

AN INVESTIGATION OF THE TAXI INDUSTRY IN NORTHERN FREE STATE GOLDFIELDS REGION

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ABSTRACT

South Africa like all the growing or developing countries has a high unemployment rate and a high poverty percentage. To reduce these problems the government needs to work hard to formalise the taxi industry by instilling management skills, training and educating owners and drivers (employees) of the industry. Subsidies need to be provided as it is given to the busses and trains. To sustain the smooth, productive and economic development, the government must make thorough training available on the financial management and human resource management side of the industry.

The taxi industry boosts the economy of Welkom (Goldfields). The majority of people in the Goldfield depended on mines and when AngloGold mines closed down around the Free State people resorted to taxi operations. Because of ignorance and lack of knowledge their industry does not show any viability or sustainability. This is where the government must come in with guidance and developments. According to this research the industry has problems in the following areas:

- 1 Access to funds from commercial banks.
- 2 Drivers not regarded as workers as they are not registered.
- 3 Ill-treatment from authority (traffic officers).

Taxi owners are risk takers. Being entrepreneurs, they brought change to the market where there was a gap and they also identified the opportunity of providing a service to the market. Taxi owners brought convenient transport to the public and also have the ability to handle ambiguity, that is they went into in this business even though they had no idea of the outcomes, they continue to service the public.

Research findings reveal that more emphasis should be on business development, management skills development and formalising the industry. It should be fully registered and its employees registration is essential. If all the above could be fulfilled there will be employment generation.

OPSOMMING

In pas met ander ontwikkelende lande gaan Suid-Afrika gebuk onder 'n hoë werkloosheidsyfer en knellende armoede. Ten einde hierdie probleme die hoof te bied, behoort die regering werk daarvan te maak om die taxi-bedryf te formaliseer. Daar bestaan 'n nood aan gesonde bestuursvaardighede in die bedryf en die taxi-eienaars en die bestuurders (werknemers) behoort opgevoed en opgelei te word. Subsidies behoort, soos wat dit die geval is met treine en busse, toegestaan te word. Ten einde te verseker dat die bedryf produktief en sonder ernstige haakplekke funksioneer en sodoende 'n bydrae tot die ekonomiese ontwikkeling van die land kan maak, moet die regering opleiding verskaf veral ten opsigte van die finansiële - en menslike hulprbonnebestuur van die bedryf.

Die taxi-bedryf maak 'n wesenlike bydrae tot die ekonomie van Welkom (Goudveld). Die oorgrote meerderheid van die inwoners van die streek is vir lewensonderhoud afhanklik van die mynbedryf. Die opskorting van Anglogold se mynbedrywighede het to werkloosheid gel en heelparty het hulle noodgedwonge tot die taxi-bedryf gewend. Hulle onkundigheid en gebrek aan kennis het tot gevolg dat die plasslike taxi-bedryf nie volhoubaar en lewensvatbaar is nie. Die regering kan ten opsigte hiervan leiding gee en help met die ontwikkeling van die bedryf. Die onderhawige navorsing het die volgende probleme uitgewys:

- 1 Fondse by die kommersiële banke is ontoeganklik.
- 2 Die taxi-bestuurders word nie as werkers beskou nie omdat hulle nie geregistreer is nie.
- 3 Swak behandeling deur die owerheid (verkeersbeampies).

Taxi-eienaars neem risikos. Taxi-eienaars is entrepreneurs en het die moontlikhede in die mark raakgesien toe dit ontstaan het - hulle het die geleentheid aangegryp om 'n diens aan die gemeenskap te verskaf. Taxi-eienaars het gerieflike vervoer

toeganklik gemaak vir die publiek. Hulle het kans gesien om tot die bedryf toe te tree sonder dat hulle enige waarborgs op sukses gehad het. Hulle dien steeds die publiek.

Hierdie navorsing het aangetoon dat die bedryf geformaliseer en ontwikkel behoort te word met klemplasing op die ontwikkeling van bestuursvaardighede. Die bedryf behoort ten volle erkenning te geniet en dit is noodsaaklik dat die werkers geregistreer word. Indien daar aan hierdie voorwaardes voldoen word, sal die bedryf bydra tot werkskepping.

DECLARATION

I declare that :

**AN INVESTIGATION OF THE TAXI INDUSTRY IN THE NORTHERN FREE STATE
GOLDFIELD REGION (WELKOM)**

is my own independent work, that all the resources quoted have been indicated and acknowledged by means of complete references and that this dissertation was not previously submitted by me for a degree at any other university.

.....
M C MOKHAMPANYANE

.....
DATE

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CHAPTER 1

INTRODUCTION AND SCOPE OF THE STUDY

1.1 INTRODUCTION

The taxi industry is a black economic sector that can be transformed into a successful company. It is no longer a struggle for survival, it is now a matter of growth and profitability through professionalism (Smith & Mosimane, 1994:84). There is a need for a genuine partnership between taxi associations and the controlling authority of transport.

The taxi industry has been here ever since we were growing up. There are taxis at our places but no existing company that can be pinpointed as a taxi company. The taxi owners are not even enlisted in the Johannesburg Stock Exchange.

The origins of the taxi industry can be traced to the transport problems that black workers experienced as a result of restrictive apartheid measures. The majority of workers were catered for by the formal transport system. The long distances of travel resulted in frequent transport fee hikes. This created an opportunity for people at grassroots level to start informal transport businesses. First, by transporting commuters in sedan cars, the large Valiants - which were in 1979 replaced by the 15 seater vehicles that became known as minibus taxis. Cheap labour in the young industry was easy to come by (De Kock & Sonderling, 1998:37).

Clashes between the industry and the government of the day were imminent. The government was not in favour of promoting any black-owned and black run business, let alone in the transport industry, where the government had a vested interest.

The industry grew to become the miracle industry of the eighties because it serviced a dire need in the community.

In the 1970s the minibus taxi industry captured the largest slice of the African commuting market and was celebrated as a beacon of hope (Khosa, 1996:24).

The authorities failed to deal with its growth and simultaneously failed to introduce the necessary policy, and legal and administrative mechanisms to ensure that the industry would operate in a regulated environment (De Kock & Sonderling, 1998:38).

According to De Kock and Sonderling (1998:38) in the 1980's a commission was appointed to investigate the issues in the industry. The commission recommended that the minibus taxi be phased out. That is when the deregulation of the industry started, which followed on the White Paper on deregulation published in 1986. This created havoc in the industry. By the early 1990s the taxi market was glutted. This resulted in tension and serious conflict over routes and ranks.

In the early 1990s the industry had started to show signs of decline, profit rates plummeted, violence in the industry became endemic, and several taxi operators who had accumulated huge profits in the 1980s were forced out of the business.

According to Khosa (1996:24) the 1990s was not remarkable, not only for the birth of a new political order in South Africa, but also marked the near collapse of one of the greatest symbols of African economic empowerment in recent times.

A survey conducted in 1992 by Khosa (1996:24) shows that 46 % of Africans typically travelled by taxi, 20 % by bus, 13 % by train and the rest use other means of transport.

According to a research that has been conducted in 1995, commuters use taxis because they are much more cheaper and efficient than busses and trains in terms of time (Khosa, 1996:26).

Black economic empowerment is necessary for the transformation of the economy, There should be training of black directors and entrepreneurs in order to minimise the problem of mismanagement, corruption and fraud (Ndebele, 2000:18).

A lot of taxis are operating without permits. So there is a need to move the industry from the informal to the formal sector. There should be a consideration of what could be done for the industry. The industry which, from the outside, appears to be dominated by a coterie of terrorists, will continue to attract those seeking easy pickings, rather than business-related growth (Anon, 1996:23).

According to Longenecker *et al.* (1994:155), good management is necessary for the success of any business and the family firm is no exception. There should be emphasis in the management concepts which are relevant to the family firm. The first concept relates to the competence of professional and managerial personnel. Second, the extent of opportunities, objectivity in personnel decisions and plans for succession, steps in professional development and intentions regarding changes in ownership should be developed.

According to Zeithaml and Bitner (1996:36) one of the few remaining strategies that can set one good business apart from others is customer service. This can be broadly defined through developing strong relationships with customers.

Technology is used in service businesses to lower costs, increase productivity, improve the way a service is delivered, put more information in the hands of those who provide the service, collect data on customer needs and add value for the

customer.

According to Ndebele (2000:18) to succeed, an entrepreneur must be able to spot the gap and then exploit the opportunities. Black entrepreneurs who are actively involved in the taxi industry must be leading networks of transport in South Africa.

The employers in the industry are the taxi owners who are employing drivers to deliver a service to the community. So success rests with effective management by the owners. The owners are supposed to apply the management principles and perform managerial tasks which include planning, organising, leading and controlling together with other functional areas of management in their daily operation of their business.

This study is aimed at the development and implementation of all management functions which could lead to the growth and sustainability of the taxi industry.

The taxi industry has been selected for this study because of the following reasons:

- the industry is the main transport for the majority of people in South Africa;
- the taxi industry has a role to fulfil as an effective transportation system and service provide in South Africa;
- the industry is significant for growth and development as the biggest mode of transport in the country;
- the industry is a black economic empowerment initiative and its broadens access to economic opportunities and redistribution of income;
- the taxi industry provides competition to other large means of transport like trains and busses;
- the taxi industry offers services to the community under bad conditions especially roads in the rural areas which could not be attractive to the big

- industries, for example busses; and
- the taxi industry must have a way in which they can compete efficiently with other modes of transport and ensure their sustainability by developing the management tasks and functions especially the financial area.

South Africa needs a growing taxi industry which contributes to its infrastructure and transformation on the redistribution of wealth. The development and consideration of the management functions will bring growth and success to the taxi industry and the country's economy will also grow.

There is a need for goodwill between taxi owners and taxi drivers. The in-built element of social justice in the approved bill, will not be carried out if there is no change of heart (De Kock & Sonderling, 1998:41).

The industry has to abide by the philosophy of worker protection and social justice. The overhauled legislation could provide a remedy for labour-related problems in the industry (De Kock & Sonderling, 1998:39). The majority of workers were catered for by the formal transport system, mainly trains and busses. Government, employers and labour has a major responsibility in effecting change to improve the labour situation in the taxi industry.

According to De Kock and Sonderling (1998:39) governments' activities in the field of labour indicate its commitment to play a protectionist and regulatory role. The government started redrafting legislation in 1995.

Legislation for varied contracts of employment, collective bargaining and negotiating must feature prominent and dispute resolution must not be via criminal prosecution.

According to De Kock & Sonderling (1998:39) government established the Commission for Conciliation, Mediation and Arbitration (CCMA), the new Labour Court and the labour approach court to give teeth to legislation. The government's responsibility now is to use the available mechanisms to monitor employees and employers and take necessary steps in the case of deviant labour practices.

The taxi industry is a family business (Longenecker *et al.*, 1994:137). Family business means the involvement of family members in the functioning of a business. The goals and objectives of business are being limited such that the services are not provided according to standard, to customers and at the same time employees are not treated accordingly. The control of finances is not according to requirements. So there is a need to research on the problems which the customer encounters, employees and employers.

The taxi industry needs development in their planning, leading, organising and controlling.

1.2 OBJECTIVES OF THE STUDY

1.2.1 Main objective

The main objective of this study is an investigation of the taxi industry in the Northern Free State, Goldfields region.

1.2.2 Secondary objectives

To help achieve the main objective of the study, the secondary objectives of this study are:

- to provide an overview of the element to be present in an effective management function;
- to evaluate the management of finance in the taxi industry;
- to establish the problems encountered by the commuters, employees and employers;
- to establish the ways of assistance for the industry; and
- to determine management functions and competence and how this decline.

1.3 DEMARCATION OF THE FIELD OF STUDY

The population and the target group for the study will be restricted to taxi operators, taxi drivers and the community in the Welkom area, Free State province. The province map is attached as annexure D.

This population will be selected for the following reasons:

- it will be easily accessible;
- the costs involved will be fairly low; and
- less time will be spent as it would be around, they will be given a chance to give the details of what they have experienced.

1.4 RESEARCH METHODOLOGY

1.4.1 Research process

This research will be conducted by using the research process discussed by Kinnear and Taylor (1991:64-66). The research will be exploratory and conclusive in nature.

According to Parasurama (1991:128) exploratory research is research intended to develop initial hunches or insights and to provide direction for any further research needed. Exploratory research is useful when a decision maker wishes to better understand a situation and identify possible decision alternatives. It also gives light on the situation and identifies specific objectives to be addressed through additional research.

Exploratory research design includes literature review, experience survey and focus groups while descriptive (conclusive) research design includes personal interviews, postal questionnaires, telephonic interviews and observations (Cooper & Emory, 1995:117-123).

Conclusive research intends to verify insights and aids decision makers in selecting a specific course of action (Parasurama, 1991:129).

Research is basically a management function. Management's task is to combine, allocate, coordinate and deploy resources or inputs in such a way that the organisation's (taxi industry's) goals are achieved as productive as possible regardless of management skills or the level at which they are involved or engaged in certain interrelated activities to achieve their desired goals. This entails four fundamental management functions (Smit & Cronje, 1997:9).

Depending on the research to be conducted qualitative or quantitative research methods can be used to conduct research. Qualitative research methods consist of questioning knowledgeable respondents individually or in small groups. Uses non-structured and undisguised question format.

Quantitative research method will be used in this study to obtain information. Steps in the research process will be outlined in table 1.1

Table 1.1 : Steps in the research process

1	Establish the need for information.
2	Specify research objectives and information needs.
3	Determine research design and sources of data.
4	Develop the data collection procedure.
5	Design the sample.
6	Collect the data.
7	Process the data.
8	Analyse the data.
9	Present research results.

Source : Kinnear and Taylor (1991:62)

1.4.2 Literature study

Useful information will be obtained from various publications such as textbooks, journals and other relevant information sources in regard to transport in South Africa, newspapers and magazines.

Information which will not be obtainable from publications, which will be relevant to the study will be gathered by use of questionnaires directed to the target group (taxi owners, taxi drivers and commuters) of the research.

1.4.3 Empirical study

A structured questionnaire will be developed which will be directed to the target group of the research (cf. chapter 4). The research will include the following activities:

- the construction of sampling survey;
- questionnaires containing primary closed-ended questions;
- piloting questionnaires; and
- lastly, the analysis and interpretation of data completes the process.

1.5 HYPOTHESIS

Due to the nature of study and in consultation with the statistician it was not necessary to formulate a hypothesis in this study. The design of questionnaire was considered sufficient to achieve the primary and secondary objectives of this study.

1.6 KEY WORDS AND CONCEPTS

This Dissertation is characterised by the following key words and concepts namely.

Control - According to Robbins and De Cenzo (1998:461) control is the process of monitoring activities to ensure that they are being accomplished as planned and of correcting any significant deviations.

Total quality management - According to Robbins and De Cenzo (1998:49) a TQM is a philosophy of management that is driven by customer needs and expectations and that is committed to continuous improvement.

Family business - is a business which has a special involvement, as it has its family culture and it is difficult for that business to provide strong motivation for non-family employees.

1.7 CLASSIFICATION OF CHAPTERS

The dissertation is divided into six chapters.

Chapter One.

An Introduction of the whole dissertation consists of problems, definitions, objectives of the study, demarcation of the field of study, a description of research methodology, hypothesis in respect of research issues.

Chapter Two

This chapter underlies the management task functional areas of management in the taxi industry as a small business.

Chapter Three

Focuses on the importance of financial management as the functional area that will ensure growth and sustainability of the taxi industry.

Chapter Four

Discusses methodology used in this study.

Chapter Five

This is where the findings of the empirical research undertaken are analysed and discussed.

Chapter Six

This is the final chapter in which conclusions are reached and recommendations are made if and where necessary.

CHAPTER 2

MANAGING A TAXI INDUSTRY

2.1 INTRODUCTION

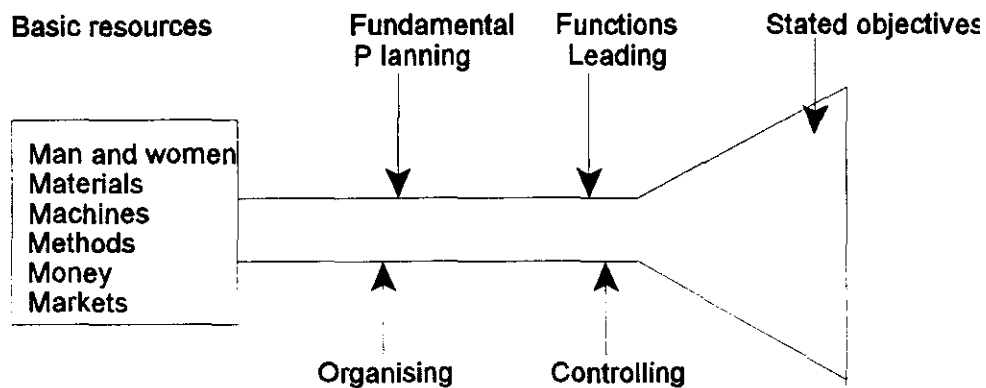
The purpose of this chapter is to clarify concepts and theories underlying management tasks and functional areas of management in the taxi industry.

Every enterprise exists to satisfy and understand the needs of its customers. Therefore the success of any business depends on its ability to satisfy the customers. Management tasks and functional areas in the organisation must be harnessed to assist in fulfilling the basic task of satisfying customers and their expectations.

Management is the process by which human, financial, physical and information resources are employed for the attainment of the objectives of the organisation (Smith & Cronje, 1997:103). The taxi industry must have sound management, this refers to the process of getting things done effectively and efficiently, through and with other people (Robbins & De Cenzo, 1998:6).

This process of sound management is seen in figure 2.1 on the next page wherein all the four fundamental management functional processes are being illustrated together with the basic resources that are needed by management in each and every organisation to perform according to the stated objectives of the organisation.

Figure 2.1 : The four fundamentals management functions as a process



Source: Own research

2.2 MANAGEMENT TASKS

Management tasks are planning, organising, leading and controlling. Such tasks are to be performed by managers all four tasks simultaneously, and these tasks have an effect on the others, they are interrelated and interdependent.

According to Bateman and Zeithaml (1993:34) the systematic management approach attempts to build specific procedures and processes into operations to ensure coordination of effort. Systematic management emphasises economic operations, adequate maintenance of inventories to meet consumer demand and organisational control.

These could be achieved if the management of the taxi industry:

- carefully defines duties and responsibilities;
- standardize techniques for performing these duties;
- specificity means of gathering, handling, transmitting and analysing information; and

- cost accounting, wage and production control systems to facilitate internal coordination and communication.

The management literature has a variety of specific techniques to help this process of planning like budgeting.

2.2.1 The manager in the small business (taxi industry)

According to Pickle and Abrahamson (1986:210), a manager supervises the work activities of employees to see that they accomplish their specific tasks. In a small firm like the taxi industry the owner is the manager, working side by side with employees, but still the manager has to give highest priority to his/her management responsibilities involving coordinating the firm's total resources, human physical and financial so that the goals of the firm can be achieved. The manager completes his/her responsibilities by performing the management tasks: planning, leading, organising and controlling.

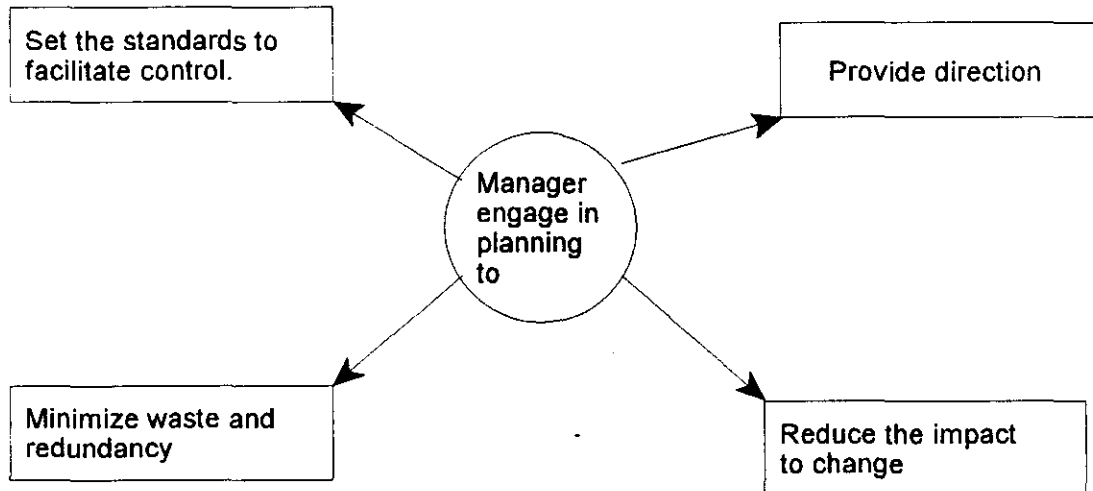
2.3 PLANNING

2.3.1 Definition of planning

Planning is a process of setting objectives and then choosing the course of action the firm will follow to achieve them (Pickle & Abrahamson, 1986:211). According to Robbins and De Cenzo, (1998:71) planning provides direction, reduces the negative impact of change, minimizes waste and redundancy and sets the standards to facilitate control. Planning forces managers to look ahead, thereby reducing uncertainty. Goal setting is the starting point of the planning process to every environment.

The taxi industry operates in a constantly changing environment. This is illustrated in figure 2.2 below.

Figure 2.2 : Because of change in the environment



Source : Adapted from Robbins and De Cenzo (1998:71)

All organisational members understand where the organisation is going and what they must contribute to reach the objectives. They can begin to coordinate their activities. Thorough planning, cooperation and teamwork are fostered. While lack of planning can cause various organisational members or their units to work against one another.

