The Taxi Industry
Exploitation to Entrepreneur?

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Exploitation to Entrepreneur?

The Victorian Taxi Industry

• Poor structure – market failure – cost misallocation – leads to driver exploitation
• Investors profit at expense of owners & drivers
• Owners are exploited through licence fees
• Drivers exploited by bailment agreements
• Long hours, poor pay, no paid holidays, insurance scams
Exploitation to Entrepreneur?

The role of immigrant drivers

• Exploitative conditions create opportunities
• Newly arrived unskilled workers – desperate
• No access to Centrelink
• Naïve acceptance of work conditions
• Growing awareness of exploitation
• Desperation for income
Exploitation to Entrepreneur

Responses to Exploitation

• Depends on capacity and access to finance

• Initial response – driver to owner/driver
  – needs a driver – must exploit driver
  – exploitation worsens with financial commitment

• Entrepreneurial response
  – More taxis, licences, drivers, debt
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Entrepreneurial Models

• Family model – Pooling of resources

• Entrepreneur as protector
  – Has some financial backing and shares risk
  – Multiple taxis & multiple finance contracts
  – Provides work for family & community members
  – Owner/Business not overtly exploitative
  – Exploitation may arise from industry conditions
Exploitation to Entrepreneur?

Entrepreneurial Models

• Co-operative model – community benefit

• Entrepreneur as community organiser
  – No financial backing but accepts risk
  – Multiple taxis & multiple finance contracts
  – Provides work for multiple drivers
  – Owner/Organiser not exploitative
  – Exploitation arises from industry conditions
Entrepreneurial Models

• Co-operative model – wealth builder
• Entrepreneur as community leader
  – Shared financial backing and risk avoided
  – Multiple taxis & multiple finance contracts
  – Provides work for multiple drivers (at their risk)
  – Owner/leader is wealth builder & exploiter
  – Exploitation arises from desire to build wealth
Exploitation to Entrepreneur?

Entrepreneurial Models

• Exploitative model

• Entrepreneur as exploiter
  – No financial backing but accepts risk
  – Multiple taxis & multiple finance contracts
  – Provides work for multiple drivers (newly arrived)
  – Owner is exploitative by choice
  – Arises from profit motive & industry conditions
Entrepreneur to Exploiter?

Saints and Sinners

• Immigrants include saints & sinners
• Most likely to be exploited on arrival
• Some newly arrived will choose to survive by exploitation of their own community
• Some newly arrived will seek to share economic wealth with their community
• Entrepreneurship carries benefits & risks!