parasuraman et al. (2005), which states that the dimensions of Efficiency, Fulfillment, System Availability, and Privacy can be used as reflective indicators of the *e-Servqual* construct. For this reason, the third hypothesis of this study is as follows:

H03: No effect of *e-Servqual* on Gojek driver satisfaction.

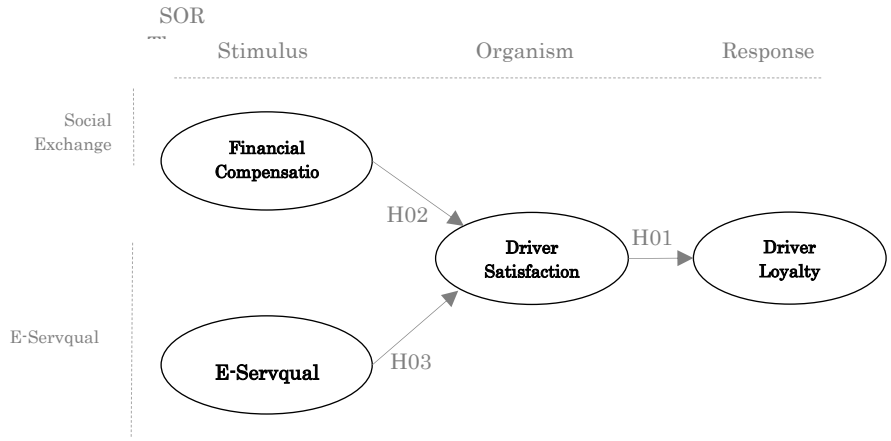

Figure 1 Research Model

Source: Processed Researcher

State of The Art

A systematic literature review (SLR) by Chalermpong et al. (2023) compiled articles from Dart, Google Scholar, SCOPUS, Web of Science, Science Direct, JSTOR, and Emerald Insight. The article search included peer-reviewed journals, conference papers, as well as unpublished literature including working papers, theses, and reports from the government and related institutions. Article data were obtained using several keywords such as "ride-hailing," "ride-sourcing," "transportation network companies," and even local languages such as *ojek* (Indonesian), *habal-habal* (Philippines), and *xe ôm* (Vietnam). The selected articles were published from 2016 to 2021. The SLR obtained 49 articles from six Southeast Asian countries (Indonesia 16.33%, the most) related to the discussion of ride-hailing.

Several articles specifically analyze the behavioral intentions of using ride-hailing apps, customer satisfaction, and loyalty, but there have not been many specifically discussing driver loyalty. The variable that forms satisfaction in the discussion of ride-hailing generally refers to service quality (*SERVQUAL*) from Parasuraman in 1988. The SLR study did not mention *e-*

Servqual as an antecedent, so the inclusion of this variable in this study is a novelty. The research by Parasuraman et al. unravels 22 items of indicators for the dimensions measuring consumer perception of *e-Servqual*. As far as the researchers' tracing goes, *e-Servqual* measurement items directly aimed at measuring the perception of electronic service quality from drivers have not been found. Since this study focused on driver loyalty, adjustments were made to create more relevant statement items.

The article that has the closest discussion to this research is a study by Azzahro et al. (2020). Their research measured Gojek driver loyalty with variables *Servqual* and partnership (antecedent variables) via satisfaction and trust (mediation variables). Although they have a similar perspective on relational aspects, this study differs from theirs. Gojek and drivers are essentially semi-contracted and asymmetrical. Contracts between the company and drivers are not based on formal contracts but through registration requirements contained in the *terms and conditions*, so the parties do not have the same bargaining power. Therefore, trust and partnership are considered less relevant because they seem more like measuring 'formal' business relationships than individual perceptions of Gojek drivers. This study uses *e-Servqual*, which is considered more relevant than previous research (*Servqual*) because Gojek's services for drivers are more related to (digital) applications. In addition, the inclusion of financial compensation is thought to be more relevant in forming driver satisfaction.

RESULTS & DISCUSSION

The respondents obtained in this study were 178 respondents (Table 2). Male respondents were the most (99.4%), then the most were >3 years to *Driver* (64.6%), daily income of IDR 100-250 thousand (32%) with an active duration or *Onbid* most > 8 hours of operation a day (63.5%).