The managers/owners of the taxi industry must plan with an anticipation of change considering the impact of change, and developing appropriate responses so as to reduce uncertainty.

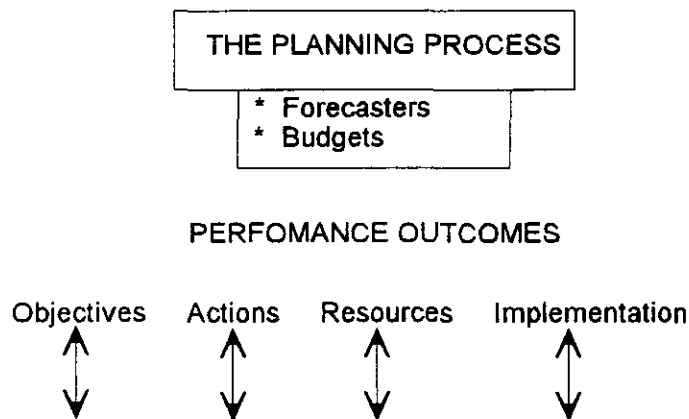
Taxi managers/owners should write the formulated objectives because changes in

the environment may present obstacles to the initial goals. Goals must be evaluated and modified when consumers' interests shift from one service to another.

2.3.2 Planning task

The planning task is a set of related steps by which management determines what is to be done and how it will be done. Planning task could be implemented and be effective through the planning processes that are illustrated in figure 2.3.

Figure 2.3 : The planning process



Source : Adapted from Donnelly, Gibson and Ivancevich (1995:157)

- **Forecasts** is an attempt to predict the course of future events by inference from existing facts.
- **Budgets** is a quantitative statement of the cost of the resources to be used to achieve the objectives. It is normal to project the objectives in monetary terms and compare them with the budgeted costs.

- **Objectives** are the end results that the manager must achieve.
- **Actions** the sequence of activities which must be taken in order to achieve an objective or end result.
- **Resources** source of aid or support that may be drawn upon when needed.
- **Implementations** requires that the plan be linked to other systems in the organisation particularly budget and reward systems. Organisations must use incentive programs to encourage employees to achieve goals and to implement plans properly (Bateman & Zeithaml, 1992:00).

2.3.3 Levels of planning

There are three levels of planning in each and every organisation. The small business should apply all these levels in all levels of management. They are strategic, tactical and operational planning.

2.3.3.1 Strategic and operational planning

According to Donnelly, Gibson and Ivancevich (1995:197) strategic planning provides direction for an organisation's mission, objectives and strategies facilitating the development of plans for each of the organisation's functional areas (Bateman & Zeithaml, 1993:142). Once an organisation's strategic goals and plans are identified, they become the basis for planning activities undertaken by tactical and operational managers.

2.3.3.2 Tactical planning

Tactical planning translates broad strategic goals and plans into specific goals and plans that are relevant to a definitive portion of the organisation, often a functional area like marketing or human resources. Tactical plans focus on the major actions that a unit must take to fulfil its part of the strategic plans. Robbins and De Cenzo (1998:75) distinguish clearly between the types of long, short and medium plans.

2.3.4 Types of plans

The different types of plans are identified according to their time frame, organisational span and the number of times used.

2.3.4.1 Long-medium and short-term plans

The time frame for each of these plans must be determined by each enterprise according to its circumstances and requirements.

- Long-term plans should be drawn by top management.
- Short-term plans should be drawn by the lower level of management as it covers daily, weekly and monthly plans.
- Medium-term plans draw up by middle management as it covers meaningful periods in between.

2.3.4.2 The master plan and division plans

The master plan is drawn up for a period of at least a year and covers the overall objectives for that time as well as the contributions of the various sections or functions of the total enterprise. While plans in different sections or functions in the

enterprises are referred to divisional or operating plans, operational plans are broken up into small time frames and groups of activities.

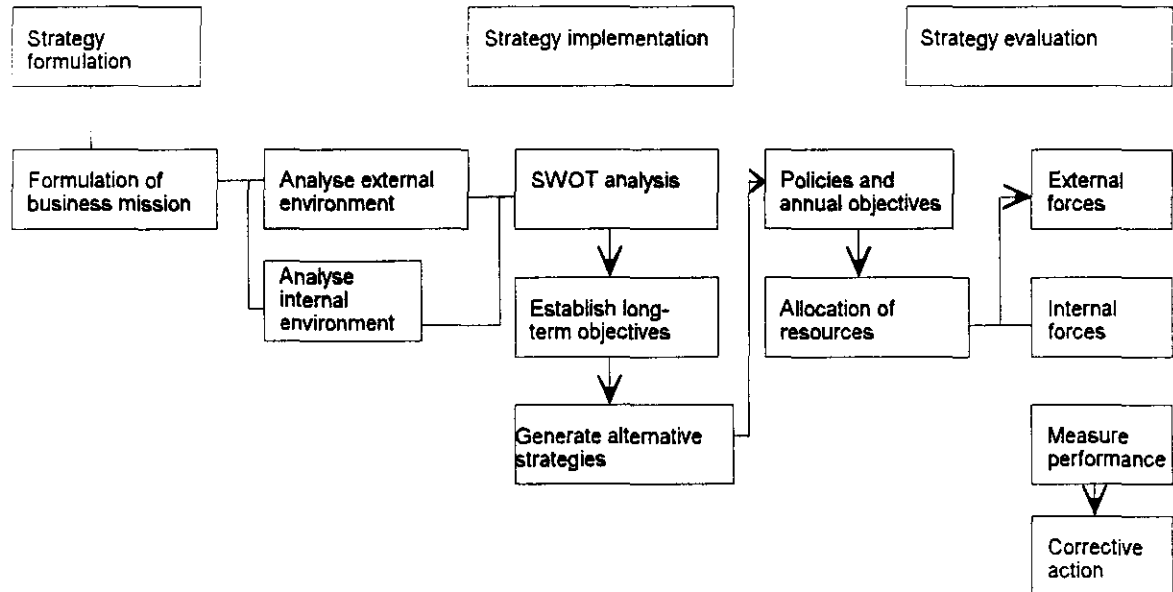
2.3.4.3 Simple-use plans or standing plans

A plan for a specific project or order (Van Aardt & Van Aardt, 1997:96-97).

2.3.5 Strategic management process in the small business (taxi industry)

Strategic management involves managers from all parts of the organisation in the formulation and implementation of strategic goals and strategies (Bateman & Zeithaml, 1993:145). Such strategic management process is being illustrated in figure 2.4 below.

Figure 2.4 : The strategic management process



Source : Adapted from Van Aardt and Van Aardt (1997:76)

2.3.5.1 Strategy formulation

According to Bateman and Zeithalm (1993:143) formulation of business mission is the basic purpose of the organisation and its scope of operations. It is a statement of the organisation's reasons to exist. The general set of products and services the company provides and the markets and clients it serves. The mission of the taxi industry is to transport the community to every place in South Africa and be the best provider of the transport service in the country.

It is very important for management to understand and have a knowledge of the environment in which the businesses operates.

- an understanding of the interrelatedness of environmental factors or variables is crucial. A change in one of the external factors may cause a change in the micro environment and at the same time a change in one external factor may influence other external environment variables e.g. in the taxi industry, if the petrol price goes up, the fares are going to increase and a decline in the number of commuters will follow because they are likely to resort to the cheaper modes of transport (Smith & Cronje, 1997:68).
- Increasing instability. The industry is plagued by two main types of violence. The disorganised and sporadic unregulated environment. For the taxi industry to become sustainably peaceful and violence free, basic issues which affect the industry have to be addressed.
- Environmental uncertainty. The other type of violence is not transport responsibility but a matter of safety and security which the traffic officials have as a responsibility of ensuring that they develop policy strategies and implementable solutions to ensure that the conditions for violence are

systematically dismantled. There must be formalisation, regulation and development of the taxi industry (Maharaj, 1997:14).

- The complexity of the environment. External environment. The managers must be aware of listing those environmental components that are typically considered to have the greatest effect on the organisation and therefore are most relevant to the manager (Mealiea & Latham, 1996:640; Stoner & Freeman, 1992:63).

External environment can be defined as all elements outside an organisation that are relevant to its operation, includes direct - action and indirect-action elements. These elements outside an organisation are illustrated in table 2.1 as factors and components constituting the organisation's external environment.

Table 2.1 : Factors and components constituting the organisation's external environment

<p>Customer component</p> <ul style="list-style-type: none">• Distribution of product or service.• Actual users of product or service. <p>Suppliers component</p> <ul style="list-style-type: none">• New materials suppliers.• Equipment suppliers.• Product parts supplier.• Labour supply. <p>Competitor component</p> <ul style="list-style-type: none">• Competitors for suppliers.• Competitors for customer. <p>Socio political component</p> <ul style="list-style-type: none">• Government regulatory control over the industry.• Public political attitude towards industry and its particular product.• Relationships with trade unions with jurisdiction in the organisation. <p>Technical component</p> <ul style="list-style-type: none">• Meeting new technological requirements of own industry and related industries in production and service.• Improving and developing new products by implementing new technological advances in the industry.

Source : Adapted from Mealia and Latham (1996:641)

Internal environment. The main environment in which management operates that is where management plans, organises leads and controls the management activities of the organisation. That is where levels and kinds of management are involved (Smith & Cronje, 1997:69).

The internal environment includes the organisations infrastructure, information systems, support decision-making and communication. The taxi industry is providing services. The industry has to concentrate on the marketing function and marketing research which would furnish the owners/managers with the necessary information to develop the business (Van Aardt & Van Aardt, 1997:85).

2.3.5.2 Strategy implementation

The industry through the process of registering associations and legalising illegal operators, the taxi industry will benefit directly from improved economic conditions, skills, training, protection from illegal operators and the establishment of a special communication structure (Maharaj, 1997:8-10).

The promotion of mobility, road traffic safety and order on the South African road is important. The improvement of order and safety at the road traffic safety symposium held in Pretoria in July 1996, that a comprehensive road traffic management strategy should be developed with a clearly identified target to reduce fatalities on the roads by 10 %. This could be achieved while the various tiers of governments and of other organisations involved in the arena of road safety work together.

All stakeholders should embark on a process of structuring, formalising and professionalising the institutions which currently regulate the affairs of the taxi industry (Maharaj 1997:14).

The taxi recapitalisation plan aims to replace the 16 seater minibus taxis with safer 18 or 25 seater busses that use smart cards. Current commuters in the Pretoria area estimated at 100 000 already use smart cards, which is a problem to some of the drivers who reacted violently, with shootings and deaths in and around Soshanguve. The problem with smart cards now is that there is no standard protocol in place. The smart card should be issued with the concern of all parties. The evidence showed that drivers' resistance to the cards is due to an entrenched tradition of drivers skinning fare money whilst at the same time the owner in Pretoria whose taxis are using these cards showed that the increase of income per month has rocketed from R30 000 to R80 000 after he converted from cash to the card system (Anon, 1999:45-47).

2.4 ORGANISING THE TAXI INDUSTRY

Organising is an indispensable function in the management process. Plans devised and strategies formulated will never become reality if human and other resources are not properly deployed and the relevant activities suitably coordinated. Organising leads to an organisation structure that indicates clearly who is responsible for what task. It clarifies subordinates' responsibilities.

2.4.1 Accountability

Accountability implies that the responsible employees will be expected to account for outcomes, positive or negative, for the portion of work directly under their control. Accountability links results directly to the actions of an individual or a group.

2.4.2 Clear channels

Clear channels of communication are established. This ensures that communication is effective and all information required by employees to perform their jobs effectively reaches them through the correct channels.

2.4.3 Organising

Organising helps managers to deploy resources meaningfully. Organising means systematically grouping a variety of tasks, procedures and resources. This is possible because the organising process also entails an in-depth analysis of the work to be done, so each person is aware of his or her duties.

2.4.4 Principle of synergy

The principle of synergy enhances the effectiveness and quality of the work performed.

2.4.5 The total workload

The total workload is divided into activities to be performed by an individual or a group of individuals.

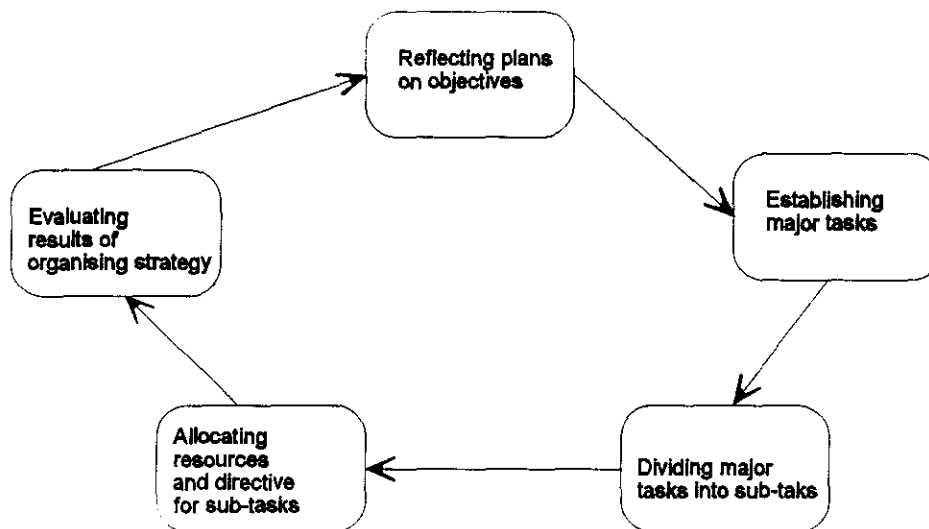
2.4.6 Tasks and activities

Tasks and activities of employees are supposed to be grouped together meaningfully in specialised sections. For instance, in the taxi industry there should be people working as repairers and not the drivers to be maintenance officials.

For the organisation to attain its goals there should be application of coordination that is provided by the well-trained management in the business.

According to Timmons (1994:23) entrepreneurs are far from complete independence and have to serve everybody in the community. That could be done through the design of an organisation as illustrated in figure 2.5. This is a decision-making process in which taxi owners/managers construct their industry structure appropriate to the strategies and plans of the industry.

Figure 2.5 : The design of an organisation



Source : Timmons (1994:23)

To stimulate growth and create job opportunities in South Africa the small entrepreneurs like the taxi industry management must start to organise by understanding planning (Vosloo, 1994:1). For the economic growth of the country, South Africa needs positive entrepreneurs.

Entrepreneurs or managers of the business are called the organisational developer

as they are extending their managerial role beyond the boundaries of their own organisation. They liaise between their organisation and the external market to monitor and gain information about the community and the market place (Miller & Dess, 1996:110).

2.4.7 Support activities

The business for organising demands that there must be some supporting activities like human resource management, technology development, procurement and firm infrastructure. These activities are divided for a thorough internal analysis in table 2.2 on the next page when evaluating primary activities for business to be successful.

Table 2.2 : The primary activities and factors for assessment

* Soundness of material and inventory control systems.	* Productivity of equipment compared to that of key competitors	* Timeliness and efficiency of delivery of finished goods and services.	* Effectiveness of market research to identify customer segments and needs.	* Means to solicit customer input for product improvements.	P
* Efficiency of raw material warehousing activities	* Appropriate automation of production processes.	* Efficiency of finished goods warehousing activities.	* Innovation in sales promotion and advertising.	* Promptness of attention to customer complaints.	R
			* Evaluation of alternate distribution channels.	* Appropriateness of warranty and guarantee policies.	O
			* Motivation and competence of sales force.	* Quality of customer education and training.	F
			* Development of an image of quality and a favourable reputation.	* Ability to provide replacement parts and repair services.	I
			* Extent of market dominance within the market segment or overall market.		T
					M
					A
					R
					G
					I
					N
INBOUND LOGISTICS	OPERATIONS	OUTBOUND LOGISTICS	MARKETING AND SALES	CUSTOMER SERVICE	

Source : Miller and Dess (1996:111)

A firm must have an effective human resource management strategy to recruit, reward and retain the research and development professionals necessary for technology development activities. The supportive activities may further be introduced for the change and sustainable growth of the business. These supportive activities may also be further divided for internal analysis. Table 2.3 summarises some important factors to consider in evaluating support activities.

Table 2.3 : The Support Activities and Factors for Assessment

<p>FIRM INFRASTRUCTURE</p> <ul style="list-style-type: none">• Capability to identify new-product market opportunities and potential environmental threats.• Quality of the strategic planning system to achieve corporate objectives.• Coordination and integration of all value chain activities among organisational subunits.• Ability to obtain relatively low-cost funds for capital expenditures and working capital.• Level of information systems support in making strategic and routine decisions.• Timely and accurate management information on general and competitive environments.• Relationships with public policy makers and interest groups.• Public image and corporate citizenship.
<p>HUMAN RESOURCE MANAGEMENT</p> <ul style="list-style-type: none">• Effectiveness of procedures for recruiting, training, and promoting all levels of employees.• Appropriateness of reward systems for motivating and challenging employees.• A work environment that minimizes absenteeism and keeps turnover at desirable levels.• Relations with trade unions.• Active participation by managers and technical personnel in professional organizations.• Levels of employee motivation and job satisfaction.
<p>TECHNOLOGY DEVELOPMENT</p> <ul style="list-style-type: none">• Success of research and development activities in leading to product and process innovations.• Quality of working relationships between R & D personnel and other departments.• Timeliness of technology development activities in meeting critical deadlines.• Quality of laboratories and other facilities.• Qualification and experience of laboratory technician and scientists.• Ability of work environment to encourage creativity and innovation.
<p>PROCUREMENT</p> <ul style="list-style-type: none">• Development of alternate sources for inputs to minimize dependence on a single supplier.• Procurement of raw materials (1) on a timely basis, (2) at lowest possible cost. (3) at acceptable levels of quality.• Procedures for procurement of plant, machinery, and buildings.• Development of criteria for lease-versus-purchase decisions.• Good, long-term relationships with reliable suppliers.

Source : Miller and Dess (1996:112)

2.5 MARKETING THE TAXI INDUSTRY

Market research is the systematic design, collection, analysis and reporting of data relevant to a specific marketing situation facing an organisation (Kotler & Armstrong, 2001:138).

2.5.1 Definition of marketing

Marketing is a social and managerial process by which individuals and groups obtain what they need and want through creating and exchanging products and values with others (Kotler & Armstrong, 1997:3).

The small business manager needs to ensure the continuity and growth of his business. This can only be achieved by satisfying customers' needs. To achieve optimum customer satisfaction the small business owner will divide the market population into sublets of customers, referred to as market segmentation. Each segment of the market will have similar needs.

The business owner must thereafter decide which market segment it can best serve and satisfy. The process of choosing the right segment is called target marketing. After choosing the target market, the business must decide how to compete successfully either on the basis of price, prestige, service or facilities.

2.5.2 Segmenting the market

In a segmented market, the small business owner must focus on the differences in customer needs to ensure customer satisfaction, identification of new marketing opportunities, guidelines for the development of marketing strategies for various market segments.

Market segmentation should enhance customer satisfaction and increase profitability. This can be achieved once the small business (taxi) owner takes into consideration:

- the size, purchasing power and potential profit of the segment must be

- measurable;
- the market segment must be large enough to warrant exploiting with a customised market offering and market strategy; and
- the market segment must be within reach of the marketer (Kotler & Armstrong, 1997:202).

2.5.3 Segmenting consumer markets

The process of segmenting consumer markets can be divided into four major categories concentrating on the characteristics of the buyer being classified according to customer geographical, demographic psycho graphic and behavioural segmentation (Adcock *et al.*, 1993 : 73).

2.5.3.1 Geographic segmentation

The market is divided into different areas such as Welkom at the location and Welkom in town. The taxi owners then chooses which of these geographical areas to target. The size of the area and population to target. The size of the area and population density can serve as a basis.

2.5.3.2 Demographic segmentation

The consumer market can be segmented through the use of variables such as education, income, occupation, gender, family size and age. Sometimes there can be a use of cultures and religions.

2.5.3.3 Psychographic segmentation

The market is divided up according to attributes such as lifestyle, personality and social characteristics (Kotler & Armstrong, 1997:193).

2.5.3.4 Behavioural segmentation

Behavioural segmentation means dividing a market into groups based on consumer knowledge, attitude, use or response to a product. Behaviour segmentation entails:

- occasional segmentation in which the market is divided according, the actual make purchase, or the use of the purchased item;
- benefit sought consumers are grouped according to the different benefits that consumers seek from the product;
- user status, consumers can also be segmented according to how often they use the product such as non-users, regular users, potential users or ex-users;
- usage rate - markets can also be segmented to light, medium and heavy user groups;
- loyalty status - markets are segmented according to the loyalty shown by customers towards a specific brand or service (Botha *et al.*, 1998:66).

2.5.4 Evaluation of market segments

Before a specific market segment is selected as a target market it must first be evaluated according to three important evaluation criteria.

2.5.4.1 Segment size and growth possibilities

There is no need for the market to be big. Any size of segment can often be more profitable. Marketing management must be convinced that there are growth possibilities and investment in the segment under consideration. It does not have a mere short-term dimension (Marx & Van der Walt, 1993:119).

2.5.4.2 Attractiveness and potential profitability

The attractiveness of a market does not lie only on growth and size possibilities but also on the promise of long-term profitability. Attractive segments also attract competitors and intense competition can have a detrimental effect on future profits. Aggressive competitors can launch price wars or intensive advertising campaigns that could cause a very serious threat to attractive segments. According to Marx and Van der Walt (1993:119), this market attractiveness and competition position can be grouped into four factors as illustrated in table 2.4 on the next page.

