



Department of Manpower and Employment
Ministry of Labour and Trade Union Relations

Survey on Human Resource Utilization in Taxi Industry of Sri Lanka 2018



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Chapter 1

1-1. Introduction

The labor market plays a vital role among the decisive factors in the sustainable economy of every country. Therefore, giving access to the society of accurate and updated information about the labor market creates the capacity to empower the country's economy.

According to the Interpretation of the International Labor Organization analysis, the labor market information is the timely information about the composition, size, performance, issues arising in the Labour market and also the informal pertaining to the job opportunities being created.

Accordingly, accurate, complete and timely information have proven helpful to the employed and unemployed people, employers, self-employed people and the government and the national policy makers in their decision making. Therefore, a timely analysis of the labor market and a broader approach to the relevant parties regarding the information is a sound factor in the country's economic development.

The Labor Market Information unit was established under the Department of Manpower and Employment to collect, analyze and disseminate information of Sri Lankan labor market. The labor market information based on the annual surveys and studies are published through the official website of the Department.

A survey on human resource utilization in taxi industry has been conducted on identifying the capacity of taxi industry in contribution to the economic development and availability of new job opportunities. Taxi industry is rapidly growing as a new trend in urban, semi-urban and rural areas and the focus is given to the study of employment opportunities in taxi industry, educational and professional qualifications & skills requirements, service situations and benefits including wages and career development paths.

Therefore, we hope that the information gathered by this study will be useful for job seekers in taxi industry, career guidance consultants, policy makers and other researchers in the job field.

1-2. Literal Review

Man's exploring nature always search for innovations to make their daily work easier. Hence man has been able to achieve their daily needs using modern technology with very little time. The old bullock carts have evolved gradually and today man has moved away from those public and traditional modes of transportation and turned into taxi service. In the past, trams, rickshaws, were used and now three-wheelers, cabs, buses and lorries have been used as transport. In Sri

Lanka, three-wheeler is widely used as taxi service. Although taxi service has begun individually, it has grown explosively so far as an industry and then as taxi agencies. This development has enabled them to enjoy the service under various benefits. They use the modern technology and they have also become a challenge to traditional taxi drivers.

With the development of the taxi industry, different countries have conducted surveys and studies on the evolution of this industry. Among them, survey called **The South African Experience** based on real experiences in the country has been conducted by the International Labour Organization (ILO). Attention was drawn here to organizations of informal sector in 2001. Accordingly, there were 4 main areas namely, Kombi taxis, textile, construction and street business. Of these, Kombi taxi industry has been selected for its rapid development as a well-organized business during past 15 years starting from 2001 and being the popular transport mode among Black community. This study focuses on the history, economy, functions, taxi drivers, their wages and conditions of Kombi Taxi Industry.

Also, a survey called **Economics of the Taxi Industry an Uber Shake – Up** has been done by a degree expectant of University of Wyoming in United States, called Steven Rehel. With the explosive growth of taxi industry and as a conquering industry in all over the world, the government has imposed regulations for a heavy supply of taxis. This survey has been based on factors such as increasing the fares, improving security and improving the quality of taxis. A professor of the Australian National University, Des Nicholls has carried out a survey on **“Competition and Regulation – Current Trends in the Taxi Industry”** for Australian Taxi Industry Association. This compares and analyses international taxi market regulations. Accordingly, this survey is based on the countries like Netherlands, Sweden, Norway, New Zealand and United States and the final report was released in 2003. This survey included several key issues including regulations for limiting the number of taxi licenses, competition in the market, the identification of customer issues and other special matters. This survey can also be identified as an international comparison report on market control and its effects on taxi industry.

Although studies have been carried out by different countries on taxi industry, this survey was conducted as a result of lack of surveys on the utilization of human resource in Sri Lanka and identification of the potential employment opportunities in the labor market.

1-3. Objectives

- Studying the employment opportunities in the taxi market and the required skills and qualifications
- Studying the working conditions of those who are interested in taxi industry. (benefits, working hours, age, permanent/temporary)

1-4. Issues

By now, the transportation of urban, semi urban and rural areas has become a basic requirement. In Sri Lanka, taxi service has become popular means of transport, with the aim of eradicating these difficulties of public transport and achieving a comfortable, efficient and reliable travelling experience.