Table 2 Respondent Profiles

Gender		**Man**	**Woman**
		177 (99.4%)	1 (0.6%)
Become a Driver	**< 1 year**	**1-3 years**	**>3 years**
	13 (7.3%)	50 (28.1%)	115 (64.6%)
Income (daily)	**<IDR 100 thousand**	**IDR 100-250 thousand**	**> IDR 250 thousand**
	17 (9.6%)	104 (58.4%)	57 (32%)
Onbid	**<5 hours**	**5-8 hours**	**>8 hours**
	10 (5.6%)	54 (30.3%)	113 (63.5%)

Source: Processed SPSS Output Researcher

Primary data collection is carried out in a *pencil and paper* which was directly filled in by the respondent himself (*self administrated*). To ensure the absence of *Common Method Bias* (CMB), test *Harman's Single Factor* Done. CMB is a systematic error that arises due to the use

of the same measurement method in measuring two or more constructs in a study. CMB needs to be identified because it results in inflation of 38-92% correlation between constructs and has an impact on hypothesis testing. This test is most commonly performed to identify the CMB at the beginning by incorporating all the main constructs into the factor analysis. CMB occurs when a single factor with a variance of >50% is found (Podsakoff et al., 2012). The results of the analysis of the main component factors show that the first factor only explains 37,991% of the total variance. This shows that CMB has a small chance of affecting the outcome.

Measurement Model

Test *convergent* and *Discriminate validity* At this stage, it is done to ensure that each item and variable is valid and reliable. In addition, a convergent validity test is carried out to ensure that each construct is formed from its indicators well where the score *Outer Loading* > 0.7 . Score *Loading* Shows some items are not included in the next process because they have a < score of 0.7. All variables are sufficient because they have a CR value of > 0.7 and AVE >0.5 (Hair et al., 2019) which means that all are valid and reliable. Full details can be found in the table below (Table 3).

Table 3 *Convergent Validity*

Items	Loading	Variable		CR	AVE
FC1	0.922	**Financial Compensation**		0.915	0.783
FC2	0.923				
FC3	0.804				
ESE1	0.736	**E-Servqual**	**Efficiency**	0.932	0.633
ESE2	0.788				
ESE3	0.832				
ESE4	0.852				
ESE5	0.789				
ESE6	0.821				
ESE7	0.726				
ESE8	0.812				
ESF1	0.761		**Fulfillment**	0.852	0.590
ESF2	0.803				
ESF6	0.741				
ESF7	0.766				
ESP1	0.867		**Privacy**	0.914	0.781
ESP2	0.883				
ESP3	0.901				
ESS1	0.765		**System Availability**	0.791	0.559
ESS2	0.753				
ESS3	0.724				
SFC1	0.856	**Satisfaction**		0.887	0.796
SFC2	0.928				
LTY1	0.803	**Loyalty**		0.930	0.690
LTY2	0.822				

LTY3	0.826
LTY4	0.871
LTY5	0.864
LTY6	0.797

Source: Processed from PLS SEM output

The *discriminative validity test* is carried out to evaluate the extent to which the construct is different from other constructs. All variables passed the test based on *their cross loading* scores (Table 3). For this reason, the next process is to conduct a hypothesis test with *structural model measurements* to answer the problem formulation.