Table 2.4 : Market attractiveness

MARKET ATTRACTIVENESS	COMPETITIVE POSITION
<p>1 MARKET/CONSUMER FACTORS</p> <ul style="list-style-type: none"> - Size of market - Market potential - Growth rate of market - Diversity of competitive offerings - Current customer loyalty - Price elasticity - Bargaining power of customers - Seasonality of demand 	<p>1 MARKET POSITION FACTORS</p> <ul style="list-style-type: none"> - Relative market share - Rate of change in market size - Perceived actual or potential differentiation - Breadth of current or planned product mix company image
<p>2 ECONOMIC AND TECHNOLOGICAL FACTORS</p> <ul style="list-style-type: none"> - Investment intensity - Level and maturity of technology - Ability to pass through effects of inflation - Barriers to entry/exit - Access to raw material 	<p>2 ECONOMIC AND TECHNOLOGICAL FACTORS</p> <ul style="list-style-type: none"> - Relative cost position - Capacity utilisation - Technological position - Patented technology
<p>3 COMPETITIVE FACTORS</p> <ul style="list-style-type: none"> - Industry structure - Competitive groupings - Threats from substitution - Perceived differentiation among competitors - Individual competitors strengths 	<p>3 CAPABILITIES OF ENTERPRISE</p> <ul style="list-style-type: none"> - Management strengths and depth - Financial resources - Marketing skills/strength - Sales force - Labour relations
<p>4 ENVIRONMENT FACTORS</p> <ul style="list-style-type: none"> - Regulatory climate - Degree of social acceptance - Possibility of new entrants 	<p>4 SYNERGY WITH OTHER SEGMENTS</p> <ul style="list-style-type: none"> - Market synergy - Operational synergy

Source : Adapted from Van der Walt, et al., 1996. Marketing Management:123

Kotler and Armstrong (1997:218) indicate that a segment may be less attractive if it contains powerful suppliers who can control prices or reduce the quality or quantity of ordered goods or services.

2.5.4.3 Company objectives and resources

According to Kotler and Armstrong (1997:218), some attractive segments could be dismissed quickly because they do not match the company's objectives and resources. A segment can only be chosen as a target market if marketing management is fully committed to serving this target market better than any other competitors. Market offering must have an undoubted differential advantaged to target market members (Marx & Van der Walt , 1993:91).

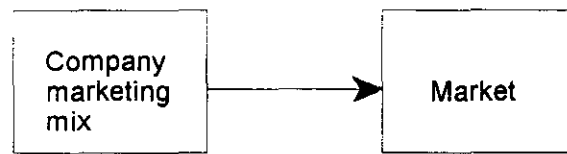
Companies, especially the taxi industry should enter segments only where they can offer superior value and gain advantage over competitors.

2.6 TARGET MARKET

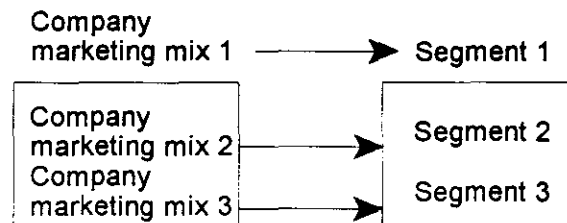
After the evaluation of different segments the taxi industry as a small business must decide which and how many segments to serve (Botha *et al.*, 1998:76). The target market consists of the customers who share common needs or characteristics that the industry decides to serve on which the taxi industry focuses its marketing efforts (Kotler & Armstrong, 1997:219).

According to Jobber (1995:221-223) any type of a business can adopt one of three market-coverage strategies, shown in figure 2.6.

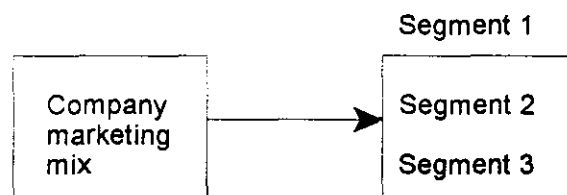
Figure 2.6 : Three alternative market-coverage strategies



A Undifferentiated marketing



B Differentiated marketing



C Concentrated marketing

Source : Kotler and Armstrong (1997:219)

2.6.1 Undifferentiated marketing

In this strategy the company decides to ignore market segment differences and go after the whole market with one offer. Kotler and Armstrong (1997:220) refer to this strategy as the one in which the firm decides to ignore market segment differences and go after the whole market with one offer. The reason being that the market analysis does not show strong differences in customer characteristics and needs that have implications for the marketing strategy.

2.6.2 Differentiated marketing

Using a cover strategy in which a firm decides to target several market segments and do designs separate offers for each. Government decides to offer the 32 seaters instead of the 15 as they are not comfortable and not appealing to the needs of every individual. Differentiated marketing strategy creates more total sales unlike undifferentiated marketing. Differentiated tries to modify a product or service to meet different market-segment needs which involves extra research and development. Separate marketing plans for the separate segments require extra marketing research, forecasting sales analysis, promotion, planning and channel management. Marketing management has to consider the increase of sales along the increase of costs when deciding on a different marketing strategy.

2.6.3 Concentrated marketing

Concentrated marketing is a market-coverage strategy in which a firm goes after a large share of one or few sub-markets. It offers one marketing mix to a specific segment (Jobber, 1995:220-223).

2.7 MARKET POSITIONING FOR COMPETITIVE ADVANTAGE

The taxi industry provides service to customers, there should be quality service offered after deciding the position it wants to occupy in the market. A service offering's position is the way it is perceived by customers. The service position is what is in the mind of the customer regardless of the fact whether the image is planned or desired by the organisation. Marketers of the taxi industry must plan positions that will give their service the greatest advantage in selected target markets. The taxi industry is positioned as the fastest and convenient mode of transport for long and short distance. Marketers must design marketing mixes to

create planned positioning (Wilson *et al.*, 1992:219-220 and Zeithaml & Bitner, 1996:286-287).

Through positioning the taxi industry should make it clear to their customers as to the specific services they are offering, whether it is the door delivery step or just a transport from one destination to another according to the regulations.

According to Lovelock and Wright (1999:156-166), it is the way the information is given to the customers and the way the customers understand and appreciate the provision of the service in relation to its competitors. Also customers perceive a service in accordance to its characteristics, advantages and competitive positioning.

A small business like the taxi industry can position and differentiate its market offer to its customers as compared to its competitors. A taxi industry can be differentiated according to four dimensions which are: product, service, personnel and in age (Kotler & Armstrong, 1997:227).

Product or service offerings position is the way the provision of the service is perceived by competing, particularly in relation to compelling offerings. The service position basically is what is in the customer's mind, whether or not, it is an image planned or needed by the ultimate organisation. An organisation is successfully positioned if it has established and if it maintains its uniqueness, or distinctive and desirable place for itself in the consumer's mind relative to compelling organisations or offerings (Zeithaml & Bitner, 1996:286-287).

A product can be an idea, a service, a good or a combination of these three elements (Pride & Ferrel, 1991:240).

2.7.1 Products and services provided by taxi industry

Branding decisions

A brand can be described as a name, term, sign, symbol, design or combination of these that identify the goods and services of one seller or a group of sellers (Kotler & Armstrong, 1997:247). In the Goldfield there are some minibus taxi's and "four plus one", the ones that carry four passengers and a driver. They do not have specific identification by which people could decide from a distance whether that is an public transport or an individual private vehicle.

A successful brand should posses an unique identity that is recognised by members of the taxi industry, target market, provide more competitive advantage by being more attractive, and clean than those of other taxis of the other association who are also operating in the same industry. It should also be recognised by the traffic officers from a distance due to its brand. Brand name should suggest something about the products, benefits and qualities, it should be easy to pronounce and to remember. Short names help e.g. Majakathata!! Should be translated easy into foreign language. Should be capable of registration and legal protection (Kotler & Armstrong, 1993:236-237).

2.7.2 Services provided by the taxi industry

The key features of the taxi industry are welcoming, friendliness, worth and hospitality by the driver and owner of the taxi to the passengers. The way the passengers are welcomed by using that mode of transport or using that taxi instead of the other should be considered the culture of every person, that is why the driver is supposed to be proficient in almost all the eleven (11) official languages that are applicable in South Africa.

2.7.3 Types of services

There are three types of services provided by the taxi industry. These are feeder service, line-haul services and long distance services.

2.7.3.1 Feeder services

Feeder services - these taxis provide transport from the residential areas and deliver people at the bus terminals or stations for trains, or from such terminals to the residential areas. Also it could be the services provided from certain shops to other shops and is termed "delivery services" especially done by the "four plus one" taxis.

2.7.3.2 Line-haul services

Line-haul services operate only on major commuter routes, in most cases is between locations and places of work and its activity centres from townships to town, these are called the local or short distance taxis.

2.7.3.3 Long distance services

Long distance services provide transport to those people who are travelling to other towns, not the short distance e.g. from Welkom to Lesotho, Johannesburg, Carletonville, etc. The taxis that are operating are the 14-16 seater taxis whereas locally it could be the "four plus one" section taxis.

2.8 MANAGING THE HUMAN RESOURCES OF THE TAXI INDUSTRY

The acquisition of skilled, talented and motivated employees is an important part

of managing human resources. The acquisition involves recruiting, screening, selecting and placing personnel. Retaining competent individuals is also important to any organisation. If the qualified determined and hardworking individuals leave an organisation, it becomes necessary to continually seek new personnel, which is extremely expensive in terms of money and time. Employees must be penalised for breaking rules and failing to perform adequately, or job cutbacks.

Developing human resources involves training, educating, appraising and preparing personnel for present or future jobs. These activities are important for the economic and psychological growth of employees and the organisation as a whole (Donnelly, *et al.*, 1995:447-448).

Employees in the industry consists mainly of taxi drivers. Their main responsibility, apart from productive and diligent service delivery, is to be aware of their rights and responsibilities in terms of legislation and general labour relations practice.

Labour in the taxi industry has, however, always been poorly organised and largely ignorant of its rights.

2.8.1 Areas that require urgent intervention

- The need for information and education is important. There is a low level of understanding and knowledge of the development in the labour relations arena and how the taxi industry, on an individual level and a collective level, will be affected. Workers must familiarise themselves with their rights under the new legislation. Employees also must be knowledgeable about the implications of legislation.
- The need for organisational capacity. Employers in the industry have little,

if any, capacity, to implement the systems and process to entrench standards.

- The need for goodwill. Relations between taxi owners and taxi drivers are generally strained. The in-built element of social justice in the employment relationship, as set out in the approved bill, will not be carried out if there is no change of heart (De Kock & Sonderling, 1998:40-41).

2.8.2 Working conditions

According to Marx (1986:188) working conditions refer to the physical environment within which an employee has to carry out his/her daily work. The general appearance and circumstances prevailing in the workplace, the availability and quality of the personnel facilities, the conditions affecting worker health, and the danger in which the worker is exposed to.

The drivers are not provided with legal aspects regarding their employment, they are not issued with pay slips, and there is no protection against unemployment. The industry offers no pension fund or provident fund, no sick leave, no days off, no leave, no loans. They cannot open accounts as they cannot provide proof of employment.

2.8.3 Dismissals

Dismissals are a daily occurrence and job security is unheard of. Union membership is often rewarded with dismissal.

2.8.4 Quota system

In order for a driver to earn a decent wage, s/he must transport a certain number of passengers per day (Forrest, 1997:23).

Besides employees training and education there are still some human resource development which are management development. Management development refers to the process of educating and developing selected personnel so that they have knowledge and skills needed to manage in future.

The objectives of management development are to ensure the long-run success of the organisation, to furnish competent replacements, to create an efficient team that works well together (Donnelly *et al.*, 1995:462).

2.9 ORGANISATIONAL DEVELOPMENT

This is the long-term effort designed to change the culture and people within an organisation, with a special emphasis on how managers can encourage creativity and innovation (Stoner & Freeman, 1992:408).

2.10 CUSTOMER DEVELOPMENT

Customer development refers to planned learning activities focussed on people outside the organisation. The people on whom the business is based, people who purchase the product or use the business's services. Customers are the most vital to any business to organisation. Responsible organisations are supposed to respond to major changes in customer preferences. A new desire for increased quality in the products and services they buy, puts emphasis on quality services (Donnelly *et al.*, 1995:33-34).

2.11 INSURING FAIR PAY GOOD WORK

For the fair pay on good work organisations normally consider the effort factor, time, ability for the firm to pay, consideration of the cost of living, the legislation, the role of the unions and lastly the supply and demand of the product or service. All these factors are discussed below.

- **The effort factor.** All people like to think that they are being paid directly in proportion to the physical and mental efforts they make on the job.
- **Time.** Rank and file employees in particular, feel that they should be paid for their time, whether or not it is productive time, down time is considered just tough hick for the employer, determining the absolute amount to pay an employee, the small business manager must think in terms of the time demanded of the employee on the job.
- **Ability of the firm to pay.** The small business owner who pays on an ability-to-pay basis should recognise that if all employers followed this practice, the best employees would end-up with the most paying firms.
- **Cost of living.** If the cost of living in the area of the small business operation is extraordinary high, the business will necessarily have to pay employees more than if it is in a low cost-of-living area.
- **Legislation.** There are laws that establish minimum wages to be paid to to employees, the 2 hours for which overtime must be paid. The taxi industry must comply with this legislation to the extent that it covers its employees.
- **Role of the union.** No business is immune from having its employees

organise into labour unions, the union wage scale may have a bearing in determining the absolute amount of wages to be paid employees.

- Supply and demand. The supply of labour available in an area compared to the demand for such labour will influence the amount of money that this labour receives (Kline *et al.*, 1982:395-396).

2.12 LEADING THE TAXI INDUSTRY

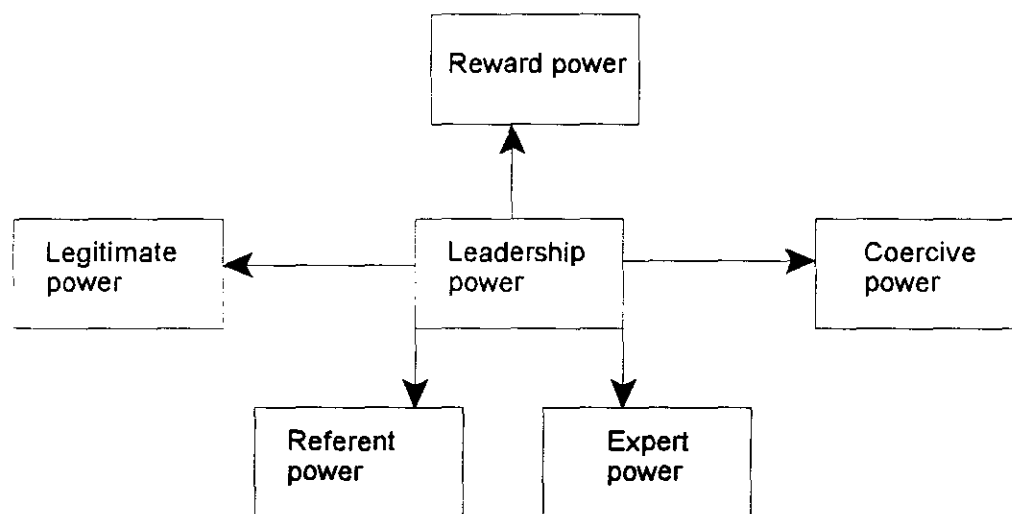
The leading and managing functions are difficult to be separated, but situations call for different emphases. Cultural management is an ongoing process. A positive culture is maintained through recruitment, training and integration. No positive culture can be maintained without the mundane daily activities that support, reinforce and reproduce that culture. So the cultural management is supposed to be emphasised when the cultural strength and content appear appropriate. The commitment shown by the management to cultural maintenance encourages the commitment of other organisational members. This means members are being lead by the management. Cultural maintenance and development processes are as important as change processes. Leadership should be respected not because it is simply active but because it is always active in positive and lasting ways (Deetz *et al.*, 2000:199-200).

Boone and Kurtz (1992:391) defined leadership as the act of motivating or causing people to perform certain tasks intended to achieve specified objectives. Leadership is regarded as the act of making things happen.

Leadership involves the use of power. That is the ability of one person to influence the behaviour of others.

The owners/managers of small business like the taxi industry must follow the aspects of leadership which they have to apply to several sources of power that exists in leadership. For the owners/managers of taxi industry it would be wise to make use of all the sources of power because they might pick one or two they may quickly exhaust and render them ineffective. There are five sources of power outlined in figure 2.7 below.

Figure 2.7 : Five sources of power



Source : Adapted from Boone and Kurtz (1992:392)

2.13 INTERPERSONAL POWER

- Legitimate power is a person's ability to influence others because of being in a more powerful position. Subordinates view the use of power as legitimate, they comply. The culture customs and value systems of an organisation determine the limits of legitimate power.

- Reward power - a person derives power from the ability to reward compliance. This power is normally used to back up the legitimate power.
- Coercive power - this is a power to punish which is mostly used by the taxi owners to their drivers. In that case the drivers may comply because of fear. At some stage this power could be used to correct unproductive behaviour in organisations.
- Expert power - the power to influence others because of possessing special expertise. There are some people who could be experts even when their rank is low, taxi owner even taxi driver may possess expertise on technical, administrative, or personal matters. Expert power is a personal characteristic.
- Referent power - power based on charisma due to personality or style of behaviour (Donnelly *et al.*, 1991:331-333).

Leadership is the most important function in management. The manager/owner of an organisation needs to have sense of responsibility, organisation, clarity and team spirit so that the resources, decision-making and information could be controlled.

2.14 CONTROLLING THE TAXI INDUSTRY

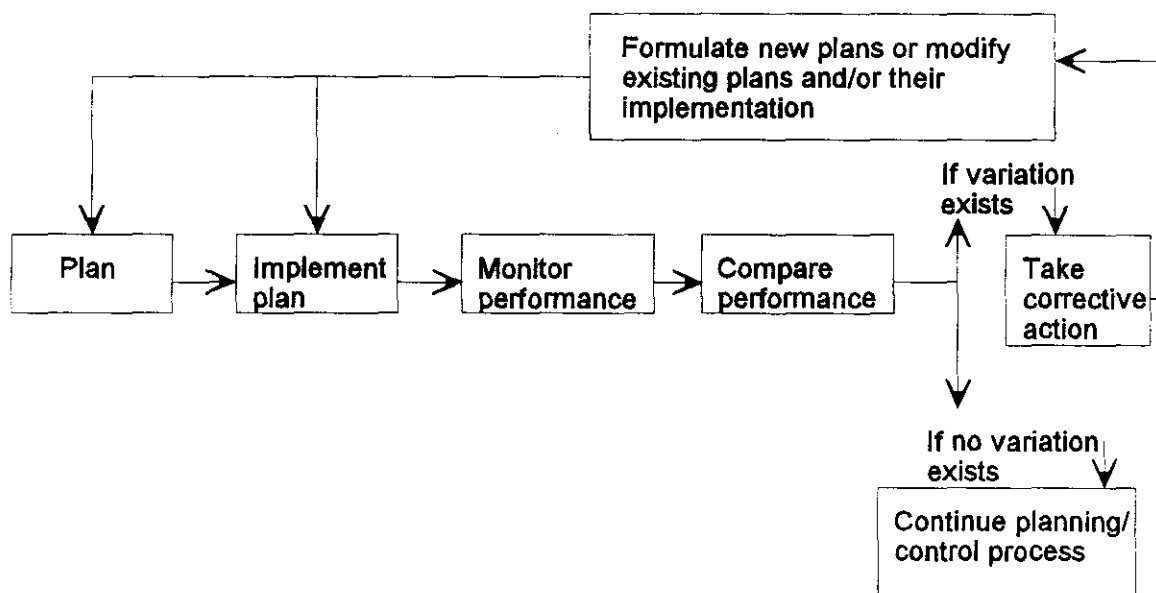
According to Boone and Kurtz (1992:440) controlling is the process of developing standards based on organisation objectives, comparing current performance to standards and taking remedial action to correct deviations.

There are some internal organisations that were formed by the taxi owners through

the encouragement of the government. So that such organisations or associations could be responsible for controlling the operational activities of the industry. Even though the taxi operations are very difficult because the organisational structures lack consistency, they are always fighting for positions, for the roads and for passengers.

There is a relationship between planning and controlling. This begins with identification of the firm's mission, establishment of the organisation's objectives, and formulation of plans designed to accomplish the aims and objectives of the industry (Boone & Kurtz, 1992:440-441). For the owners to form association is to accomplish aims and objectives of the industry which are illustrated by the control cycle in figure 2.8.

Figure 2.8 : Control cycle



Source: Boone and Kurtz (1992:44)

2.14.1 The planning/control cycle

For the taxi industry to control successfully they need to believe that the success or failure of anything they undertake is not determined by fate but they must understand the challenges that confront them in their daily operations.

Such organisations or associations that are formed by the stakeholders in the taxi industry must at least obtain managerial knowledge and expertise. For them to control successfully and effectively management skills should be obtained by those individuals who are leading others and controlling the activities or operations. Such knowledge could only be obtained through the combination of education and training (Prinkle & Abrahamson, 1986: 9-11) suggest that people involved in control must have a technical knowledge of their product or service and also be clear about the factors contributing to the importance of controlling, so as to control effectively (Carland & Carland, 1990:31).

2.14.2 Importance of controlling

The importance of controlling could be clearly discussed through the following four factors that are contributing in today's organisations.

- **Accountability** - for organisation members who have been assigned specific responsibilities to be held accountable, they must know their responsibilities, how their performance will be evaluated, also they must be familiar with the criteria that is going to be used to evaluate their performance (Boone & Kurtz, 1992:441-443).
- **Rapidity of change.** Due to the fast pace at which environmental and other factors change, there's a requirement for evaluation and re-evaluation of the

organisation's strategic and tactical plans. Controlling systems should be established in every organisation so as to assist managers in detecting change which has a significant impact on organisation activities (Longenecker & Moore, 1991:4-5).