With the development of the taxi industry as a comfortable and efficient mode of transportation, the number of Sri Lankan taxis is also on the rise. A progressive industry should increase the number of job opportunities added to the Labour market. Likewise, there is a lack of understanding of the opportunities available for the labor market and the lack of skills and eligibility has prevented opportunities for employment. Also, there is no understanding in people who are willing to be employed, how to reach out to this industry and skills required.

1-5. Survey Methodology

The survey was conducted using a sample of 52 registered taxi agencies in Western Province. Selected agencies were sent to the Employees' Provident Fund of the Department of Labour and only the registered agencies were selected. In addition to these, other agencies which are in operation were also selected.

Accordingly, large number of companies were used for this survey and it has exceeded the sample size. This was because many agencies had a very low number of employees and they are individual businesses. The main barrier to conduct this survey was the lack of enough data for the study and the refusal of many organizations to provide information and data. Accordingly, information for this survey was collected from 24 companies. Following observations are made based on that limited information provided.

Chapter 2

2-1. Business fields of selected organizations

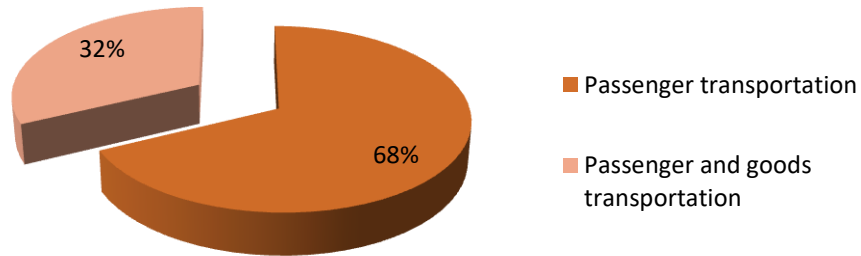


Table 01: Business Field

Of the surveyed agencies, 68% of them are engaged in passenger transport while 32% of agencies are engaged in both goods and passenger transport. Even though, national and international organizations are targeted, they refrain from providing information stating that they function as IT companies but not the taxi agencies.

2-2. Capacity of Providing the Service

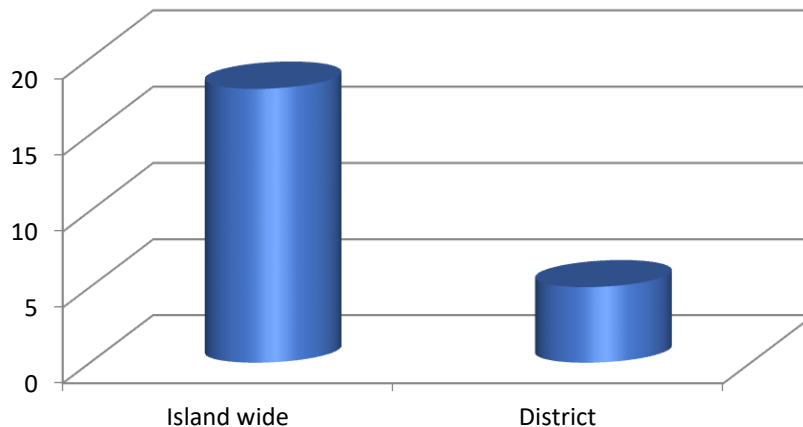


Table 02: Capacity of Providing the Service

There are more island wide service providers among the companies that offer taxi services and there are fewer companies in the district level.