Table 4 *Cross Loading*

	ESE	FC	LTY	ESP	STF	ESS	ESF
FC1	0.271	0.921	0.300	0.299	0.332	0.305	0.272
FC2	0.341	0.924	0.299	0.282	0.371	0.286	0.274
FC3	0.347	0.803	0.328	0.403	0.239	0.309	0.240
ESE1	0.747	0.452	0.381	0.514	0.282	0.520	0.357
ESE2	0.795	0.310	0.456	0.516	0.316	0.525	0.307
ESE3	0.828	0.334	0.486	0.495	0.394	0.501	0.370
ESE4	0.847	0.305	0.554	0.604	0.438	0.555	0.535
ESE4	0.847	0.305	0.554	0.604	0.438	0.555	0.535
ESE5	0.778	0.206	0.413	0.489	0.431	0.456	0.502
ESE5	0.778	0.206	0.413	0.489	0.431	0.456	0.502
ESE6	0.830	0.203	0.523	0.569	0.367	0.624	0.481
ESE6	0.830	0.203	0.523	0.569	0.367	0.624	0.481
ESE7	0.739	0.164	0.461	0.473	0.290	0.623	0.387
ESE8	0.801	0.324	0.569	0.567	0.501	0.699	0.564
ESE8	0.801	0.324	0.569	0.567	0.501	0.699	0.564
ESF1	0.414	0.187	0.330	0.362	0.522	0.411	0.819
ESF2	0.487	0.325	0.341	0.358	0.538	0.389	0.865
ESF3	0.467	0.217	0.475	0.474	0.326	0.431	0.777
ESP1	0.577	0.375	0.499	0.869	0.349	0.506	0.440
ESP1	0.577	0.375	0.499	0.869	0.349	0.506	0.440
ESP2	0.558	0.288	0.478	0.882	0.351	0.463	0.366
ESP2	0.558	0.288	0.478	0.882	0.351	0.463	0.366
ESP3	0.628	0.287	0.567	0.899	0.390	0.548	0.487
ESP3	0.628	0.287	0.567	0.899	0.390	0.548	0.487
ESS1	0.663	0.350	0.459	0.578	0.366	0.906	0.461
ESS1	0.663	0.350	0.459	0.578	0.366	0.906	0.461
ESS2	0.542	0.202	0.417	0.378	0.279	0.803	0.395
SFC1	0.300	0.291	0.335	0.289	0.847	0.240	0.440
SFC2	0.520	0.350	0.501	0.425	0.933	0.415	0.544
LTY1	0.533	0.294	0.803	0.568	0.425	0.436	0.443
LTY2	0.537	0.279	0.822	0.494	0.415	0.425	0.386
LTY3	0.460	0.200	0.826	0.364	0.425	0.344	0.408

	ESE	FC	LTY	ESP	STF	ESS	ESF
LTY4	0.531	0.351	0.871	0.503	0.361	0.457	0.405
LTY5	0.532	0.337	0.864	0.536	0.406	0.478	0.417
LTY6	0.431	0.259	0.797	0.443	0.365	0.415	0.270

Source: Processed from PLS SEM output

Structural Model

The hypothesis test showed all *p values* < 0.05 which means that all hypotheses ($H0_1$, H02 and H03) were rejected. This test proves that there is a direct positive influence. Satisfaction with Driver Loyalty as well as *Financial Compensation* and *e-Servqual* for Gojek *Driver* Satisfaction. In addition, *Financial Compensation* and *e-Servqual* are able to affect *driver loyalty* by mediating the Satisfaction variable (Table 4).

The *e-Servqual* construct has a very large R2 of 0.976. This shows that 97.6% of the variants can be explained by the dimensions of their formation. Construct Satisfaction and Loyalty has an $R^{of\,2}$ < 0.5 including the medium and low-medium categories. Loyalty is able to be explained by Satisfaction of 22.9% (R2 0.229). *Financial Compensation* and *e-Servqual* were able to explain Satisfaction of 29.8% (R2 0.298).

Table 5 *Structural Model*

DIRECT IMPACT				
	β	**T Statistics**	**P Values**	**Ket**
Satisfaction -> Loyalty	0.483	7.759	0.000	Valid
Financial Compensation -> Satisfaction	0.198	2.657	0.008	Valid
e-Servqual -> Satisfaction	0.440	6.861	0.000	Valid
Efficiency -> e-Servqual	0.494	17.716	0.000	Valid
Fulfillment -> e-Servqual	0.060	3.496	0.001	Valid
Privacy -> e-Servqual	0.444	19.844	0.000	Valid
System Availability -> e-Servqual	0.128	6.416	0.000	Valid
INDIRECT IMPACT				
	β	**T Statistics**	**P Values**	**Ket**
Financial Compensation -> Satisfaction-> Loyalty	0.096	2.693	0.007	Valid
e-Servqual -> Satisfaction -> Loyalty	0.213	4.288	0.000	Valid
Efficiency -> Satisfaction	0.217	6.206	0.000	Valid
Efficiency -> Loyalty	0.105	4.146	0.000	Valid
Fulfillment -> Satisfaction	0.026	3.155	0.002	Valid
Fulfillment -> Loyalty	0.013	2.728	0.007	Valid
Privacy -> Satisfaction	0.195	6.979	0.000	Valid
Privacy -> Loyalty	0.094	4.399	0.000	Valid
System Availability -> Satisfaction	0.056	5.022	0.000	Valid
System Availability -> Loyalty	0.027	3.806	0.000	Valid

Source: Processed from PLS SEM output

The *dimensions of Privacy* (f2 4.237) and *Efficiency* (f2 3.764) have the greatest effect in forming an e-Servqual with *an effect size* (f2) > 4. *System Availability* has a moderate effect (f2 0.316) while Fulfillment is the least (f2 0.097). *Financial Compensation* has a small effect on

Satisfaction (f2 0.048), *e-Servqual* has a moderate effect on Satisfaction (f2 0.237) and Satisfaction has a moderate effect on Loyalty (f2 0.305). The Q2 value for e-Servqual of 0.581 shows that the model has excellent predictive ability of the construct. Satisfaction (Q2 0.221) and Loyalty (Q2 0.156) showed moderate predictive relevance.