- Growing complexity of today's organisations. Large, multi-product, geographically dispersed organisations require consistent and appropriately applied control systems to measure effectiveness. Organisation structures in many firms move towards decentralisation. They call for effective methods of controlling performance.
- People make mistakes. The effectively designed control systems should be capable of identifying a wrong decision, forecast or order so that corrective action can be taken to minimize the damage, control system should be considered as early warning systems to spot deviations from organisation objectives but not be viewed as blame allocators or as devices for finger pointing to each other (Boone & Kurtz, 1992:441-442). Like a taxi being driven at a high speed, overloading, defective tyres and unroadworthy taxis. That is where also the traffic officers come into play their own control on to the road regulations and safety of every individual using the road.

The controlling process is effective and positive to organisations if individuals providing control are well aware of the well-being of the business, the activities and people using their services. The fundamental purpose of control is to ensure the achievement of organisation objectives. Such terms "reconciliation", "integration" and "balance" are as descriptive of the controlling process as are "error free", "zero defects", "preventive and corrective".

Controlling functions have a positive impact on motivation of individual organisation

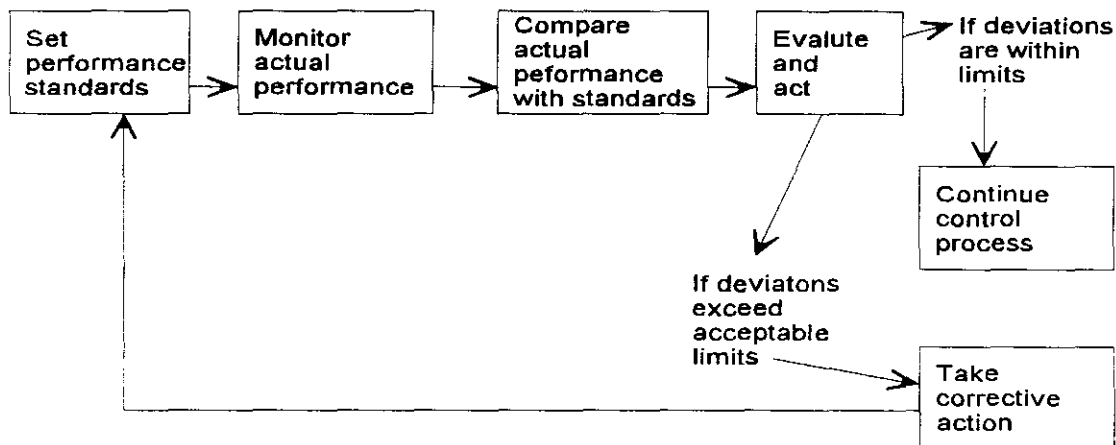
members. Incentive programmes, profit sharing and recognition awards are techniques designed to link performance to financial incentives and individual recognition.

2.14.3 Steps in the controlling process

Controlling is a universal management function so the basic steps of the controlling process overlap the general process of management because of the interrelationship of the functions. Controlling guides performance to conform to the plan. The four basic steps are illustrated in figure 2.9 and they are:

- establishing standards of performance based on organisation objectives ; - and monitoring the actual performance;
- comparing actual performance with established standards to determine deviations; and
- evaluating and taking corrective action if a deviation exists

Figure 2.9 : Four steps to guide performance



Source : Baird, Post and Mahon (1990:458)

2.14.3.1 Establishing standards

The controlling process begins with the establishment of standards of performance to serve as a basis for determining whether the objectives of the organisation are being accomplished as planned (Boone & Kurtz, 1992:444). Baird, Post and Nahon (1990:459) regard standards as a specific criteria against which actual performance can be compared. The standards should be derived from the goals and objectives that have been set. The management must have a goal of improving customer satisfaction on the products and services they are providing.

2.14.3.2 Types of standards

- Output standards. Standards that establish a desired level fo results, such as time, quality, quantity or cost. .
- Behaviour standards. Standards that address the way an activity is to be performed and the steps in its performance.
- Historical standards. Standards based on individual or corporate experience.
- Comparative standards. Standards based on the experience of others (Baird, Post & Mahan, 1990:459-460).

2.15 CONCLUSION

This chapter addresses the management tasks and functional areas of management in the taxi industry. It also addresses the development of human resource strategy. It further considers the provision of regular courses and in

service training of all the stakeholders and equipment of all relevant skills. This culminates in a consideration for the marketing management strategies and ways in which they could be implemented in the taxi industry as a business which could alleviate the poverty and improve the economy of the country.

This chapter embarks on a process of restructuring, formalisation and professionalising the institutions which currently regulate the affairs of the taxi industry. The next chapter will be a discussion of financial management in the industry.

CHAPTER 3

MANAGING FINANCES OF THE SMALL BUSINESS

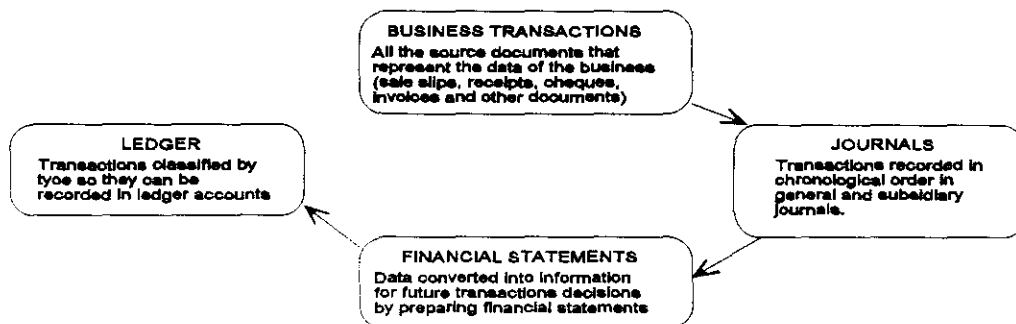
3.1 INTRODUCTION

After the discussion of theories underlying management tasks and functional areas of management, the main objective of this chapter is to discuss the factors to be considered as a way of managing finances of the small business in South Africa especially in the taxi industry. Such factors are discussed below.

3.2 BOOKKEEPING IN THE SMALL BUSINESSES

For small businesses to control/manage their finances, they need to record all the accounting transactions or activities that are taking place in the business. According to Hatten (1997:471), the accounting records of a small business need to follow generally accepted accounting principles (GAAP) standards. Hatten (1997:446) illustrates that accounting process which is shown below in figure 3.1.

Figure 3.1 : The accounting process



Source : Hatten (1997:447)

Accounting process/procedures as illustrated in figure 3.1 are important as they can give management accurate financial records, they could even allow managers of the taxi industry to identify possible problems before they become detrimental to the business.

3.2.1 Financial management skills

The first step in the financial planning process is to establish goals that are realistic and attainable. Every business owner desires to achieve financial success in life. Financial goals begin with the acquisition stage of capital accumulation involving savings and investments. Once acquired, the financial capital must be maintained and preserved (Adelman & Marks, 1998:224).

Hatten (1997:471) indicates that the business needs financial records to make managerial decisions on:

- how much money is owed to the business;
- how much money the business owes; and
- how to identify financial problems before they become serious.

Financial statements are used to prepare tax returns and to inform the bank and investors of their financial status. The main financial statements are the income statement balance sheet and the statement of cash flows.

3.2.1.1 Income statement

Income statement show clearly what has happened in the business during the accounting period concerning income and expenditure of the business. The normal accounting period is one year. Income statement is divided into three sections

namely: gross revenue, gross profit and operating income. Operating income will be recorded again in the balance sheet after being calculated from the income statement. Operating income increases owners equity in the balance sheet.

3.2.1.2 Balance sheet

After the income and expenditure account have been completed, a balance sheet is drawn up in which the net profits or net losses are arranged according to whether they are assets or liabilities or capital balances. There is a formula that summarises the balance sheet that is : $\text{total assets} = \text{total liabilities} + \text{owner's equity}$.

Assets are the possession of the business, are everything the business has a right to use or own. Current assets are those assets that can be converted into cash during the accounting period and they are not covered by federal depreciation schedules. Current assets consist of cash savings and marketable securities, accounts receivables and inventories. Fixed assets are assets whose expected life span in business is more than a year. Fixed assets are there to generate income for the business (Adelman & Marks, 1998:55-58). In case of the taxi industry their assets are their offices, mini-buses and cash received from commuters. Accounts receivables are cash owed by commuters who are paying their transport at the end of the month.

Liabilities form part of the balance sheet. Liabilities represent what the firm owes others, examples could be loans from the banks. Current liabilities consist of creditors i.e. some commuters who might have paid in advance or the business might have bought some spare parts on credit from the spare dealers.

of any bargain purchases that might arise.

- **Loan covenants** - a loan covenant would normally specify that the cash holdings should not be less than a certain percentage of the short-term liabilities. Cash management is part of effective working capital that involves a trade-off between risk and returns (Adelman & Marks, 1998:144-145).

Levy (1998:64) describes financial statement analysis as an evaluation of the firm based mainly on information contained in its financial statements, using accounting data to measure the firm's historical performance and to forecast its profitability. The small business can use ratio analysis to analyse the financial statements.

Ratio analysis compares the financial states of the business to its performance in previous time periods or to other similar businesses within the industry. There are four important types of ratios, namely:

- liquidity;
- activity;
- leverage; and
- profitability.

Ratio analysis can be very useful, but it should always be accompanied by an in-depth examination of a number of ratios rather than one isolated ratio. Relying on one ratio can be meaningless or, worse still misleading. Only by analysing a set of ratios, complementing them with additional data and consulting the notes that often accompany financial statements, can one meaningfully interpret the firms financial position (Levy & Alderson, 1998:91).

Levy and Alderson (1998:64) indicates the reasons for analysing financial

statements which are:

- many transactions that a firm conducts during the year are hard to follow, and the financial statements summarise these transactions and allows managers to evaluate the firm's performance;
- financial analysts base their investment decisions on a firms financial statements;
- managers can detect troublesome signals and take corrective action; and
- the firm uses financial statement analysis to help determine its future financial needs.

The small business has to use specific financial instruments to generate growth and income. The ways in which a small business can generate growth and income to increase cash flow are discussed below.

3.3 SOURCES OF CAPITAL FOR SMALL BUSINESS

In small business the financial function is performed by the accounting department which is responsible for handling financial activities (Gitmant, 1997:11). A vision lifts the head of a business person, only productive operation can give value for money that means the input/output ratio must be excellent, so that prices can be as low as possible and quality as high as possible (Vermaak, 1997:37).

Starting up, expanding, relocating, to start exporting, to innovate or carry out research and development owning a business may be one of the most exciting and life-changing steps a person may take. Financial reward may clearly in itself be the

motive for starting a business, the entrepreneur must prepare him/herself for the reward of such as challenges, independence, personal freedom, self-fulfilment and job satisfaction (MaCleod, 1995:3).

Small business especially the taxi industry does not have access to equity capital, which has the attraction of being risk-free to the business. The taxi owner must rely on loans from banks or individuals and any other non-equity source of finance such as overdraft, short, medium and long-term loans, government loans guarantee for small business, leasing companies, finance houses and discount houses (Barrow, 1988:166-167).

3.3.1 Overdraft

The most common type of short-term finance is simple to arrange. Arrangement is between the client and the bank manager. Overdrafts are flexible with no minimum level, they are relatively cheap with interest paid only in the outstanding daily balance. Interest rates do fluctuate what seemed a small amount of money one-year could prove crippling the next if interest rates jump suddenly. The overdraft facilities can be renewed or altered from time to time. Overdrafts are more used often to finance working capital (Barrow, 1988:171).

3.3.2 Short, medium or long-term loans

Before offering loans, financial institutions consider the business risk of the business. This refers to the nature of the industry and the nature of the company's operations. An organisation like the taxi industry has a high business risk because during the economic climate it suffers even though it provides the basic necessities. The taxi industry is affected mostly during the recession times, as there are not that many people who are using taxi's, people are no more working unlike the retail

grocery chain which has a low business risk due to its basics/necessities of life. What complicates matters to the operators is that the taxi associations are unable to increase fares to compensate for the decline in the numbers of passengers and petrol increase, as they fear the tread of boycotts (Maharaj, 1997:11).

According to Barrow (1988:171), term loans are rather more formal than a simple overdraft because they cover periods of 0-3, 3-10 and 10-20 years respectively. They are usually secured against existing fixed assets or one to be acquired or are guaranteed personally by the proprietors. In terms of risk the short term is more risky than long-term because the commitments have to be met more rapidly while in the case of long-term there is a longer period in which to plan for repayment. Short-term has the advantage of allowing the borrower greater flexibility to react to changing circumstances such as falling interest (Correia *et al.*, 1993:581).

3.3.3 Government guarantees subsidies to small business

Recommendations made in August 1996 by the National Taxi Task Team (NTTT) showed that the minibus taxi industry had never been recognised by government and it lacked economic empowerment, a formal structure and effective control of its operations. The industry carried itself through rising overheads including fuel price hikes, without any help, but towards bankruptcy, insufficient provision for depreciation was identified long ago, as financial institutions were reluctant to enter this chaotic arena.

On 24 August 1998, the taxi industry formed the South African Taxi Association Council (SATACO), consisting of three representatives from each province and two from each of South African's 11 major taxi associations. Transport minister, Mac Maharaj, hailed the formation of the council as a "watershed". In a memorandum of understanding, the Department of Transport (DOT) recognised the urgency of

renewing the existing fleet and “unequivocally undertakes to find an equitable financial solution to replace the fleet”.

On 27 May 1999, government signed an “interim” memorandum of understanding with provincial departments of transport and of SATACO as co-signatories. The agreement confirmed the government’s recognition of the industry and of SATACO as its representative body (Rypstra, 1999 :23-31).

The government seems to be looking for ways to finance some 25 000 new vehicles a year. It was prepared to underwrite loans for 60 % of the value of new vehicles. The old taxis will be traded in for a voucher worth 30 % of the new vehicle. Ten percent as loans could be provided by financial institutions (Rypstra, 2000:12).

KwaZulu Natal (KZN) has taken the lead in getting a project going for its taxi operators. More than R30 million has been invested in Mandela Motor Assemblers (MMA), which has taken over the former Nissan plant in Pietermaritzburg and is in the running to manufacturing a minibus for the taxi industry with technology bought from another body-builder (TFM).

KZN government has already contributed R8 million of the total while the rest came from KZN taxi group, Umthombo Investments (Rypstra, 1999:25).

3.3.4 Leasing companies

Leasing provides a means of financing capital investment. The equipment is leased from a supplier who assumes responsibility for serving and maintenance. Hire purchases are another form of leasing. Leasing is different in such that the business has the option to become the owner of the equipment once the purchase price has been paid. The purchase price includes all cost of finance and is typically

more expensive than the bank loan, but it would be a viable alternative in instances in which bank finance is not available (Burns & Dewhurst, 1996:127).

The leasing payment are sufficient for the lessor to recoup both original cost of the asset, which would be equivalent to the principal amount if the money was borrowed and earn a return on the financing provided, which equates to interest (Correia *et al.*, 1993:607).

Leasing is a way of getting the use of vehicles without paying the full cost at once. The most attractive on leasing are that no deposits needed, the cost of leasing is known from the start to enable forward planning more simple (Barrow, 1988:174). The taxi industry would not be able to access this benefit as it is not formally recognised and they are not receiving the full support from the government.

3.4 FARES OF PRICES DECISIONS

At present the industry is not being subsidised by government or any other financial institutions, the operational services are unmetred and fares work on cash-basis. The fares are decided by the taxi operators associations of which the prices are controlled by the "market force". In most cases the prices are set lower than the opposition association in the case of different associations or competing against the busses. The fares are fixed for youth and adults from 3 years old. If the fares are increasing, the association used to put notices on the windows of vehicles showing the changes in prices. Government does not have a say in the hike of fares in the taxi industry.

In some other instances, the drivers decides onto the fares for the parcels they could, say for a bag of meal-meal is R3,00 from town to the location, that equals the price being payed by a passenger for the same distance. Also prices differ in

the same association in the case of parcels.

3.4.1 Fares forwarded by associations to the customers

- The selling price of a product or a service.
- Element of marketing mix.
- Competitors prices and method of payments.

What the business receives in terms of money from customers in return of something purchased or service provided to a customer (Bekker & Staude, 1988:221-223).

According to Czinkota and Ronkainen (1996:336), the only element of marketing mix is price, that is the only revenue generating. It serves as a communication between customer and the provider, prices with all other costs could serve as the factor determining the long term success of the business.

Service can be more difficult to price because cost may be harder to estimate or competition might not be as easy to compare, but in the case of the taxi industry, the petrol, repairs and the depreciation of the vehicle might be easily determined. Most of the small businesses fail to analyse the costs involved in each service and further fail to price their services profitably that is the reason why cash management is so important. If prices can be analysed appropriately the prices could be set to reach objectives and that is the maximising of profits (Poteet, 1991:31).

3.5 CASH MANAGEMENT

Cash management entails financial function which emphasises profits favourable return on investment and cash flow. It ensures that the firm has adequate cash

reserves to meet all the short-term financial obligations whenever they become due. Cash management is also used to maintain the short-term earning power of temporarily idle cash by investing it in marketable securities to earn some interest till it becomes needed for future use (Lovemore & Brummer, 1993:77). Every business must comply with the principles of cash management and the current assets management. There must be optimal levels of cash in hand after the payment of the expenses which are supposed to be prepared. The following should be used:

- cash book;
- cash inflows and outflows;
- statements;
- personal cash flow statement;
- income statements; and
- balance sheet.

3.5.1 Cash book

The optimal level of cash in business can be maintained if all the transactions are recorded. The process of recording is carried out in the books mentioned above. The cashbook is designed to record both receipts and payments. Its division enables the work to be segregated between two employees and segregation of duties is one way in which a business can be able to reduce the risk of losses through fraud.

3.6 CONCLUSION

The growth rate of the taxi industry and the industrial sector in which it operates will have implications for financial requirements as will the vintage and nature of

vehicles needed (Burns & Dewhurst, 1996:110).

The owner/manager must determine how much capital is required and how the sources of financing and external funding will be obtained (Clark *et al.*, 1993:140).

According to Burns and Dewhurst (196:110-111) starting up or expanding a small business will call for a mix of short and long-term finance. This examines some of the diversity in the sources and provision of finance to some of the problems, which may confront these businesses.

The provision of finance to a small business can be regarded as a simple contract between the two parties in which the finance provider may be regarded as the principal and the small firm as the agent. All financing methods have important implications for the business tax and financial position and appropriate professional advice should always be taken before embarking on any financing exercise.

The form of legal registration in terms of the taxi industry could influence the types of money that would be available to taxi owners. Taxi owners/managers may take the form, which depends on commercial needs, financial risk and their tax position.

The taxi industry is regarded as a sole proprietorship wherein there are no records kept. There are no requirements for an external audit, or the filing of financial information. Taxi operators could only be prudent to keep good books and to get professional advice, as they have to declare their income to the receiver of revenue, otherwise they will lose in any dispute over tax, as they have no access to equity capital.

This chapter has shown the importance of financial management and how financial or cash management should be done. Training and development of owners in the

taxi industry on the basis of sources of finances and management of finances could instil a more positive attitude and more jobs could be created, as owners would be empowered on financial management. The emphasis is also on fares and prices decisions due to no subsidies from the government.

The next chapter will focus on the research methodology.

CHAPTER 4

RESEARCH METHODOLOGY

4.1 INTRODUCTION

This chapter focuses on the methodological procedures used in this study. The purpose is to provide information about the nature and scope of the empirical research followed in this study. In chapter one it has been stated that the research done in this study is applied or conclusive in nature and quantitative research method was used to obtain basic information for this study. This further shed light in the discussion of the empirical research methodology that follows in this study.

According to Parasurana (1991:128-131), the purpose of undertaking a research is to have facts in order to verify insights and aid in selecting a course of action, Also research intends to develop or insights and to provide direction for any further research needed.

For a research to be a success the purpose of the research of the problem involved should be clearly defined. The statement of the research problem should include analysis into its simplest elements. The research procedure and designs should be carefully planned to yield results that are as objective as possible. The researcher should report with complete frankness, flows in a procedural design and estimate their effect upon the findings (Cooper & Emory, 1995:12-14).

The procedure for data collection is rigid and the quantitative and recommendations are more formal (Parasurana, 1991:128).

Empirical research enhanced the scientific value and accountability in this study.

This is achieved by conducting interviews and reporting the research as it was carefully planned in chapter one providing objective results. The research process includes the following activities:

- the construction of sampling survey;
- designing three questionnaires containing primary close-ended questions;
- piloting questionnaires; and
- the analysis and interpretation of data completes the process.

4.2 THE CONSTRUCTION OF SAMPLING SURVEY

According to Zikmund (1994:64) the actual sampling is a separate stage of the research process, while Kinnear and Taylor (1991:392) said sampling is used very frequently in research as it offers more major benefits.

Kinnear and Taylor (1991:395-397) identify the steps which could be used in the selection of samples. These steps are discussed below in table 4.1

Table 4.1 : Steps in selecting a sample

Step 1	Define the populations 1 Elements 2 Units 3 Extent 4 Time
Step 2	Identify the sampling frame
Step 3	Determine sample size
Step 4	Select a sampling procedure
Step 5	Select the sample

Source : Adapted from Kinnear and Taylor (1991:391)

Step 1 : Defines the population as the aggregate of all elements defined prior to selection of sample. Population includes elements, sampling units, extent and time (Kinnear & Taylor, 1991:393). According to Singleton, Straits and Straits (1993:143) a population or sample is any group of people who share a common set of characteristics. The population for this study are taxi owners, taxi drivers and commuters, people who are using taxis regularly as their means of transport.