2-3. Nature of Service

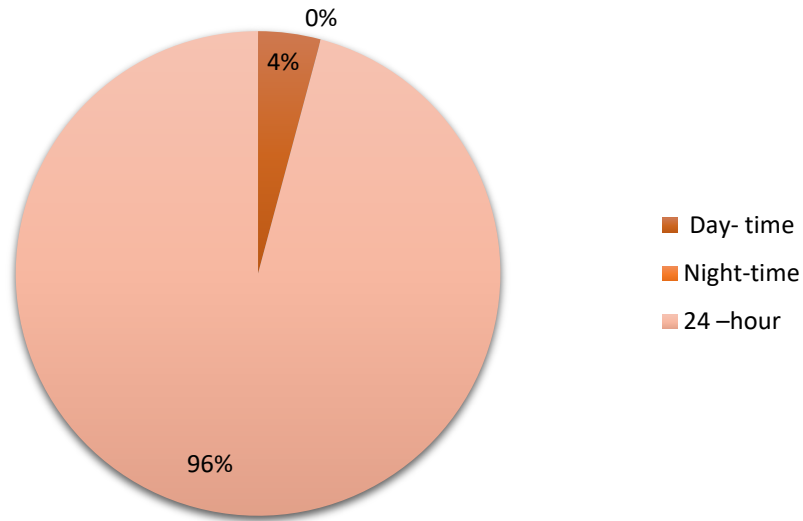


Table 03: nature of service

Out of all the organizations selected for the survey, 96% of organizations provide 24-hour service while 4% of them provide their service in day time.

2-4. Mobile Application Facility

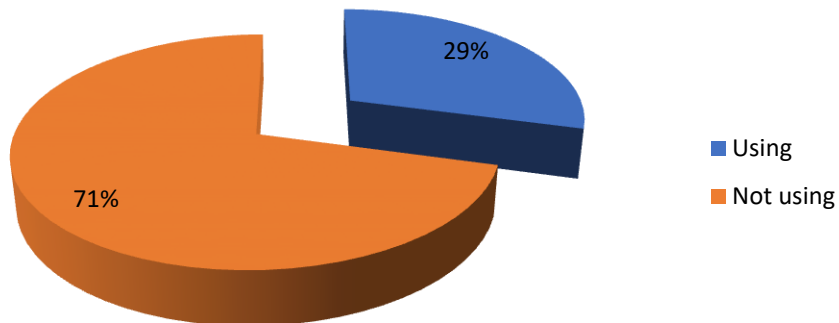


Table 04: Use of mobile application

At present use of modern technology is rapidly increasing. According to this service, 29% of companies provide their service using mobile app while 71% of companies provide the service without using a mobile application.

2-5. Business Advertising Media

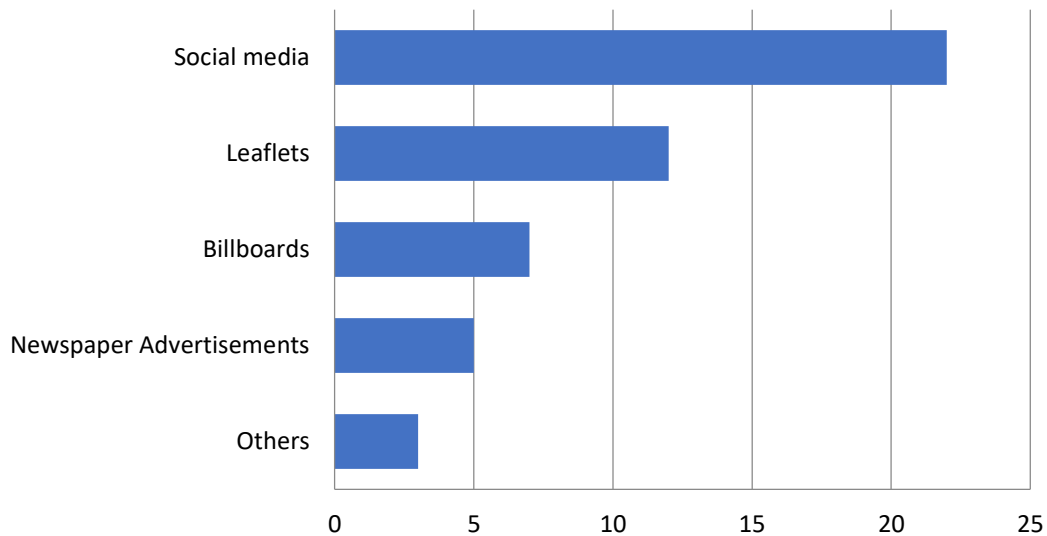


Table 05: use of advertising media

Most of the companies have selected social media as their advertising medium. There are also a significant number of companies that use leaflets and billboards as the method of advertising.