The results of the above study show that constructs built based on the theory of S-O-R and Social Exchange are proven to have strong empirical support in explaining Gojek driver loyalty in Indonesia. Driver satisfaction has been proven to be a variable mediator between Financial Compensation and e-Servqual on loyalty significantly.

Table 6 *Model Fit*

	f2		R2	Q2
Satisfaction > Loyalty	0.305	Loyalty	0.234	0.156
Financial Compensation ->Satisfaction	0.048			
e-Servqual-> Satisfaction	0.237			
Efficiency-> e-Servqual	3.764	Satisfaction	0.298	0.221
Privacy > e-Servqual	4.237			
System Availability	0.316	E-Servqual	0.976	0.581
Fulfillment	0.097			

Source: Processed from PLS SEM output

Total loyalty is influenced by satisfaction *Driver* by 23.4% with a medium-large contribution of securities (f^2 0.305) with a fairly good predictive ability of the model (Q^2 0.156). Satisfaction *Driver* Proven to be able to positively and significantly affect loyalty (β 0.483). This shows that there are still other variables that form loyalty beyond the satisfaction variable. The results of this study are in line with the findings of previous research (Nastiti et al., 2023; Nguyen-Phuoc et al., 2020; Azzahro et al., 2020).

Satisfaction has been shown to be positively influenced by *Financial Compensation* and *e-Servqual* in total of 29.8% with a considerable contribution of the effect of *e-Servqual* (f2 0.237) and is relatively small of *Financial Compensation* (f^2 0.048). *Financial Compensation* is the smallest variable that positively and significantly affects satisfaction (β 0.198). The results of this study are in line with previous research (Maknunah et al., 2024; Bouta & Wulansari, 2020; Wygal et al., 2021) which proves in the existence of influence *Financial Compensation* to satisfaction. From perspective *Social Exchange Theory*, compensation is part of '*Rewards*' that should have been obtained in a social interaction. *Driver* Considering compensation as something that is 'already supposed to be' is relatively not something emotionally satisfying.

Instead *e-Servqual* was shown to be positively and significantly to have a greater influence (f2 0.440), especially from *Efficiency* (β 0.494; f2 3.764) and *Privacy* (β 0.444; f2 4.237). The results of the study are in accordance with previous research (Parasuraman et al., 2005; Rita et al., 2019; Agritika et al., 2024) which proves that *e-Servqual* affect satisfaction. Variable *e-Servqual* Proven to affect perception *Driver* directly while working (*Stimulus*) and more satisfying experiences (*Organism*). *System availability* and *Fulfillment* affect *e-Servqual* positively and relatively little is suspected because there is a perception *Ride Hailing Apps Provider* Provide an application system that can be used as it should with all the promised provisions. Providers must still provide applications that are efficient in using and maintaining

personal data *Driver* well, including personal and transaction data.

CONCLUSION

The purpose of this study is to find out whether there is an effect of satisfaction on driver loyalty, and the effects of financial compensation and *e-Servqual* on driver satisfaction. In accordance with the S-O-R theory, the results show that there is a positive influence of satisfaction (organism) on driver loyalty (response). The findings provide evidence that financial compensation and *e-Servqual* (stimulus) positively and significantly affect driver (organism) satisfaction. Satisfaction in this study was also proven to mediate the effects of financial compensation and *e-Servqual* on driver loyalty. Further research should add other variables in shaping driver loyalty, such as community engagement. Findings in the field show a strong bond of solidarity between drivers that can allegedly form loyalty to Gojek. This research is limited only to *Go-Ride* services, excluding *Go-Car*, *Go-Food*, and others, so similar research can be conducted on these subjects. Managerially, Gojek needs to maintain the convenience and security of data from its applications so that drivers feel comfortable and safe when partnering with them.