Elements is that unit about which information is collected and that provides the basis of analysis (Babbie, 1995:193). Sampling unit is the element or elements available for selection at some stage of the sampling process. For this study both elements and sampling units regarded as owners, drivers and users of taxis.

The extent or the scope over which the population in this study extends is Goldfields, South Africa. The time is for the years 2002 - 2003.

Step 2 : Identify the sampling frame - sampling frame is a list of all the sampling units available for selection at a stage of the sampling process (Kinnear & Taylor, 1991:395).

Step 3 : The determination of sample size. The size of the sample is determined by the number of elements to include in the sample. Deciding when a sample is too big or too small is a difficult problem (Kinnear & Taylor, 1991:396). The next step to be discussed is the selection of a sampling procedure.

According to Moore (1995:180) sampling simply means part of the population that is actually examined in order to gather information so the design of a sample refers to the method used to change the sample from the population. Poor sample designs can produce misleading conclusions.

Step 4 : Selecting a sampling procedure. Difference is made between a probability sample and a non probability sample. In probability sampling, the chance that a population element will be included in the sample is known. The probability sampling procedure includes simple random sampling, systematic sampling, stratified sampling, new probability sampling and cluster sampling (Groenewald, 1989:14-18). There is no known chance of any particular element in the population being selected. Non probability includes convenience sample, judgment sample and quota sample (Kinnear & Taylor, 1991:397-402). In this study the simple random probability was used, from the non probability procedure convenience sample. The next step to be discussed is the selection of the sample.

Step 5 : Select the sample. The physical selection of the sample is based on the procedure discussed above step (4) (Kinnear & Taylor, 1991:396-397). In this study thirty owners, twenty drivers and twenty commuters in the Welkom area were chosen as the representatives of the population of the Goldfields.

A random sampling, convenience sample and quota sample were used to achieve the objectives of the study and to speed up the research process. The owners were approached when available as no contact numbers were available.

According to Groenewald (1989:15) simple random sampling implies that each element in the universe has an equal chance to be included in the sample.

Commuters were chosen as they were within easy reach of the researcher during the cluster interview with the drivers. The commuters were there at the taxi rank so that was based on convenience. A convenience sample is selected on the basis of convenience for the researcher (Kinnear & Taylor , 1991:398).

4.3 PROBLEMS EXPERIENCED DURING THE RESEARCH

4.3.1 Availability of participants

It was sometimes difficult to interview the participants because the owners sometimes are also drivers. After a few questions his/her taxi is full, he has to leave. Now the researcher has to turn to another person who might not be interested in answering questions, everybody seemed to have serious time constraints, which made it difficult to find a suitable time for interviews.

The other problem being that the researcher had to come to the rank from time to time so that the owner or driver could continue being interviewed and complete the questionnaires.

4.3.2 Timing of interviews

Timing of interviews posed problems because they had to be conducted during working hours. An interview which was seen by participants as interfering with their business and loaded with questions generated reluctance and disinterest reluctant to disclose the answers.

4.3.3 Validity of answers

A further problem was that participants did not want to give trustworthy answers to questions. They guessed what answers the researcher expected. The researcher had to overcome that by building a trusting relationship.

Sampling situations are summarised in tables, 4.2, 4,3 and table 4.4

Table 4.2 : Actual sampling situation one

1	DEFINE THE POPULATION	
1	Elements	Taxi owners
2	Units / sampling units	Taxi owners
3	Extent	South Africa
4	Time	2002 to 2003
2	IDENTIFY THE SAMPLING FRAME	List compiled by researcher of all taxi owners in Welkom area
3	DETERMINE SAMPLE SIZE	30 taxi owners
4	SELECT A SAMPLING PROCEDURE	Probability procedure a simple random sample
5	SELECT THE SAMPLE	Made use of the information from Step 4

Source : Adapted from Kinnear and Taylor (1991:396)

Table 4.3 : Actual sampling situation two

1	DEFINE THE POPULATION	
1	Element	Taxi drivers
2	Units / sampling units	Taxi drivers
3	Extent	South Africa
4	Time	2002 to 2003
2	IDENTIFY THE SAMPLING	list compiled by researcher all drivers in the Welkom area
3	DETERMINE SAMPLE SIZE	20 drivers
4	SELECT A SAMPLING PROCEDURE	Probability procedure - a simple random sample
5	SELECT THE SAMPLE	Made use of the information from step 4

Source : Adapted from Kinnear and Taylor (1991:396)

Table 4.4 : Actual sampling situation three

1	DEFINE THE POPULATION	
1	Element	Commuters
2	Units / sampling units	Commuters
3	Extent	South Africa
4	Time	2002 to 2003
2	IDENTIFY THE SAMPLING	5 Commuters from every four ranks in Welkom
3	DETERMINE SAMPLE SIZE	20 commuters
4	SELECT A SAMPLING PROCEDURE	New probability procedure - a convenience sample
5	SELECT THE SAMPLE	Made use of the information from step 4

Adapted from Kinnear and Taylor (1991:396)

4.4 QUESTIONNAIRE DESIGN

The questionnaires were compiled to collect relevant data from the taxi owners, drivers and community members of Welkom. Close-ended questions were used, but to gain more insight open-ended questions were included, also to simplify the data analysis and interpretation process.

Three questionnaires were used. One questionnaire designed to be answered or completed by the taxi owners/operators. The questions dealt with aspects such as demographic information on each respondent, employer/employee relationship which enabled the researcher to obtain more information about the management skills which the operators possess and those that need some development and training.

The second questionnaire was designed to be completed by the taxi drivers in consideration of their demographic information, their employment history and the current problems they encountered in their day-to-day operations. A third questionnaire was used to get information from commuters about the industry. All questionnaires are included in this study as Annexures B, C and D.

4.5 PILOTING OF QUESTIONNAIRES

Personal interviews were arranged. The researcher and two interviewers who are well-trained from their honours classes to conduct research and how to take care of field work and more development was done by the research, to see to it that they can be able to turn the research objectives into specific methodological objectives and ascertain, they could be able to visualise the outcomes. They were also made aware that the people we are interviewing are not that good in English, so they had to be ready to translate whenever there was a need.

A total of 20 owners, 20 drivers and 10 commuters were approached for interviews with 100 % response rate (see annexure D on page 150 for local map). Majority of the respondents did not want to disclose their personal details, so their names were not disclosed to encourage honesty and reliability of the information. Even though their names are so important to show the list of the people consulted. Some said their vehicles were not properly registered, to take their names, research might expose them to the authorities (traffic officers). Some said they just do not want to be known for safety purposes. As the majority of them did not want their names to be taken, researchers had to continue with the interview without their names.

For the purpose of this study the data gathered during the research process need to be analysed and described. The quantitative information gathered is summarised and described by using actual figures or percentages to suit the

purpose of this study. Tables are used to arrange and represent information. Data is also illustrated through the usage of different graphical presentations.

4.6 CONCLUSION

The empirical research methodology was discussed and well described indicating how data was obtained. This chapter explains all the steps followed in sample selections. It also provides details on questionnaire design and the way the questionnaires were piloted.

In the following chapter, data obtained from the research is summarised statistically according to percentages and actual figures. Chapter five provides a statistical picture of the responses obtained from the three different sets of questionnaires.

CHAPTER 5

DATA ANALYSES

5.1 INTRODUCTION

In this chapter data gathered during the empirical research is analysed and described. The information is presented in actual figures on percentages for statistical purposes. Tables are used and arranged to arrange and present information clearly. Different graphical presentations are also used to illustrate data.

The research results from the three questionnaires as described in the previous chapter are depicted and dealt with separately. Results obtained from taxi owners, drivers and from commuters are presented.

The responses will be discussed from the following paragraphs

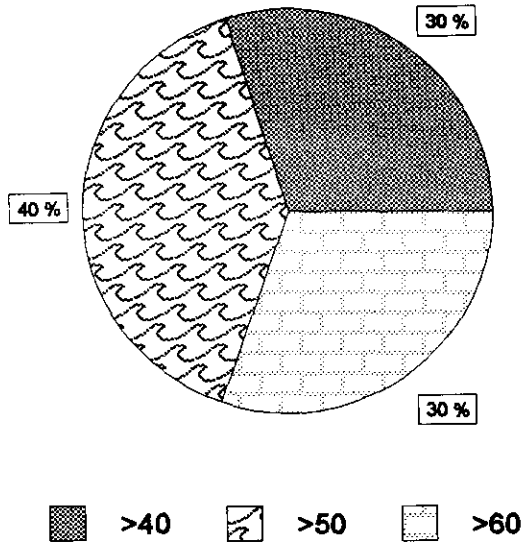
5.2 TAXI OWNER/MANAGER

5.2.1 Demographic information

Table 5.1 : Age distribution

AGE	COUNT NO	PERCENTAGES
<20	-	-
>20	-	-
>30	-	-
>40	6	30
>50	8	40
>60	6	30
>70	-	-
	20	100

Figure 5.1 : Age distribution



Source : Own research

The results depicted from table 5.1 and figure 5.1 showed that most of taxi owners are aged between 40 - 60 years. According to the results 30 % of the respondents are above 40 years, 40 % above 50 years and the other 30 percent are above 60 years. Figure 5.1 illustrates the composition of the respondents graphically.

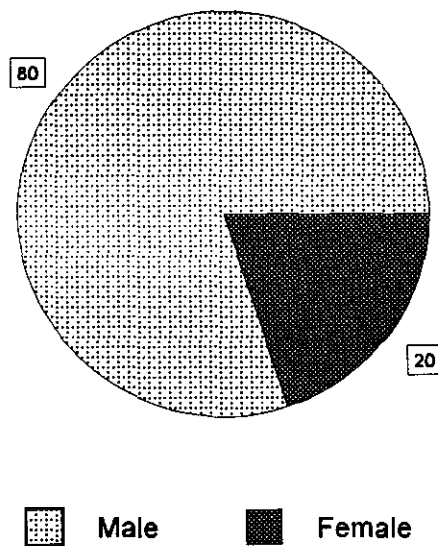
5.2.2 Gender distribution

Table 5.2 : Gender

GENDER	COUNT NO	PERCENTAGE
Male	16	80
Female	4	20
	20	100

Source : Own research

Figure 5.2 : Gender distribution



Source : Own research

The results depicted in figure 5.2 and table 5.2 indicated that the majority of the owners are males out of 20 respondents 16 are all males. That means 80 % of taxi owners/managers are men while only 20 percent are females denoted by 4 out of 20 respondents.

5.2.3 Race distribution

Table 5.3 : Race distribution

RACE	COUNT NO	PERCENTAGE
Black	18	90
Coloured	2	10
Indian	-	-
Other	-	-
	20	100

Source : Own research

It was discovered that the majority are black people according to table 5.3 above, as 90 percent were black respondents and only 10 percent of the respondents were coloured.

5.2.4 Comparison in terms of gender and race

The research showed that most black men are the ones engaged in this kind of business, mostly between the ages 40 - 70. Females who are in the industry are the ones who took over the business after the death of their husbands, that means it was not the female's initiative to operate that kind of business. The 20 percent of ladies operating in the industry felt that they are not safe due to the violence taking place in the industry. From the female respondents, 50 percent are black citizens while the other 50 percent are coloured citizens, they felt that it would be appropriate if more ladies could be involved in the operation of the industry as they could be able to reduce the violence in the taxi industry as they specialised in negotiations and not physical confrontations.

5.3 OWNERSHIP OF VEHICLES

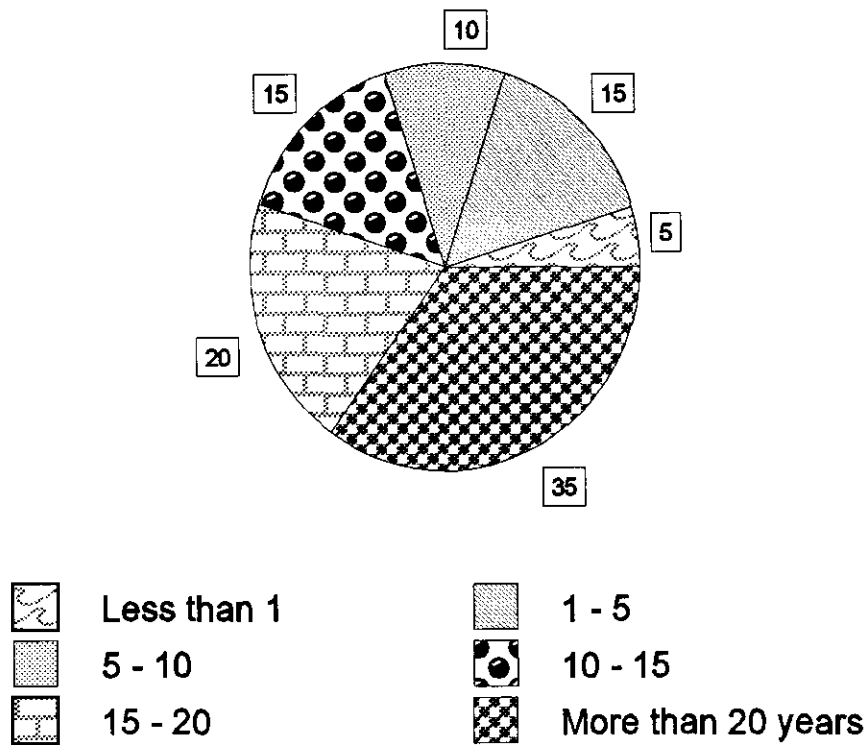
Period in which the respondents operate in the industry

Table 5.4 : Duration of ownership

NUMBER OF YEARS	COUNT NO	PERCENTAGE
Less than 1	1	5
1 - 5	3	15
5 - 10	2	10
10 - 15	3	15
15 - 20	4	30
More than 20 years	7	35
	20	100

Source : Own research

Figure 5.3 : Duration of ownership



Source : Own research

The results depicted from table 5.4 showed that a majority of owners were in the business for more than 20 years, 35 percent were in that business for more than 20 years, 20 percent between 10 - 20 years, 15 percent between 10 - 15 years, 10 percent between 5 - 10 years, 15 percent between 1 -5 years. They even indicated that, that was when the Goldfields economy declined, when mines were being closed and workers took their packages. A majority of the retrenched workers engaged in the taxi industry, followed by 5 percent less than 2 years being in the industry. Figure 5.3 above illustrates the results.

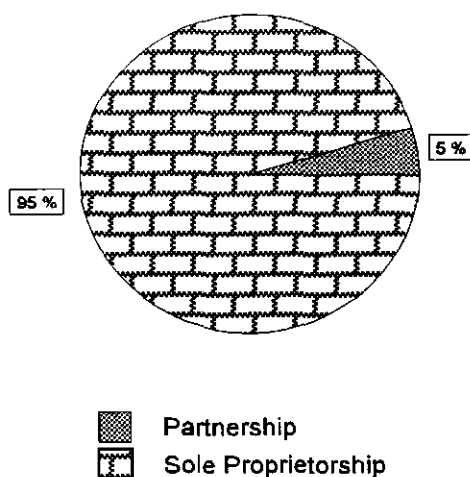
5.3.1 Ownership of the respondents in the industry

Table 5.5 : Ownership

OWNERSHIP	COUNT NO	PERCENTAGE
Sole proprietorship	19	95
Partnership	1	5
Private company	-	-
Public company	-	-
Close corporation	-	-
	20	100

Source : Own research

Figure 5.4 : Ownership of the respondents in the industry



Source : Own research

Table 5.5 indicated that 95 percent of the respondents were sole proprietor, they work independently, while only 5 percent is a partnership. Other formed a partnership with a member of the family, they combined their capital contributions for the purchase of that vehicle and they are always meeting and

making some discussions on the new developments in their business. Figure 5.4 illustrated the high percentage of sole proprietorships in the taxi industry, showing that the taxi industry is privately owned than partnerships, companies or even close corporations.

5.4 HUMAN RESOURCE MANAGEMENT

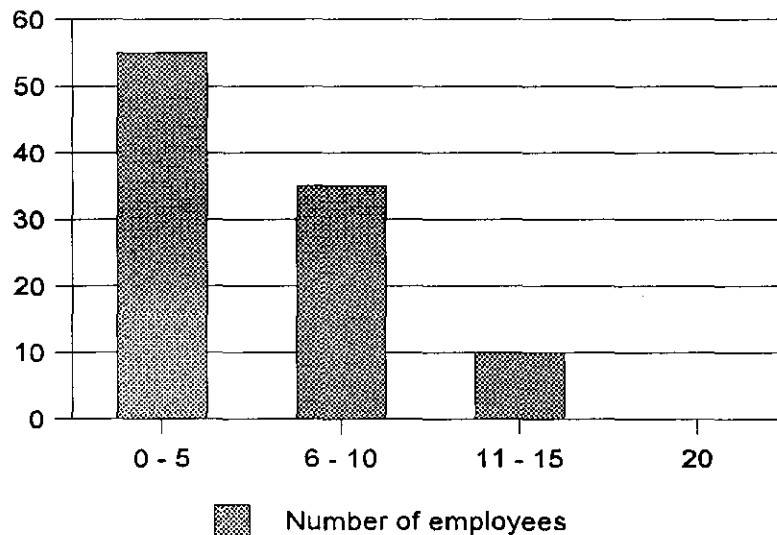
5.4.1 Number of employees in respondents business

Table 5.6 : Number of employees in business

NUMBER OF EMPLOYEES	COUNT NO	PERCENTAGE
0 - 5	11	55
6 - 10	7	35
11 - 15	2	10
	20	100

Source : Own research

Figure 5.5 : Number of employees in business



Source : Own research

According to the results depicted in table 5.6 the second highest business sector in the Goldfields which brings growth to the economy of Northern Free State is the taxi industry, that is reflected by the number of employees being employed by the respondents, some even showed the researcher their taxis in the same rank. Eleven out of 20 respondents employed 55 percent between 0 - 5 employees. Thirty five percent employed between 6 - 10 which is the highest number of employees for a single respondent especially in that kind of business. The last portion is where respondents employed more than 11 employees which is equal to 10 percent of employees from a single respondent. Figure 5.5 illustrates the above percentages in terms of how many people are employed in the organisation even though the business is an informal sector and in most cases does not abide by the rules and regulations in terms of the basic conditions of employment act.

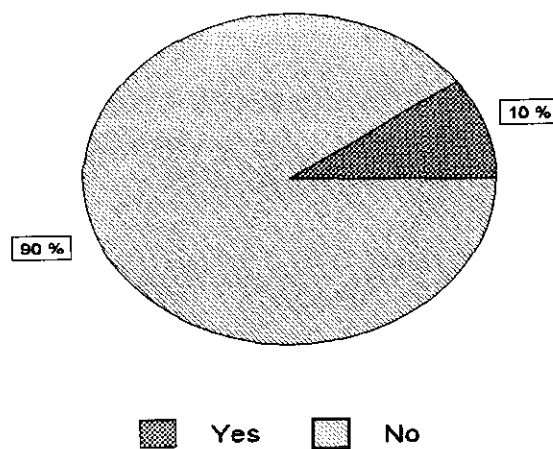
5.4.2 Knowledge of regulations within the labour relations act

Table 5.7 : Knowledge of regulations within the labour relations act

COMMENTS	COUNT NO	PERCENTAGE
Yes	2	10
No	18	90
	20	100

Source : Own research

Figure 5.6 : Knowledge of regulations within the labour relations act



Source : Own research

The employment situation in South African is regulated by the labour relations act. There should be a formal agreement between the employer and employee before they could be involved in any contract of service. Employers are required to negotiate and comply with certain demands placed by the authority or the unions, regarding the basic working conditions for both parties, employees and employers.

But this research showed that the majority, as indicated in table 5.7 know nothing about the Labour Relations Act, 90 percent of the respondents have no idea. Only 10 percent have little knowledge on employees rights, conditions of work, working hours, salary, leave allowances but they are not practising these even though they have that knowledge.

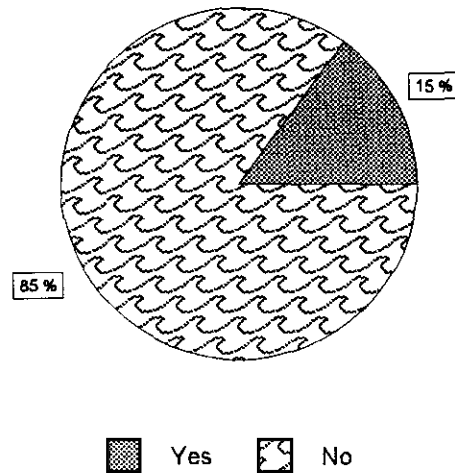
5.4.3 Employees registration in terms of the basic conditions of employment act

Table 5.8 : Employees registration in terms of the basic conditions of employment act

COMMENT	COUNT NO	PERCENTAGE
Yes	3	15
No	17	85
	20	100

Source : Own research

Figure 5.7 : Employees registration in terms of the basic conditions of employment act



Source : Own research

Both tables 5.8 and figure 5.7 present the high percentage of unregistered employees approximately 85 % of the owners indicated that they have drivers who are not registered according to the basic conditions of employment act, while only 15 % of employees indicated that their drivers are registered. The

above statistics showed that even the Department of Labour is not concerned about the welfare/goodwill of certain departments especially the transport department. Taxi owners who indicated that their drivers are not registered showed that they are not practising acceptable business ethics. Each and every business is expected to behave in socially beneficial ways, particularly in relation to the physical environment and the removal of unfair discrimination in hiring and firing employees.