2-6. Information of Company Vehicles

When inquired about vehicles owned by taxi drivers, it was clear that some of the vehicles are not by those companies, and there were many vehicles registered on rent or via mobile application. Some companies have given information on vehicles owned by the company or registered on rent. But it is difficult to calculate accurate estimates because many companies did not want to provide accurate information due to the business competitiveness.

Chapter 3

3-1. Human Resource Utilization

In the questionnaire done in the survey on the nature of the post and salary allowance the driver and driving assistants will be used in the taxi service. Other positions are allocated for administrative and technician officers. Except many large-scale companies most other are individual companies or home based business. Also, there are companies operated by two, three or more people.

3-2. Recruitment Method

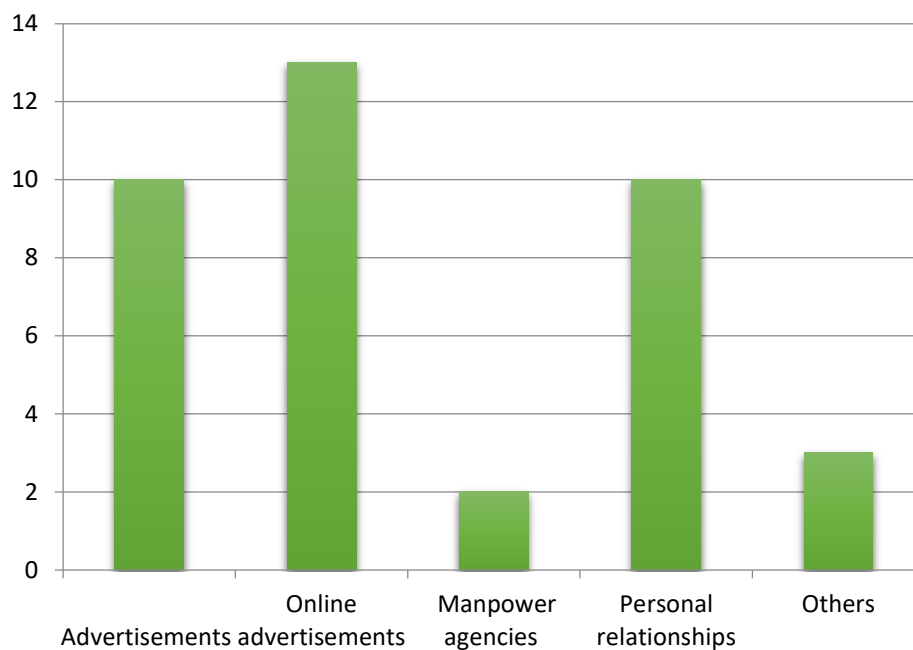


Table 06: use of advertising media

The most common method is used to fill out these vacancies is the use of internet. Recruitment on media advertisements and private relationships is relatively high. The recruitment process through the man power agencies and other ways is at the peak.

3-3. Allowances and privileges for the employees

Here are some responses /feedbacks for the criteria made by us

| Criteria | Percentage of giving benefits for administrative and IT employees | Percentage of giving benefits for taxi drivers |
|--|---|--|
| 01. Permanent appointments for the employees | 29% | 0 |
| 02. EPF/ETF payments | 17% | 0 |
| 03. Overtime payments | 21% | 0 |
| 04. Procedure for providing compensations | 54% | 0 |
| 05. Employee gratuity payments | 07% | 0 |
| 06. Trade union functions | 0 | 0 |
| 07. Resignation process | 01% | 01% |
| 08. Women employment regulations | 0 | 0 |
| 09. Membership of Organizational trade union | 0 | 0 |
| 10. Welfare of organization | 0 | 0 |

Accordingly, the companies provide only information about employees engaged in administrative and IT fields. The stated that there is no possibility to provide information on taxi drivers. The main reason for this was that taxi drivers and taxis are hired with the conditions of paying commissions on rent. Accordingly, the responses indicated by the companies in the survey on allowances and privileges are given above as percentages.