REFERENCES

Agritika, D. F., Hartoyo, H., & Suharjo, B. (2024). The Effect of E-Service Quality Through Customer Satisfaction and Customer Trust on Customer Loyalty of Klikindomaret Users. *Indonesian Journal of Business and Entrepreneurship*, *10*(1), 203–213. https://doi.org/10.17358/ijbe.10.1.203

Azzahro, F., Adil, M.A., Fathurrahman, A., Sectianri, A.F., Halimah, N.L., Hidayanto, A.N., John, A.Y.L. (2020). *Examining GOJEK Drivers' Loyalty: The Influence of GOJEK's Partnership Mechanism and Service Quality*. *2020 5th International Conference on Informatics and Computing, ICIC 2020*. 5-9. 10.1109/ICIC50835.2020.9288612

Aisyah, M., Al Arif, M. N. R., Rahmawati, Y., & Ihsan, D. N. (2024). How collaborative consumption effect customer satisfaction and the ride-hailing drivers' psychological well-being in Indonesia. *Asia Pacific Management Review*, *29*. https://doi.org/10.1016/j.apmrv.2024.09.003

Bouta, C. W., & Wulansari, P. (2020). The Effect of Compensation and Motivation on the Job Satisfaction of Gojek Bandung Driver Partners. *E-Proceedings of Management*, *7*(2), 2385–2392.

Candra, A. (2022). The Influence of Compensation, Motivation and Professionalism on the Loyalty of PT Gojek Bandar Lampung Branch Drivers. *3*(2), 52–58.

Chalermpong, S., Kato, H., Thaithatkul, P., Ratanawaraha, A., Fillone, A., Hoang-Tung, N., & Jittrapirom, P. (2023). Ride-hailing applications in Southeast Asia: A literature review. *International Journal of Sustainable Transportation*, *17*(3), 298–318. https://doi.org/10.1080/15568318.2022.2032885

Hair, J. F., Black, W. C., Babin, B. J., & Anderson, R. E. (2014). *Multivariate Data Analysis* (7th ed.). Pearson Education Limited.

Hair, J. F., Black, W. C., Babin, B. J., & Anderson, R. E. (2019). *Multivariate Data Analysis* (8th ed.). Pearson Education Limited.

Hernandez Marquina, M. V., Le Dain, M. A., Joly, I., & Zwolinski, P. (2024). Exploring determinants of collaboration in circular supply chains: A social exchange theory

perspective. *Sustainable Production and Consumption*, *50*(March), 1–19. https://doi.org/10.1016/j.spc.2024.07.017

Hochreiter, V., Benedetto, C., & Loesch, M. (2023). The Stimulus-Organism-Response (S-O-R) Paradigm as a Guiding Principle in Environmental Psychology: Comparison of its Usage in Consumer Behavior and Organizational Culture and Leadership Theory. *Journal of Entrepreneurship and Business Development*, *3*(1), 7–16. https://doi.org/10.18775/jebd.31.5001

Jacoby, J., Kyner, D.B. (1973). Brand Loyalty Vs Repeat Purchasing Behavior. Journal of *Marketing Research*. 10(19)

Katili, F. A., Robby, F. A., & Handayani, P. W. (2024). The influence of the ride hailing apps loyalty program on customer loyalty: A case study in Indonesia. *Transportation Research Interdisciplinary Perspectives*, *26*(April 2023), 101141. https://doi.org/10.1016/j.trip.2024.101141

Khoiriyyah, A., & Setiawan, N. (2024). Employee happiness as an anti-fraud strategy in companies. *Psychoscientia*, *1*(1), 1–21.

Kurdi, B. Al, Alshurideh, M., & Alnaser, A. (2020). The impact of employee satisfaction on customer satisfaction: Theoretical and empirical underpinning. *Management Science Letters*, *10*(15), 3561–3570. https://doi.org/10.5267/j.msl.2020.6.038

Kuswanto, A., Sundari, S., Harmadi, A., & Hariyanti, D. A. (2020). The determinants of customer loyalty in the Indonesian ride-sharing services: offline vs online. *Innovation and Management Review*, *17*(1), 75–85. https://doi.org/10.1108/INMR-05-2019-0063

López-Mosquera, N., & Sánchez, M. (2014). Cognitive and affective determinants of satisfaction, willingness to pay, and loyalty in suburban parks. *Urban Forestry and Urban Greening*, *13*(2), 375–384. https://doi.org/10.1016/j.ufug.2013.08.007

Mahajan, R., Lim, W. M., Sareen, M., Kumar, S., & Panwar, R. (2023). Stakeholder theory. *Journal of Business Research*, *166*(December 2022), 114104. https://doi.org/10.1016/j.jbusres.2023.114104

Maknunah, U., Haryanti, N., Dewi, R., & Sativa, O. (2024). The Influence Of Job Flexibility And Financial Compensation On Job Satisfaction Of Grab. *International Conference on Digital Business Innovation and Technology (ICONBIT) 2024*.