5.4.4 Benefits which every employee is entitled to

Table 5.9 : Benefits which every employee is entitled to according to the rules and regulations of the country

BENEFITS		YES %	NO %
1	Pension fund	0	0
2	Medical aid	0	0
3	Unemployment insurance fund	10	90
4	Accident fund	0	0
5	Other specify	0	0
		10	90

Source : Own research

Table 5.9 presented the highest percentage of employees who are not receiving any of the above benefits. The reason being the employers do not contribute to any of these as those employees are not registered and the business is not formally registered.

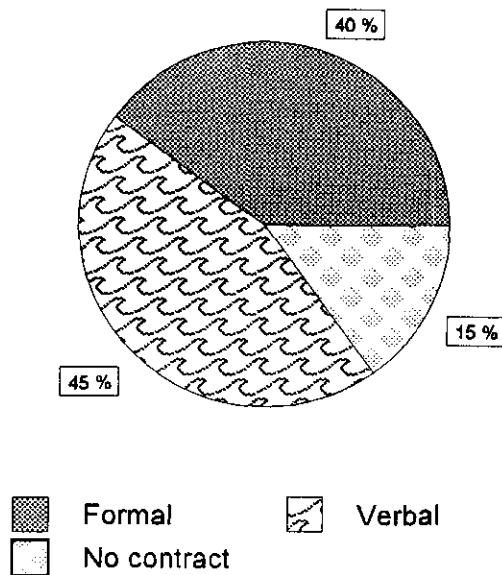
5.4.5 Employment agreement

Table 5.10 : Employment agreement

TERMS OF CONTRACT	COUNT OF NUMBERS	PERCENTAGE
Formal	8	40
Verbal	9	45
No contract	3	15
	20	100

Source : Own research

Figure 5.8 : Employment agreement



Source : Own research

The data from table 5.10 and figure 5.8 showed that all taxi owners as part of the informal business sector, do not follow the legislations when hiring or employing persons. The employment relationship between owner and employee based on a contract that is verbally agreed upon by both parties. Even the formal contract seemed to be the one drawn by the owner and the employee had to sign only

and nobody else included as a witness to that contract. The employee has to pay for costs relating to traffic violations. The 15 percent of the respondents said they did not make any contracts with their employees because they hire today and the next day fire and hire another person, reason being they do not trust people dealing with their cash.

5.4.6 The criteria used during the employment of drivers

Employment in South Africa is regulated by the Labour Relations Act. The employer and employee formalise their agreement by entering into a contract of service. The employer has to abide by the rules and regulations of trade unions, regarding the basic working conditions for employees.

Table 5.11: The criteria used during the employment of drivers

	CRITERIA	COUNT	%
01	Possession of legal and valid drivers licence	20	100
02	Has been convicted of any criminal offence	19	95
03	Medical fitness	17	85
04	Has mechanical knowledge of vehicles	19	95
05	Posses any communication skills and basic education	19	95

01 Possession of legal and valid drivers licence from data collected 100 % of the respondents showed that before hiring they have to check whether the person possesses a valid drivers licence. This driver's licence must be in possession of the driver every day.

02 Has been convicted of any criminal offences. Ninety five percent of the respondents indicated during their informal interview with their employees that they do ask whether the applicant was not charged with any criminal

offences. This showed that the majority were not convicted, except one respondent who said his employee was convicted some years ago. The problem is not paying for the tickets received from the traffic officers. Only 5 percent of the respondents disclosed that.

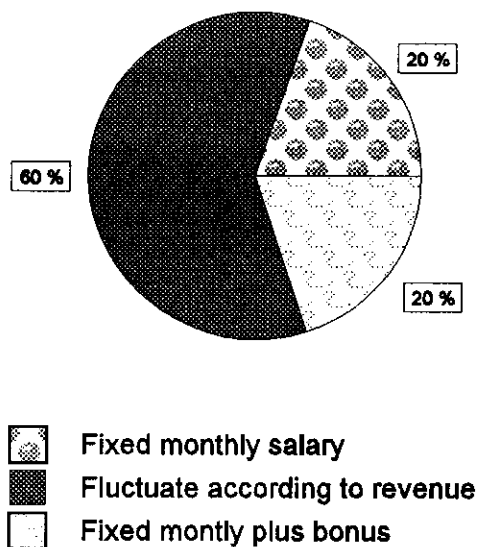
- 03 **Medical fitness.** Out of 20 respondents, 17 said they did not verify whether their employees were medically fit or not but 3 respondents said they had to ask for medical certificates from their employees. As a result the statistics show that 85 percent did not take their employees fitness into account while only 15 percent took care of that.
- 04 **Mechanical knowledge of vehicles :** 95 percent of the respondents said that they did not ask whether their employee could fix their vehicles if ever there are some problems, they said they knew they will do so they did not bother by enquiring about that. While 5 percent of the respondents considered that as their vehicles are not in good condition.
- 05 **Possess any communication skills and basic education.** The research showed interest on the employees' communication skills and education. The respondents detected the skills of communication through their conversation as well as the education of the employee while the rest of the respondents indicated that as long as the person could drive and be able to collect money from the passengers and have a valid drivers licence to them nothing matters more. This shows that 95 percent did not consider education and could only get information from the previous employer, but also if it is available.

Table 5.12 : Remuneration or salary to drivers

METHODS OF PAYMENT		COUNT NO	PERCENTAGE
1	Fixed monthly salary	4	20
2	Fluctuate according to revenue	12	60
3	Fixed monthly salary plus certain bonus	4	20
		20	100

Source : Own research

Figure 5.9 : Remuneration or salary to drivers



The information depicted in table 5.12 indicated that the majority of the respondents are paid fluctuately on a weekly basis and the amount fluctuates according to the dictates of revenue. According to table 5.12 that equals 12 respondents which is equal to 60 % from figure 5.9 even though the salary fluctuates but it starts from R200 a week, anything more than that will be increased by the total of income brought in by the driver for the rest of the week. While the other 4 respondents said no matter how much is brought in there is a

monthly payment of R600,00 while the last 20 percent of respondents indicated that they pay fixed amounts that range from R600 - R700 per month together with bonuses only on December holidays.

5.5 GENERAL MANAGEMENT

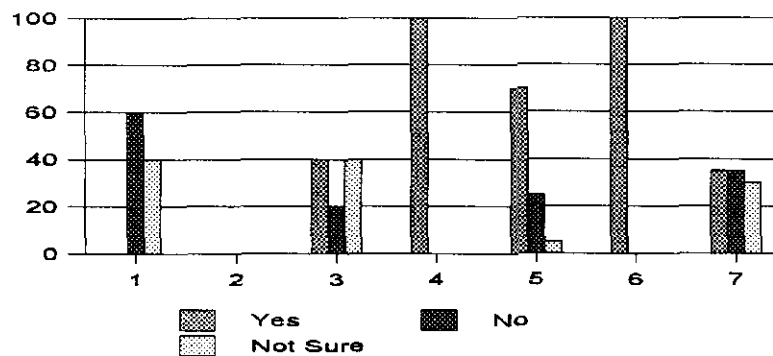
5.1.1 Changes affecting business operation

Table 5.13 : Changes affecting business operation

ASPECTS OF CHANGES		YES %	NO %	NOT SURE %
1	Technology	0	60	40
2	Political introduction of 36 seaters	0	0	0
3	Government regulations	40	20	40
4	Economy (interest rates, inflation high prices of petrol)	100	0	0
5	Competitors (buses and trains)	70	25	5
6	Retrenchments in the mines	100	0	0
7	Labour unions	35	35	30

Source : Own research

Figure 5.10 : Changes affecting business operation



Tables 5.13 and figure 5.10 illustrated the aspects of changes in the taxi industry operation. A significant number of 60 percent respondents indicated that technology does not have any impact on their daily operations, while the last 40 percent indicated that they are not so sure whether technology affects them or brought any changes into their business operations, as they are operating their businesses physically so they do not even see a need for making use of technology.

5.5.2 Training received by owners/managers

Table 5.14 : Training received by owners/managers

	FIELD OF TRAINING	COUNT NO	PERCENTAGE
1	Management skills/strategies	0	0
2	Financial management	0	0
3	Entrepreneurship	1	5
4	Administrative	0	0
5	Marketing	0	0
6	Human resource	0	0
7	None	19	95

Source : Own research

Table 5.14 shows the different fields in which respondents were supposed to receive training. In table 5.14 it is shown that 95 percent of the respondents have never been offered training to acquire skills, their operation is a traditional way of running a business. Only 5 percent of the respondents received training on entrepreneurship which is not specific to transport, it was a general training but at least there was training received.

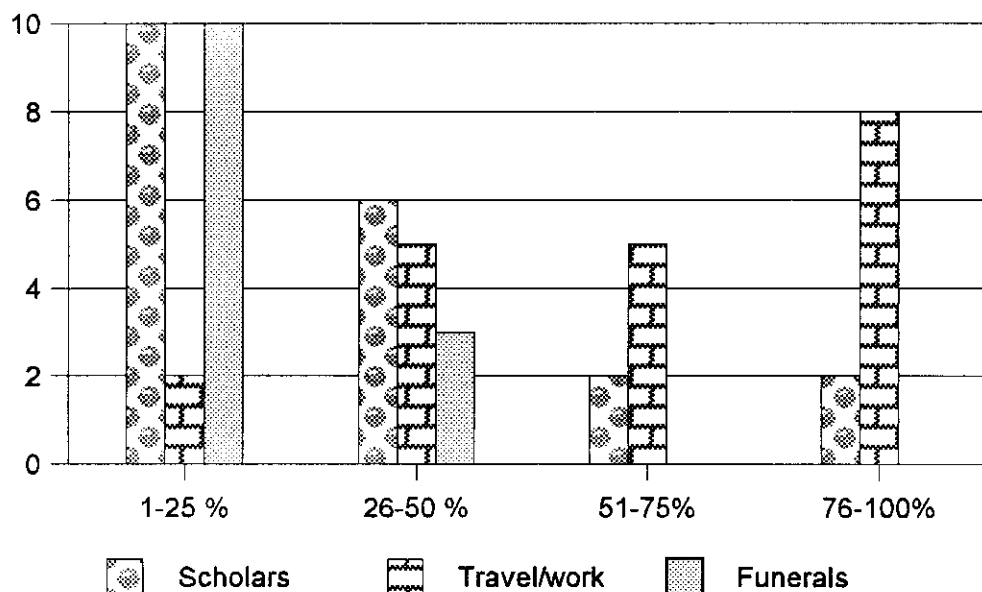
5.5.3 Market served by respondents

Table 5.15 : Market served by respondents

MARKETS	1-25 %	26-50 %	51-75 %	76-100 %
Scholars	10	6	2	2
People who travel for personal reasons/workers	2	5	5	8
Hired for funeral purposes	10	2	0	0

Source : Own research

Figure 5.11 : Market served by respondents



Market served by the respondents. Table 5.15 shows the respondents estimations expressed in percentages of the different market segments that they serve. Figure 5.11 indicates that two (2) of the respondents indicated that they mainly serve scholars (76 - 100%) of their market. While figure 5.11 illustrates that 8 of the respondents indicated that they mainly serve the people who travel for personal reasons. Those hired for funeral purposes constitute a relatively

small part of the taxi market and that is between 1- 25%.

5.5.4 Information from owners record on market research

Table 5.16 : Information from owners record on market research

RESPONSE	COUNT NO	PERCENTAGE
Often	0	0
Always	0	0
Sometimes	1	5
Never	19	95

Resource : Own research

Table 5.16 showed that 95 % of the respondents have never made any market research, they do not know what their customers really need, they only know that their customers are always complaining about their services which they said they have nothing to do with. Five percent of the respondents showed that they did undertake market research to find where people need transport and where they do not have enough transport.

5.6 FINANCIAL IMPLICATIONS

5.6.1 Did you have enough funds to start your taxi business?

Table 5.17 : Funds for taxi business

RESPONSE	COUNT NO	PERCENTAGE
Yes	14	70
No	6	30

Source : Own research

Figure 5.12 : Funds for taxi business

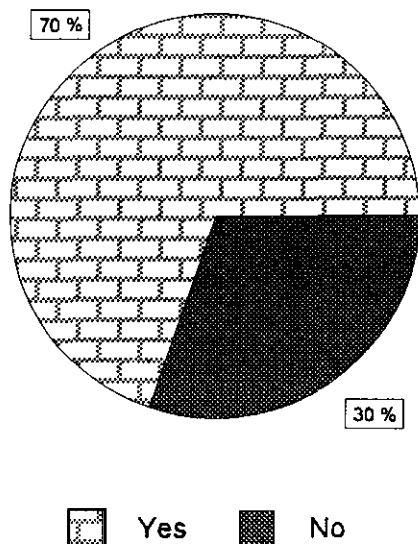


Table 5.17 and figure 5.12 illustrated the highest percentage of respondents who had funds to establish their business. Seventy percent had enough funds as they said they did not buy brand new vehicles, they bought second hand which did not demand much from their pockets. While 30 percent of the respondents indicated that it was difficult for them to obtain funds more especially for this type of business. Financial institutions were not prepared to help.

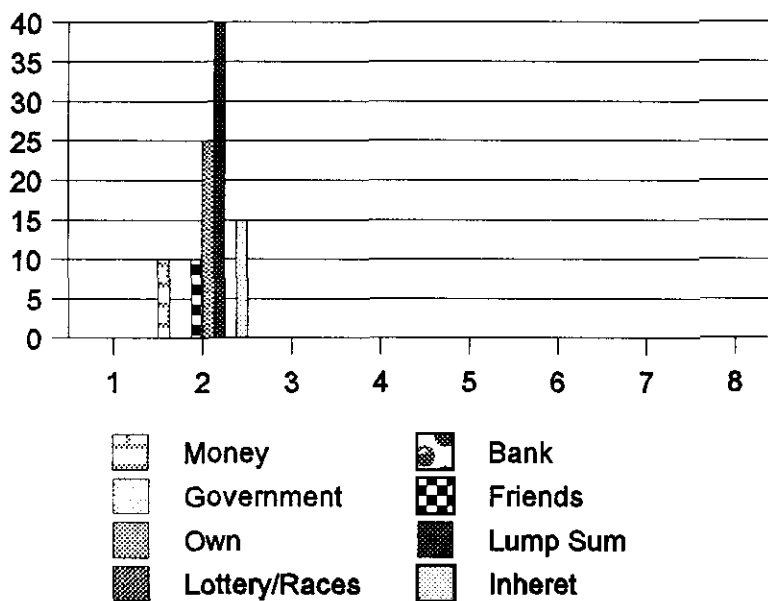
5.6.2 In what way did you finance your business?

Table 5.18 : Means of financing business

MEANS OF FINANCES	COUNT NO	PERCENTAGE
Money lenders (Mashonisa)	2	10
Bank loan	0	0
Government subsidy	0	0
Friends and family	2	10
Own funding	5	25
Lump sum after retrenchments	8	40
Winning lottery/horse race	0	0
Inherited the business from parents	3	15

Source : Own research

Figure 5.13 : Means of financing business



Source : Own research

Table 5.18 showed that most of the respondents that is 40 percent established their businesses after being retrenched from work. Twenty five percent of respondents finance their businesses from their own pockets/their investments,

while 15 percent inherited the business from their parents and the last two (10%), respondents got the money from money lenders while the other two respondents got finances from friends and family.

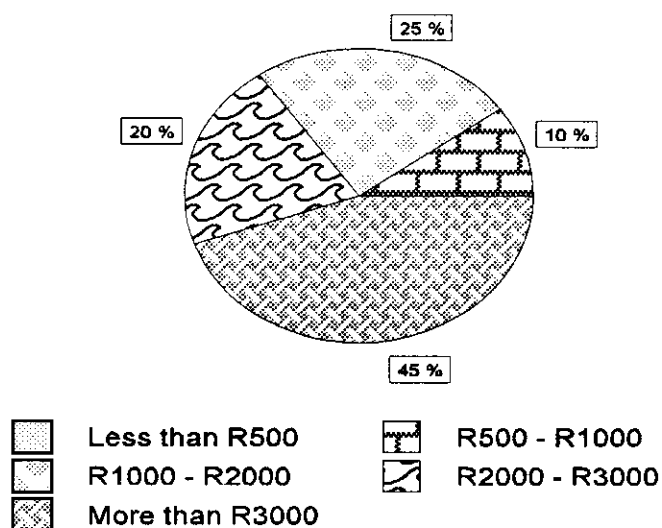
5.6.3 Turnover per month

Table 5.19 : Turnover per month

TURNOVER	COUNT NO	PERCENTAGE
1 Less than R500	0	0
2 R500 - R1 000	2	10
3 R1 000 - R2 000	5	25
4 R2 000 - R3 000	4	20
5 More than R3 000	9	45

Source : Own research

Figure 5.14 : Turnover per month



Source : Own research

Table 5.19 depicts the turnover per month received by respondents. The highest percentage is 45 % that showed that the respondents receive more than R3000 per month, 20 percent of respondents received between R2000 - R3000 per month. 25 percent receives between R1000 to R2000 per month while the last 10 percent receive between R500 - R1000 per month. The results are illustrated in figure 5.14 graphically.

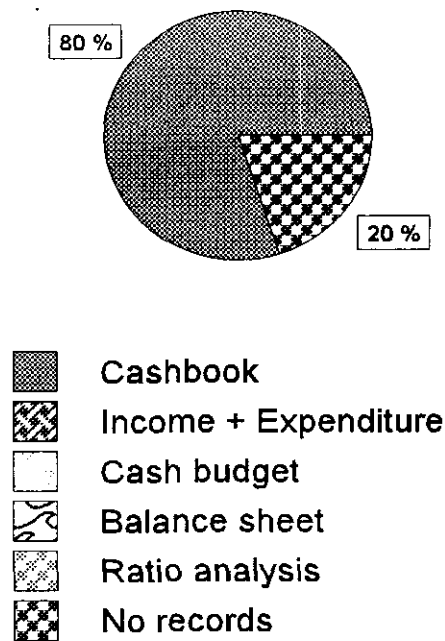
5.6.4 Recording and evaluation of finances

Table 5.20 : Recording and evaluation of finances

RECORDING AND EVALUATION OF FINANCES		COUNT NO	PERCENTAGE
1	Cashbook and evaluation of finances	16	80
2	Prepare income and expenditure	0	0
3	Cash budget	0	0
4	Balance sheet	0	0
5	Ratio analysis	0	0
6	No records are prepared	4	20

Source : Own research

Figure 5.15 : Recording and evaluation of finances



Source : Own research

Table 5.20 depicts 80 percent of the respondents recording the cash received and payments by making use of the cash book, while the rest of the books were not used by the respondents, they could not prepare income and expenditure, cash budget, balance sheet, they cannot even make some ratio analysis. The last 20 percent of the respondents do not make any records of incoming or outgoing cash, the only thing they could do is to deposit money in their bank accounts.

5.7 TAXI DRIVERS

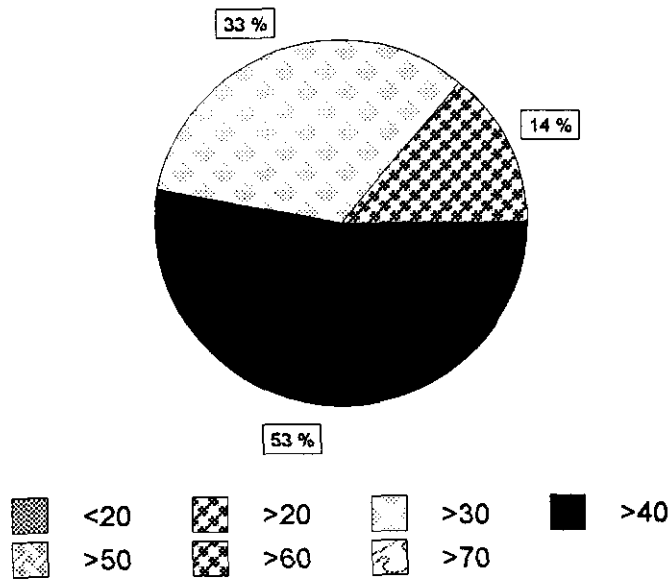
5.7.1 Demographic information

Table 5.21 : Age distribution

AGE	COUNT NO	PERCENTAGES
<20	-	-
>20	2	14
>30	5	33
>40	8	53
>50	-	-
>60	-	-
>70	-	-
	15	100

Source : Own research

Figure 5.16. Age distribution



Source : Own research

From table 5.21 it is clear that most of the drivers are above 40 years, that is 53 percent of the respondents. Thirty three percent are above 30 years, while the last 14 percent are above 20 years. Figure 5.16 illustrates the results graphically.

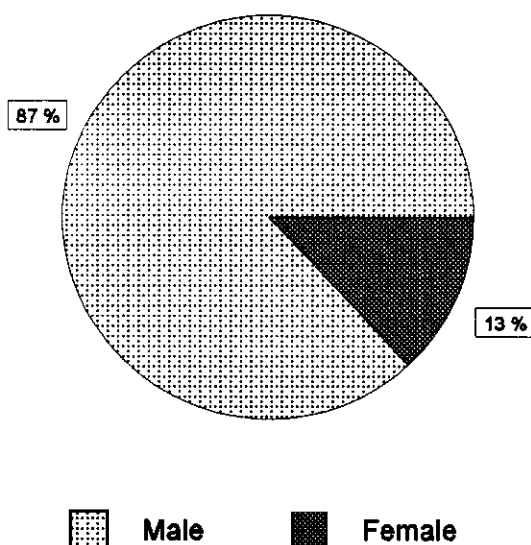
5.7.2 Gender equity

Table 5.22 : Gender distribution

GENDER	COUNT NO	PERCENTAGE
Male	13	87
Female	2	13
	20	100

Source : Own research

Figure 5.17 : Gender distribution



Source : Own research

The results depicted from table 5.22 showed that the majority of drivers are

males, that is shown by the high percentage results, 87 percent of the respondents are male drivers while only 13 percent are females. Figure 5.17 illustrates the results.