Chapter 4

4-1. Review

- According to this survey, there are numerous taxi agencies in operation but only a few run at large scale with many employees. Other agencies run as individuals or group of people and some agencies are set up at their own houses as family businesses. However, the number of vehicles registered with these individuals is very high. This shows that there is a high demand for drivers. In addition to the direct job opportunities created in this service through large scale companies, several indirect job opportunities have also been created for the administration and IT fields.
- Today, the use of technical tools is rapidly increasing. It may have caused many organizations to restrain from providing information. They also said that the use of advanced technology and advertising media has created a big competition in the field and small-scale businesses are in danger.
- While most companies use social media for advertising campaigns, the most common method for the recruitment process is use of online advertising. This is mainly because of the internet as the fastest and most rapid means of communication when advertising and recruiting people and also it is a low-cost media and also customers can inquire about the employment opportunities in those companies, register as well as order vehicles for their own needs.
- When inquired about the vehicles of the company it's evident that some vehicles had been registered on rent without the ownership of vehicles and there are large number of vehicles registered by the mobile application. Many companies have restrained from providing permanent statistics. With a purported reasoning that certain vehicle owners only registered themselves and do not provide the service. Some taxi owners claim that they have registered in the agencies as an additional income, but they decide when to provide the service as per their wish.
- In Human Resource Management, the criteria laid down regarding the employee allowances and privileges are only applicable to the officers recruited for administrative work and this criteria is not applicable to taxi drivers recruited on rent basis. The owners express their view that these employees are not eligible for permanent appointments, allowances and privileges because they work on rent basis.

4-2. Conclusions and Suggestions

- In Sri Lankan taxi industry, there are direct employment opportunities such as drivers and assistant drivers. However, there are number of indirect employment opportunities created around this field and it is possible to identify the opportunities in the IT sector, administrative and personnel management sectors. The taxi industry has been recognized as a competitive industry for those who are willing to start a business as the mean of employment and it also provides more employment opportunities.
- With the advancement of technology most of the needs can be achieved using mobile phones. This technology has conquered the taxi industry too.
- The customers can get many advantages such as the ability to book a taxi at your door in just a few minutes and get the most up to date and easy route. This service has become more popular in Colombo and suburbs due to its benefits. However, lack of facilities in remote areas is a great issue confronted by this industry.
- With the establishment of internationally scattered businesses, advanced innovative techniques have invaded the taxi industry. As a result, small business enterprises should also be encouraged to improve the use of technology for the taxi service in urban and rural area and prevent monopoly on taxi service.
- Also, the number of taxis in Sri Lanka is gradually increasing. But in the absence of specific criteria or restrictions on them, it could become a major problem in the future. Although, people use taxis as an alternative to public transportation and enjoying an efficient service, it causes huge traffic jam. Appropriate actions should be taken before hand. These adverse conditions can be controlled by the improving public transport system, improving infrastructure, managing transport demand and creating an administrative system conducive to environment.
- The taxi service with mobile application as well as metered taxis must be fixed according to the control price with fare regulations and standards. Then the customer inconveniences will be fade away and irregular taxi service will be standardized. The needed actions should be decided and implemented by the government organizations, under the Ministry of Transport.
- Customer satisfaction on this service is another issue that arises in this industry. Sometime, there are problems with security when the drivers are totally strangers to the passenger. Also, the behavior of some drivers can cause harassment. Therefore, a code of ethics must be set up. It is possible to provide reliable service for the customers by educating drivers on code of ethics and to meet the aspirations of the customer by following them. To achieve this objective, drivers can be trained through the programs.
- Through the alone mentioned policy interventions the Taxi industry in Sri Lanka can be transferred from a socially undermined sector to a profession with dignity while achieving the public objectives.