Malhotra, N. K., Nunan, D., & Birks, D. F. (2020). *Marketing research: Applied insight* (6th ed.). Pearson UK.

Muchlisin, M., Soza-Parra, J., Susilo, Y. O., & Ettema, D. (2024). Unraveling the travel patterns of ride-hailing users: A latent class cluster analysis across income groups in Yogyakarta, Indonesia. *Travel Behaviour and Society*, *37*(September 2023), 100836. https://doi.org/10.1016/j.tbs.2024.100836

Nastiti, H. Gunaedi, J., Pangestuti, D. C. (2023). Analysis of the customer's loyalty of the online transportation service Gojek. *International Journal of Research in Business and Social Science (2147– 4478)*, *12*(5), 17–29. https://doi.org/10.20525/ijrbs.v12i5.2570

Nguyen-Phuoc, D. Q., Su, D. N., Tran, P. T. K., Le, D. T. T., & Johnson, L. W. (2020). Factors influencing customer's loyalty towards ride-hailing taxi services – A case study of Vietnam. *Transportation Research Part A: Policy and Practice*, *134* (March 2019), 96–112. https://doi.org/10.1016/j.tra.2020.02.008

Oliver, R.L. (1999). Whence Consumer Loyalty?. *Journal of Marketing*. 63. 33-44.

Scott, B. A. (2024). The Role of Co-Creation in SME: Systematic Literature Review. *Reference: Journal of Management and Accounting Sciences*, *12*(3), 89-101. DOI: http://dx.doi.org/10.3336 6/ref.v10i2.6502

Parasuraman, A., Zeithaml, V. A., & Malhotra, A. (2005). E-S-QUAL a multiple-item scale for assessing electronic service quality. *Journal of Service Research*, *7*(3), 213–233. https://doi.org/10.1177/1094670504271156

Park YS, Konge L, Artino AR Jr. The Positivism Paradigm of Research. Acad Med. 2020 May; 95(5):690-694. doi: 10.1097/ACM.0000000000030930. PMID: 31789841.

Podsakoff, P. M., MacKenzie, S. B., & Podsakoff, N. P. (2012). Sources of method bias in social science research and recommendations on how to control it. *Annual Review of Psychology*, *63*, 539–569. https://doi.org/10.1146/annurev-psych-120710-100452

Prasetya, A. A., Wardana, G., Waruwu, R. A., Nasution, W., Gulo, R. R. F., & Nasution, D. P. (2023). The Effect of Electronic Service Quality on Customer Loyalty Mediated by Customer Satisfaction at Pt. Solusi Transport Indonesia. *Social Education and Humanities*, *2*(3), 10111–10121. https://publisherqu.com/index.php/pediaqu

Rita, P., Oliveira, T., & Farisa, A. (2019). The impact of e-service quality and customer satisfaction on customer behavior in online shopping. *Heliyon*, *5*(10), e02690. https://doi.org/10.1016/j.heliyon.2019.e02690

Rosyidah, I., Perizade, B., & Zunaidah, Z. (2023). Influence of Financial Compensation and Job Satisfaction on Employee Performance With Work Motivation As a Variable Intervening. *International Journal of Business, Economics & Management*, *6*(4), 276–288. https://doi.org/10.21744/ijbem.v6n4.2204

Siddiq, F., & Taylor, B. D. (2024). A gendered perspective on ride-hail use in Los Angeles, USA. *Transportation Research Interdisciplinary Perspectives*, *23*(November 2022), 100938. https://doi.org/10.1016/j.trip.2023.100938

Wygal, A., Voss, D., Hargis, M. B., & Nadler, S. (2021). Assessing Causes of Driver Job Dissatisfaction in the Flatbed Motor Carrier Industry. *Logistics*, *5*(2), 1–15. https://doi.org/10.3390/logistics5020034

Yuan, S., Liu, L., Su, B., & Zhang, H. (2020). Determining the antecedents of mobile payment loyalty: Cognitive and affective perspectives. *Electronic Commerce Research and Applications*, *41*(March). https://doi.org/10.1016/j.elerap.2020.100971