5.7.3 Race distribution

Table 5.23 : Race distribution

RACE	COUNT NO	PERCENTAGE
Black	13	87
Coloured	2	13
Indian	-	-
Other	-	-
	15	100

Source : Own research

Table 5.23 shows the highest percentage of black drivers, 87 percent of the respondents. Only 13 percent (2) of the respondents are coloured.

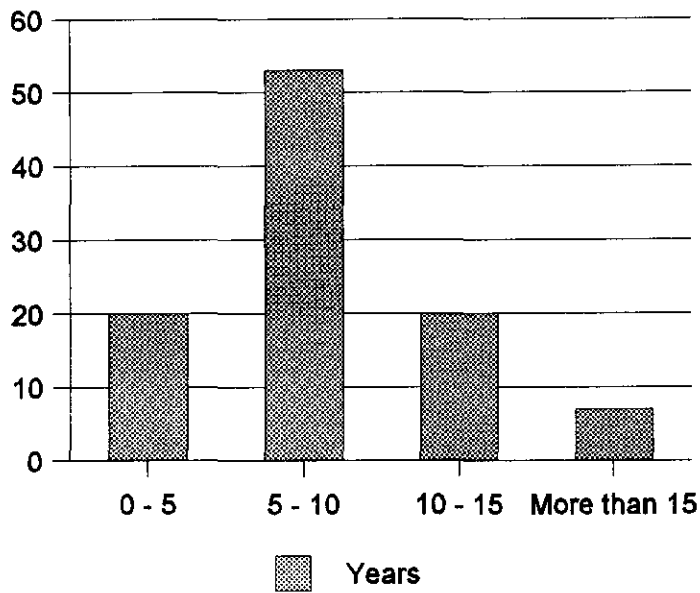
5.7.4 Human resource

Table 5.24 : Number of years in driving

YEARS	COUNT NO	PERCENTAGE
0-5	3	20
5-10	8	53
10-15	3	20
More than 15	1	7

Source : Own research

Figure 5.18 : Number of years driving



Source : Own research

Table 5.24 depicts the highest percentage of the number of respondents who were in the driving profession between 5 - 10 years, that is 53 percent, while between 0 - 5 years is 20 percent and 10 - 15 years another 20 percent. The last portion being seven percent for more than 15 years.

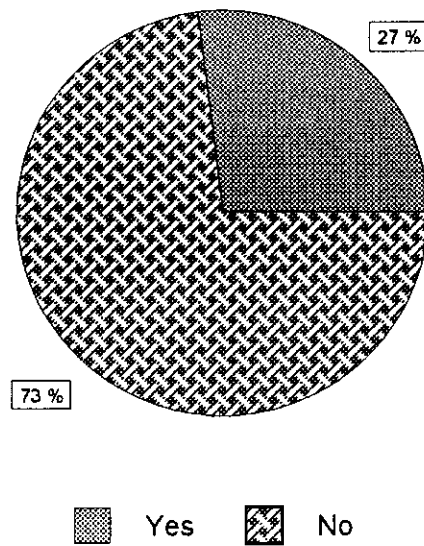
5.7.5 Are conditions of work normal?

Table 5.25 : Conditions of work

COMMENTS	COUNT NO	PERCENTAGE
Yes	4	27
No	11	73

Source : Own research

Figure 5.19 : Conditions of work



Source : Own research

Table 5.25 and figure 5.19 reflect that seventy three percent of the respondents indicated that conditions of work are not normal or not up to standard, while 27 percent said conditions of work are normal.

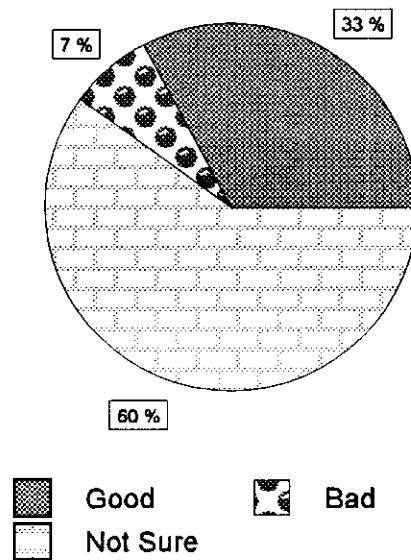
5.7.6 Treatment from the employer

Table 5.26 : Treatment from the employer

TREATMENT	COUNT NO	PERCENTAGE
Good	5	33
Bad	1	7
Not sure	9	60

Source : Own research

Figure 5.20 : Treatment from the employer



Source : Own research

Table 5.26 depicts the differences in which the respondents receive treatment from their employers. Sixty percent of the respondents are not sure as to whether they are treated good or badly, while 33 percent said they are treated good and the last 7 percent indicated that they are treated badly.

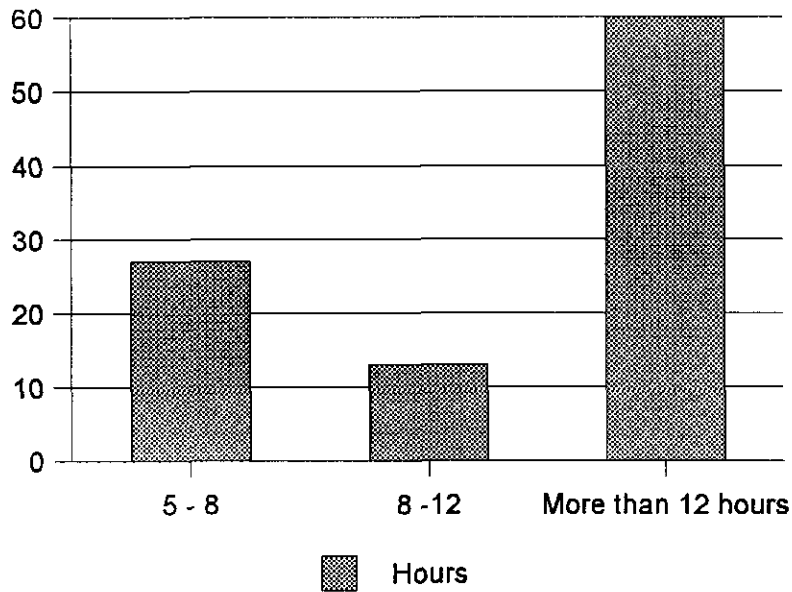
5.7.7 Work hours per day

Table 5.27 : Working hours per day

HOURS PER DAY	COUNT NO	PERCENTAGE
5 - 8	4	27
8 - 12	2	13
More than 12 hours	7	60

Source : Own research

Figure 5:21 : Working hours per day



Source : Own research

Table 5.27 and figure 5.21 depict that the highest percentage of the respondents are working more than 12 hours per day, that is 60 percent of the respondents. Twenty seven percent of the respondents work between 5 - 8 hours per day and 13 percent of the respondents are working between 8 - 12 hours per day.

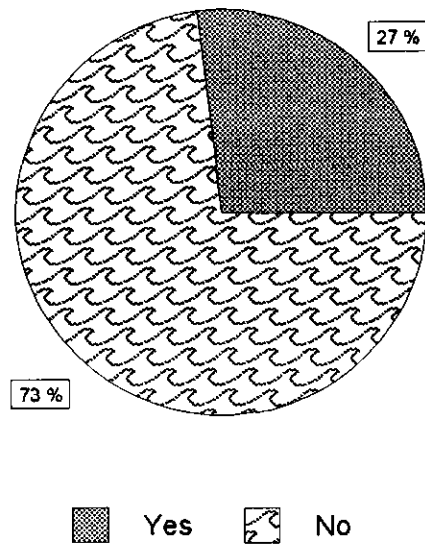
5.7.8 Salary equivalence to working hours

Table 5.28 : Salary equivalence to working hours

RESPONSE	COUNT NO	PERCENTAGE
Yes	4	27
No	11	73

Source : Own research

Figure 5.22 : Salary equivalence to working hours



Source : Own research

Table 5.28 and figure 5.22 depict that the highest percentage of respondents' salaries are not proportionate to their working hours. Seventy three percent of respondents who work more than 12 hours per day do not receive the salary in accordance with their working hours. Only 27 percent of the respondents are satisfied with their salaries as per hours worked daily.

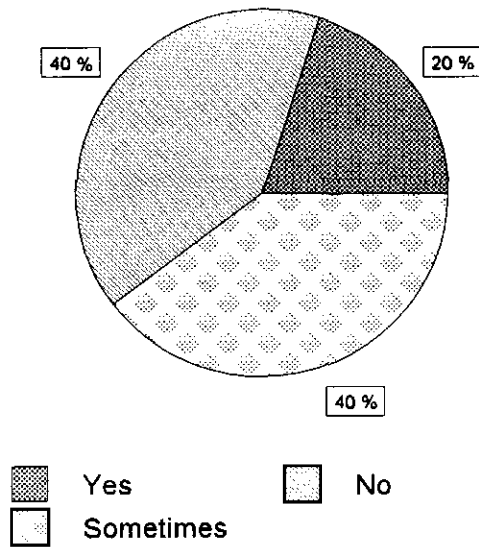
5.7.9 Holiday or leave days

Table 5.29 : Holiday or leave days

LEAVE	COUNT NO	PERCENTAGE
Yes	3	20
No	6	40
Sometimes	6	40

Source : Own research

Figure 5.23: Holiday or leave days



Source : Own research

Table 5.29 and figure 5.23 depict that 40 percent of the respondents who were not granted any holiday or any leave, while the other 40 percent are having holidays and leave sometimes not every time whenever it is due, only 20 percent of the respondents are granted holidays and leave.

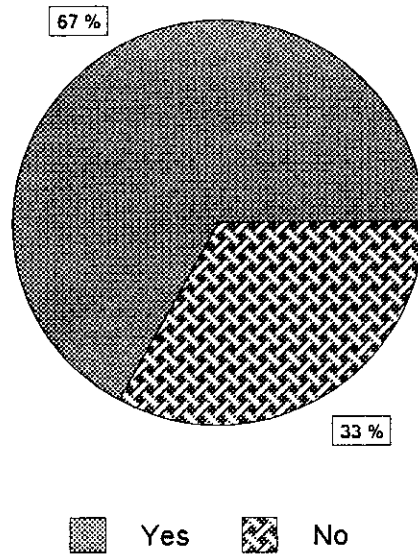
5.7.10 Do you belong to or support any trade union?

Table 5.30 : Belong to or support a trade union

RESPONSE	COUNT NO	PERCENTAGE
Yes	10	67
No	5	33

Source : Own research

Figure 5.24 : Belong to or support a trade union



Source : Own research

Table 5.30 and figure 5.24 depict the number of respondents supporting the drivers unions. Sixty seven percent of the respondents support the unions and are part of a workers union, while 33 percent of the respondents indicated that they do not form part of a workers or drivers union as they can not see the work done by the unions as their employers do as they wish when employing and firing drivers.

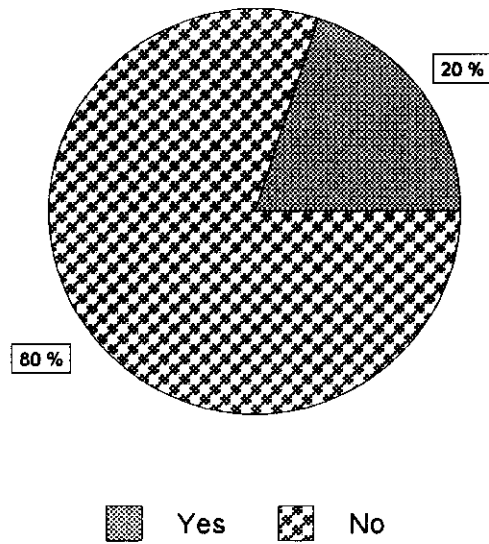
5.7.11 Any formal agreement between employer and employee?

Table 5.31 : Formal agreement

FORMAL AGREEMENT	COUNT NO	PERCENTAGE
Yes	3	20
No	12	80

Source : Own research

Figure 5.25 : Formal agreement



Source : Own research

Table 5.31 and figure 5.25 showed that 80 percent of the respondents indicated that they do not have any formal agreement with their employees. They did not fill any forms, nothing signed, they are just employed verbally. While 20 percent of the respondents showed that they had formal agreements with their employees in terms of working, starting and knocking off.

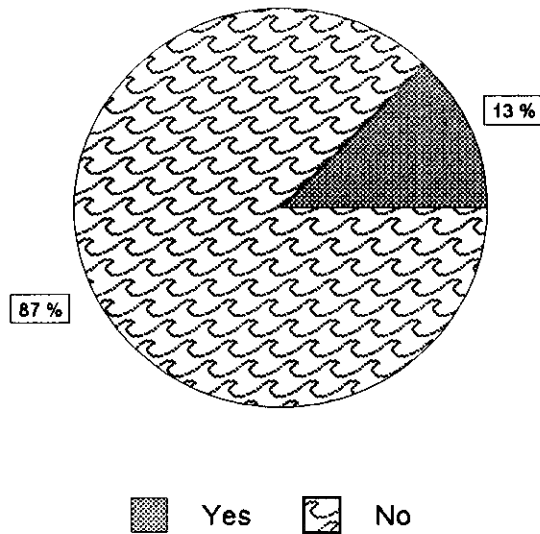
5.7.12 Personal training before employment

Table 5.32 : Personal training before employment

PERSONAL TRAINING	COUNT NO	PERCENTAGE
Yes	2	13
No	13	87

Source : Own research

Figure 5.26 : Personal training before employment



Source : Own research

Table 5.32 and figure 5.26 depict that 87 percent of the respondents who did not receive any training before employment mentioned that the only training was when they trained for the drivers licence but not from their specific employers, while 13 percent of the respondents were trained on how to handle the customers, management of the vehicle and the handling of cash.

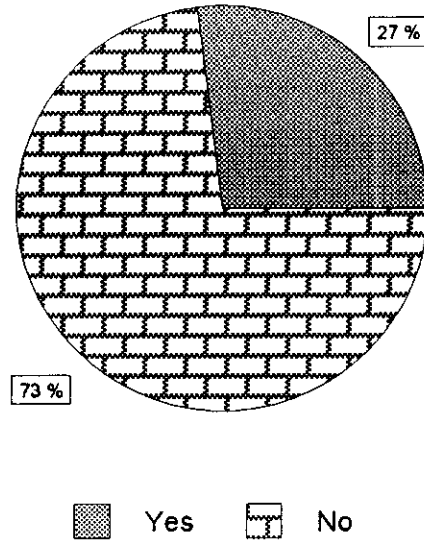
5.7.13 Are the respondents insured?

Table 5.33 : Are the respondents insured?

RESPONSE	COUNT NO	PERCENTAGE
Yes	4	27
No	11	73

Source : Own research

Figure 5.27 : Are the respondents insured?



Source : Own research

Table 5.33 and figure 5.27 indicated that 73 percent of the respondents are not insured by their employers, whether or not they encounter any accident in their travelling it is up to them but the other 27 percent indicated that they are insured with an insurance company, if anything could happen to them, they will be compensated.

5.8 COMMUTERS

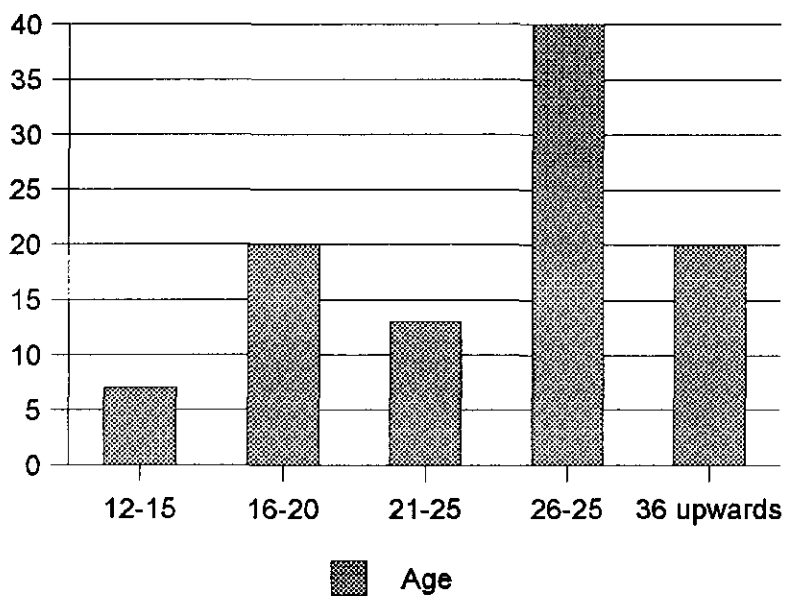
5.8.1 Demographic information

Table 5.34 : Age distribution

AGE	COUNT NO	PERCENTAGES
12-15	1	7
16-20	3	20
21-25	2	13
26-35	6	40
36 upwards	3	20
	15	100

Source : Own research

Figure 5.28 : Age distribution



Source : Own research

From the above table and figure it is shown that 7 percent of the commuters are between the ages 12 - 15 years old, 20 percent between the ages 16 - 20 years, only 13 percent are between the ages 21 - 25 years. The highest percentage (40 %) are between 26 - 35 years old and 36 upwards are only 20 percent.

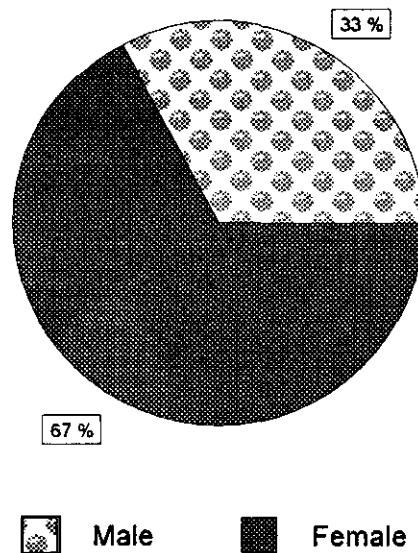
5.8.2 Gender distribution

Table 5.35 : Gender

GENDER	COUNT NO	PERCENTAGE
Male	5	33
Female	10	67
	15	100

Source : Own research

Figure 5.29 : Gender



Source : Own research

Table 5.35 and figure 5.29 depict that 67 percent of the respondents are females who are using the taxi's as their everyday transport, while 33 percent of the respondents are males.

5.8.3 Race

Table 5.36 : Race distribution

RACE	COUNT NO	PERCENTAGE
Black	10	67
Coloured	4	26
Indian	1	7
Other	0	0
	15	100

Source : Own research

Table 5.36 depicts that 67 percent of taxi users in terms of race are black people and 26 percent are coloured and only 7 percent are Indian.

5.9 GENERAL

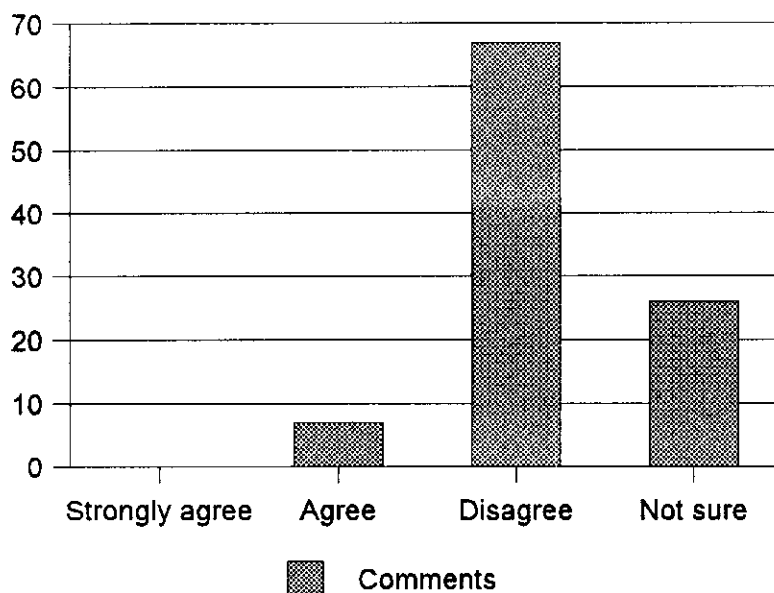
5.9.1 Overall professional service provided by the taxi industry

Table 5.37 : Overall professional service

COMMENTS	COUNT NO	PERCENTAGE
1 Strongly agree	0	0
2 Agree	1	7
3 Disagree	10	67
4 Not sure	4	26
	15	100

Source : Own research

Figure 5.30 : Professional service provided



Source : Own research

Table 5.37 and figure 5.30 depict that the majority of the respondents (67 percent) disagree with the statement that the taxi industry provides professional services. Twenty six percent of the respondents are not sure if the services are professional and seven percent of the respondents agreed that they receive professional service from the taxi industry.

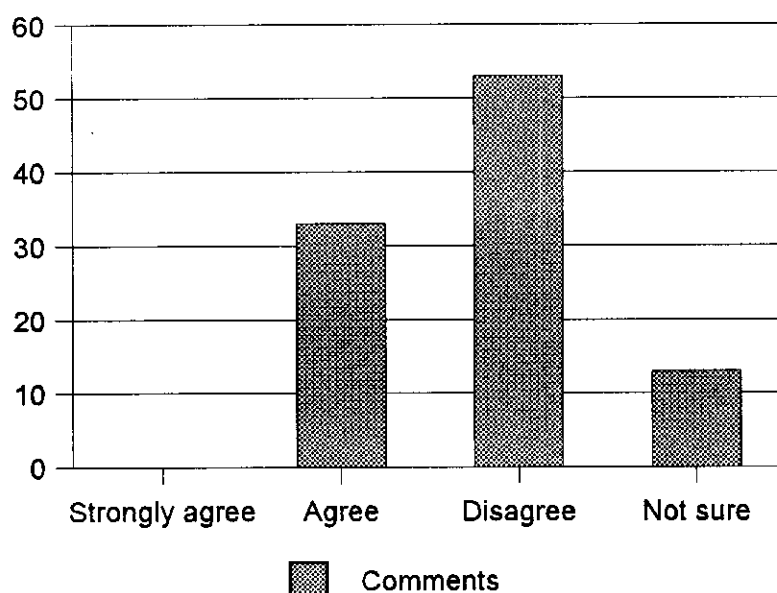
5.9.2 The fee/charges are equivalent to the service provided

Table 5.38 : Balance between fares/charges and service

COMMENTS	COUNT NO	PERCENTAGE
Strongly agree	0	0
Agree	5	33
Disagree	8	53
Not sure	2	14
	15	100

Source : Own research

Figure 5.31 : Balance between fares/charges and service



Source : Own research

From table 5.38 and figure 5.31 fifty three percent of the respondents indicated that they disagree with the statement saying that the fees/charges charged by the taxi industry are equivalent to the service provided, while 33 percent do agree as they even comment that taxi's compared to other modes of transportation are quick and reasonable in prices. The last 14 percent of the respondents were not sure whether the prices are equivalent to the service or not.

5.9.3 Problems encountered when using taxis

Table 5.39 : Problems encountered when using taxis

	PROBLEMS	COUNT NO	PERCENTAGE
1	Harassment by taxi drivers.	6	40
2	Taxis are not in good condition.	7	47
3	No insurance.	4	27
4	High speed.	6	40
5	Other, specify	0	0

Source : Own research

Figure 5.32 : Problems encountered when using taxis

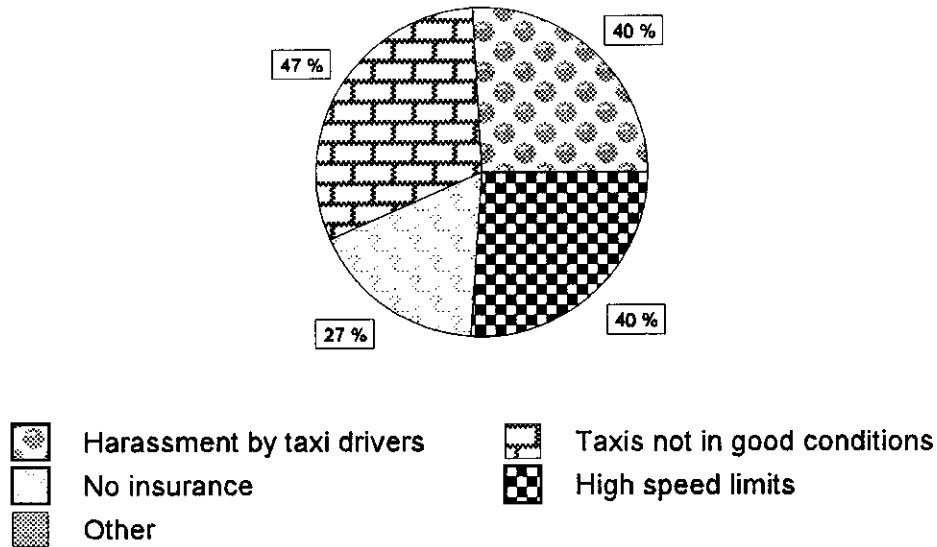


Table 5.39 and figure 5.32 depict that 47 percent of the respondents indicated that most of the taxis are not roadworthy, they are using them because they have no other alternative except such taxi's but they are not in good condition. The other 40 percent said they are being harassed by the drivers, they are not treated well, they do not receive full respect from drivers, while the other 40 percent of the respondents indicated that their other problem is the high speed at which the taxis are driven as if they are in the race course or they are racing cars. The other 27 percent of respondents made it clear that the taxis they are using are not insured.

5.10 CONCLUSION

This chapter provided a statistical picture of the data obtained from the research process. The information is summarised, using tables and graphical illustrations to present the responses of the taxi owners, taxi drivers and commuters. Tables and graphical illustrations are also accompanied by brief descriptions of the data. The data obtained from the questionnaires are dealt with in a systematic manner and presented in a clearly defined section.

This chapter sets the stage for the last chapter. Chapter six, the last chapter of the study summarises the data collected against the theory discussed in previous chapters. A summary followed by recommendations of the study and finally, a conclusion of the study is presented.

CHAPTER 6

SUMMARY, RECOMMENDATIONS AND CONCLUSION

6.1 INTRODUCTION

The main aim of chapter six is to provide recommendations on developing the operation of the taxi industry in terms of management skills, management areas and the ways in which this viable industry could be improved.

6.2 SUMMARY

This study has focussed on principles of management functions and areas of management to enhance the development of entrepreneurship and to assist in building up the industry capacity. The development strategies comprise of educational training, removing unnecessary legal and administrative constraints from financial institutions.

The study shows the need for taxi owners/managers to obtain guidance and support from the government in terms of developing management skills and assistance in the operational systems of the most appropriate mode of transport in South Africa. The stakeholders of the industry support the idea of training and some developments in the industry. As a result of the needs and appreciation of the government and the concern of the well-being of all road users. From the Department of Transport there is a transport education and training authority (Teta) which is prepared to assist in the taxi industry. On 12 May 2003 there was a launch of a R2.2 million project to train taxi drivers in driving and business skills. Four hundred and fifty drivers, owners will reap the benefit of that skill being upgraded.

This launch comes after some terrible accidents in KwaZulu Natal where

passengers got killed due to the ignorance of drivers, playing with vehicles already loading passengers. Driving skills among taxi drivers are a cause for great concern in the light of the alarmingly high statistics of road deaths associated with the taxi industry.

6.3 RECOMMENDATIONS REGARDING OWNERSHIP

6.3.1 Development on management skills

Taxi owners should form structures like associations, which are genuine and form committed committees unlike the ones now in existence where people are fighting for chairpersonship. Committee members should be dedicated and have interest in the business and must further have physical offices where operational processes could be implemented and put into practice, where contact could be possible. In that way planning, controlling and organising can be effective as there will be people who are leading the whole process. There would be a well structured mission policy, aims and objectives, enabling them to access government grants. If taxi owners have associations they could be given some training and education sessions like the one launched in Johannesburg. The more the industry gets organised the more taxi owners could even get assistance from the financial institutions or funders of small industries e.g. "Khula".

Longenecker *et al.* (1994:167) indicated that not all management members could be competent in all areas of management only the key balance onto the work performance is what is best for the success of business. Management members could be different in their skills. If one has expertise in marketing one could be good in finance. Cooperation of team members is necessary for effective collaboration.

6.3.2 Develop managerial skills in regard to small business knowledge

To ensure successful implementation of managerial skills in the taxi industry and growth development, taxi owners must improve their setting of goals, the ways in which they are pricing their services the most important efficient and effective skills to be practiced by owner/manager of the small business especially the taxi industry is to develop good relationships with their peers, encourage negotiations and in most of the time motivate the subordinates.

Establish information networks in order to have access to rich sources of information as to what customers want and ways of achieving the needs and demands of the customers, then disseminate information to the appropriate people or employees.

It is important that taxi owners make decisions to measure progress. Value for money as a customer deliverable, of which are affected by productivity and market factors. Productive operations can give value for money. The input/output ratio must be excellent, so that price can be as low as possible and quality as high as possible. Customer relations play a major role as a concerted effort to convince others of the value of the quality services provided by the taxi industry.

For the taxi industry to be more sustainable and more focussed on the management skills and other areas of management, the industry has to bring in the vision of life by applying the four Ps of marketing which are product, price, place and promotion into their industry as their daily operation, that will be a sign of success.

6.4 RECOMMENDATIONS REGARDING HUMAN RESOURCE MANAGEMENT

The value of effective human resources is a major factor in organisations so it is obvious that all organisations have to practice effective human resources management, whereby all the critical components of human resource can be dealt by a specific department and a responsible person. The person who could be able to acquire relevant employees, the one who could be able to develop and maintain the department or organisation by bringing in good staff members in the organisation and the one who could be able to abide by the rules and regulations of the country and government into the hiring, remuneration and dismissal of employees.

Due to the lack of effective human resource management practice in small organisations especially in South Africa, the government has introduced workplace forums as part of the new Labour Relations Act of 1995. Though this act covers only the employers who have more than 100 employees. The primary objective of these forums is to focus on promoting the interests of employees and to enhance the efficiency of the workplace (Anon, 1988:27).

It is recommended that small organisations should be ideal to practice the main aims of workplace forums. Also the Department of Labour should review the restrictions contained in the Act of 1995, so as to extend the benefits of these forums to small organisations like the taxi industry. For the government to practice the industrial democracy such forums should be extended to all employees matter they are union and employees or not, that would help drivers to be treated good by their owners as they would have some support from the forums and from government.

It is important that the LRA makes provision for the recognition of other long established forms of employees representation structures for representation in forums.

The important part of such forums will help the taxi owners to know exactly that drivers are employees all the labour acts affect them and they are entitled to the provisions of the basic conditions of employment act, the wage act, the compensation for occupational injuries and diseases act, and the unemployment insurance fund act. Both owner and driver should abide by the rules and regulations of the transport department and the legislation of the country.

Formal registration of vehicles and drivers by the employer is the crucial issue that is supposed to be addressed by the Labour Department and table the scale of salary to be given to drivers by the owners as that ceiling was made for the domestic workers and farm workers. Registration would motivate workers as they would be able to open accounts from several shops like any other person that can contribute towards their performance and eventually contribute towards the economy. All this could happen if the industry itself is formally registered and subsidised by the government and other funders through the assistance and help of government.

6.4.1 Interpersonal skills

Hiring the right people and eliciting their enthusiastic performance are essential factors in any business. Employees affect profitability in many ways. In most small firms, sales people's attitude and their ability to serve customers' needs directly affects sales revenue (Longenecker *et al.*, 1994:409).

6.4.2 Employee relationships

The starting point of employment relationship is an undertaking by an employee to provide skill and effort to the employer in return for which the employer provides the employee with a salary or a wage. The relations between employer and employee is formed through legal contracts, although employees and employers still have certain implied legal rights and obligations. The basic

conditions of Employment Act (1997) should always be within the employer's offices as that will be the guideline routine of the job descriptions of the employee and how the employer suppose to act on every activity of his business (Armstrong, 1999:187). The nature of employment relationship is strongly influenced by the employer during the job interviews, by encouraging the use of personal development programmes through self-managed learning through using training and development programmes. In the case of the South African taxi industry both the employee and employer need to be trained, government has to play a major role for the development of infrastructure and economy on the side of the taxi industry.

Encouragement is needed to build trust in the employment relationship both for employer and employee. Most of the time employers get work done through their employees. Effective managers are the ones who will need to understand the value and importance of delegation and developing ways to carry over that delegation to the employees to pass the services to the customers.

6.4.3 Customer relations skills

It is important for the business owner and employee to take into consideration what the customer is saying and accept suggestions and ideas of their customers and try to respond appropriately. Providing door to door service might give the taxi industry a competitive advantage. As the owner or taxi driver shows customer care by knowing what the individual customer wants and make some researches as to why customers go elsewhere instead of using his/her transport.

6.5 RECOMMENDATIONS REGARDING FINANCIAL IMPLICATIONS

For taxi owners to be able to keep track of expenditure and to monitor cash flow and assess investments in terms of their potential and risks, it would be

important for the owner to maintain proper records of their revenue per period and their operating costs. Due to the low level of education of the taxi owners they cannot afford to draw all the relevant books and make some recording, but the government can assist in putting the concerned owners into business institutions for training. The most important issue the and its sustainability is that owners have to have a knowledge and differentiate between consuming cash and generating cash.

If government through the Department of Transport can act on behalf of the taxi industry to see to it that taxi owners obtain some source of finance from financial institutions that could also influence the effectiveness and efficiency of the industry and also influence the cash flow positively.

Owners and drivers, after a short period of training should be familiar with everyday bookkeeping and recording of transactions. The taxi owners have to prepare business plans for access to finance from the financial institutions. This could happen only after the industry has been recognised as a formal and reliable business.

Taxi rates are the costs incurred by business owners but due to the size of the industry they reap the taxi benefits as tax reduces their costs. General planning is important in business, but the most important is financial planning as it affects directly the target market, pricing strategy, cash flow plan, income statement and balance sheets.

6.6 IMPLICATIONS REGARDING THE FORTHCOMING TAXI LEGISLATION

The taxi industry has reconfirmed its support for this programme of the 30 seaters versus 16 seaters taxis, but the taxi drivers feel that they are going to loos their jobs.

The steering taxi recapitalisation committee which comprises of the national departments of transport, trade and industry, treasury, mineral and energy, and the presidency will forward recommendations to cabinet in as far as the bidding outcome.

Recommendations which may impact on financial, safety, legislative and institutional arrangements, ascertain the assistance that need to be given in realising the roll-out programme of recapitalised minibus taxis.

Commitment by the government to the programme proved more during the budget speech made by Minister of Finance, Trevor Manuel this year 2003, indicated that the taxi recapitalisation has also been taken into consideration when the Department of Finance National announced a contingency fund set by the government.

6.7 CONCLUSION

The industry does not show any success or sustainability but could be retained or achieved through the application of proper design and operation of management functions, through the responsible people who are committed in that business.

The researcher believes that if the government and owners could follow the recommendations above they could help to develop and sustain the efficient contribution to make to the public as a means of public transport.

The aim of the study was achieved by examining the taxi operations, its management its financial implications and giving some recommendations. As the questionnaires were directed to owners, drivers and commuters all the relevant information was obtained, the researcher thinks the study will be beneficial to all stakeholders of the taxi industry if they could work together,

provide training where needed and educate those who deserve to be educated for sustaining the economy of the Free State and South Africa as a whole.

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ANNEXURE A - TAXI OWNER

POTCHEFSTROOM UNIVERSITY FOR CHRISTIAN HIGH EDUCATION

DEPARTMENT OF BUSINESS MANAGEMENT

RESEARCH PROJECT

**QUESTIONNAIRES : DEVELOPING THE TAXI INDUSTRY IN THE
GOLDFIELDS**

INFORMATION REGARDING THE QUESTIONNAIRE

Without your input this questionnaire and research can't draw correct conclusions.

Your input will give value to this research.

The information contained in this questionnaire is confidential and the researcher will stand by the highest degree of confidentiality.

Please respond to all the questions and statements.

There is no correct or wrong answer.

Please make a tick next to the appropriate blocks or state where applicable.

1 DEMOGRAPHIC INFORMATION

Name :

Address :

:

1.1 Age

< 20	01
> 20	02
>30	03
>40	04
>50	05
>60	06
>70	07

1.2 Gender

Male	01
Female	02

1.3 Race

Black	01
Coloured	02
Indian	03
Other	04

2 OWNERSHIP OF VEHICLE

2.1 How long have you been in this business?

< 1 year	01
1 - 5	02
5 - 10	03
11 - 15	04
16 - 20	05
More than 20 years	06

2.2 Are you operating this/your business as a

Sole proprietorship	01
Partnership	02
Private company	03
Public company	04
Close corporation	05

3 HUMAN RESOURCE

3.1 How many people are employed in your business?

0-5	01
6-10	02
11-15	03

3.2 As the owner do you know the regulations contained in the labour relations act?

Yes	01
No	02

3.3 Are your employees registered in terms of the basic conditions of employment act?

Yes	01
No	02

3.4 Do your employees benefit from the following benefits?

BENEFITS	YES 01	NO 02	NOT SURE 03
Pension fund			
Medical aid			
Unemployment insurance fund			
Accident fund			
Other specify			

3.5 What type of employment agreement do you have with your driver?

Formal	01
Verbal	02
No contract	03

3.6 The following criteria were used during the employment of drivers whether the driver

	YES 01	NO 02
Possesses a legal and valid driver's licence.		
Has been convicted of any criminal offences.		
Is medically fit.		
Has mechanical knowledge of vehicles.		
Possesses any communication skills and basic education.		

3.7 Renumeration or salary to driver is

Fixed monthly salary.	01
Fluctuate according to revenue.	02
Fixed monthly salary plus certain bonus.	03

4 GENERAL MANAGEMENT

4.1 Changes in the following aspects affect your business.

	YES 01	NO 02	NOT SURE 03
Technology			
Political introduction of 36 seaters, political government regulation			
Economy (interest rates, inflation high prices of petrol)			
Competitors (buses and trains)			
Retrenchment of miners			
Labour unions			

4.2 Ever since your operation of this business, have you attended training for any of the following skills?

Management skills/strategies	01
Financial management	02
Entrepreneurship	03
Administrative	04
Marketing	05
Human resource	06
None	07

4.3 Market served by your taxi or taxis. Please estimate the percentage of people who are using your taxi or taxis

	PERCENTAGE	
Scholars		01
People who travel for personal reason		02
hired for funeral purposes		03

4.4 As the owner/manager of the business have you ever undertaken marketing research?

Often	01
Always	02
Sometimes	03
Never	04

5 FINANCIAL IMPLICATIONS

5.1 Did you have enough funds to start your taxi business?

Yes	01
No	02

5.2 In what way did you finance your business?

Money lenders (mashonisa)	01
Bank loan	02
Government subsidy	03
Friends or family	04
Own funding	05

Lump sum after retrenchment	06
Winning lottery/horse race	07
Inherit the business from my parents	08

5.3 Turnover per month

Less than R500	01
R500 - R1 000	02
R1 000 -R2 000	03
R2 000 - R3 000	04
More than R3 000	05

5.4 How do you record and evaluate your finances?

Cash book - recording the cash receipts and payments	01
Prepare income and expenditure, statement	02
Cash budget	03
Balance sheet	04
Ratio analysis	05
No records are prepared	06

THANK YOU FOR YOUR COOPERATION

ANNEXURE B - DRIVER

POTCHEFSTROOM UNIVERSITY FOR CHRISTIAN HIGH EDUCATION

DEPARTMENT OF BUSINESS MANAGEMENT

RESEARCH PROJECT

**QUESTIONNAIRES : DEVELOPING THE TAXI INDUSTRY IN THE
GOLDFIELDS**

INFORMATION REGARDING THE QUESTIONNAIRE

Without your input this questionnaire and research can't draw correct conclusions.

Your input will give value to this research.

The information contained in this questionnaire is confidential and the researcher will stand by the highest degree of confidentiality.

Please respond to all the questions and statements.

There is no correct or wrong answer.

Please make a tick next to the appropriate blocks or state where applicable.

1 DEMOGRAPHIC INFORMATION

Name :

Address :

:

1.1 Age

< 20	01
> 20	02
> 30	03
> 40	04
> 50	05
> 60	06
> 70	07

1.2 Gender

Male	01
Female	02

1.3 Race

Black	01
Coloured	02
Indian	03
Other	04

2 HUMAN RESOURCE

2.1 How long have you been driving the taxi?

0-5 years	01
5 - 10 years	02
10 - 15 years	03
More than 15 years	04

2.2 Are you working under proper conditions?

Yes	01
No	02

If no, please explain.

.....

.....

.....

2.3 How are you being treated by your employer?

Good	01
Bad	02
Not sure	03

If not good, please explain.

.....

.....

.....

2.4 How many hours are you working a day?

5 - 8	01
8 - 12	02
More than 12 hours	03

2.5 Is your salary equivalent to the hours you work?

Yes	01
No	02

If no, please explain.

.....

.....

.....

2.6 Do you have holidays or leave days?

Yes	01
No	02
Sometimes	03

2.7 Do you support any trade union?

Yes	01
No	02

2.8 Is there any agreement that you have signed between yourself and your employer?

Yes	01
No	02

2.9 Before being employed in this industry, was there any personal training that you have received to enable you to handle the customers appropriately?

Yes	01
No	02

If yes, what type of training

.....
.....
.....

2.10 Are you insured in case of an accident?

Yes	01
No	02

If yes, (what kind of insurance), please explain.

.....
.....
.....

THANK YOU FOR YOUR COOPERATION

ANNEXURE C - COMMUTERS

POTCHEFSTROOM UNIVERSITY FOR CHRISTIAN HIGH EDUCATION

DEPARTMENT OF BUSINESS MANAGEMENT

RESEARCH PROJECT

**QUESTIONNAIRES : DEVELOPING THE TAXI INDUSTRY IN THE
GOLDFIELDS**

INFORMATION REGARDING THE QUESTIONNAIRE

Without your input this questionnaire and research can't draw correct conclusions.

Your input will give value to this research.

The information contained in this questionnaire is confidential and the researcher will stand by the highest degree of confidentiality.

Please respond to all the questions and statements.

There is no correct or wrong answer.

Please make a tick next to the appropriate blocks or state where applicable.

1 DEMOGRAPHIC INFORMATION

Name :

Address :

:

1.1 Age

12 - 15	01
16 - 20	02
21 - 25	03
26 - 35	04
36 upwards	05

1.2 Gender

Male	01
Female	02

1.3 Race

Black	01
Coloured	02
Indian	03
Other	04

2 GENERAL

2.1 Does the taxi industry provide an overall professional service?

Strongly agree	01
Agree	02
Disagree	03
Not sure	04

2.2 The fee/charge are equivalent to the service provided.

Strongly agree	01
Agree	02
Disagree	03
Not sure	04

2.3 Which are the problems that you encounter when using the taxis? If not mentioned, state the most important problems of taxis in the Goldfield.

Harassment by taxi drivers.	01
Taxi's are not in good conditions.	02
No security.	03
No insurance.	04
High speed limits.	05
Other, specify	06

THANK YOU FOR YOUR COOPERATION