

Perceptions of the Minimum Wage in the Johannesburg Taxi Industry

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ABSTRACT

Minimum wage laws in South Africa have been enacted and implemented for some time with a broader intention that purports to protect and regulate what are categorized at least from state's definition as the vulnerable sectors, which includes the taxi industry. The minibus taxi industry in South Africa is characterized and plagued by inherent exploitative labour relations between taxi drivers and operators. There are often contrasting views and disagreement on the minimum wage which is supposed to be implemented by the Department of Labour as the custodian of all the labour laws in the country through inspections and enforcement by labour inspectors.

The purpose of this study was to investigate the perceptions held by the various stakeholders in the taxi industry with respect to the implementation of the Sectoral Wage Determination 11 as provided for by the Basic Conditions of Employment Act, of 1997. Interviews were held with ten taxi drivers, ten taxi operators based in Johannesburg and from the Department of Labour, and three team leaders in the Inspection and Enforcement Services, all based and servicing Johannesburg.

The study established that there is enough knowledge and appreciation of the minimum wage; however, there is to a large extent transgressions and noncompliance from employers in the industry. Monitoring and enforcement remain a challenge fuelled by peculiarities and the dynamism that is not in tandem with industry realities and legislative prescripts.

DEDICATION

Many thanks to my family for the love, caring and cheering especially during the difficult times.

Many more thanks to my Wife Mpho Tumelo. To my Sons, Kearabetswe and Tshenolo Tumelo. This one is for you boys..!

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LIST OF ACRONYMS and ABBRIVIATION

BCEA	Basic Conditions of Employment Act of 1997
CCMA	Commission for Conciliation, Mediation and Arbitrations
COSATU	Congress of South African Trade Unions
DoL	Department of Labour
DPRU	Development Policy Research Unit
ECC	Employment Conditions Commission
ILO	International Labour Organization
LRA	Labour Relations Act
NEDLAC	National Economic Development and Labour Council
NTA	National Taxi Alliance
NLTA	National Land Transport Act of 2009
SANTACO	South African National Taxi Council
TRP	Taxi Recapitalisation Programme
UIF	Unemployment Insurance Fund

CHAPTER 1: PERCEPTIONS OF THE MINIMUM WAGE IN THE TAXI INDUSTRY IN JOHANNESBURG.

1.1 Introduction

The South African minibus taxi industry has been plagued by exploitative labour relations between owners and drivers, whereby the taxi owners are likely to maximize their profits at the expense of their drivers. The glaring absence of formalized employment contracts due to the nature and the dynamism of the taxi industry remains a contributing key factor in this exploitation (Bhorat & Mayet, 2013). Taxi Operators often do not abide by labour regulations and the Department of Labour is not seen to enforce or support compliance with the minimum wage for sectoral determination 11 of the taxi sector. The minimum wage issue is a generally contested terrain (Levin-Waldman, 1999) and the taxi industry is no exception to the implementation, enforcement and monitoring by relevant institutions like the Department of Labour. Fuelling the debate are the dissenting views presented in the literature regarding minimum wage that advance either negative and positive implications on the economy for growth and development (Dickens, Machin & Manning, 1994; DPRU, 2008; Donnelly, 2005; Gordon, 2002).

The Deputy President of South Africa, Cyril Ramaphosa is on record as saying that “Minimum wage is not a substitute for economic growth” (Donnelly 2015: 22). This is against a backdrop argument that is advanced that prescribed minimum wage often stifles economic growth and development; strains labour relations in the free market and remains a tedious and complicated target to monitor compliance and its enforcement. The National Land Transport Act, (2009) provides for the required basic conditions for issuance and contents of an operating license. The Act prescribes that an operating license may only be issued if the applicant or the operator “has a signed statement to the effect that he or she will comply with labour laws in respect of the drivers and other staff, as well as sectoral determination of the Department of Labour” (Republic of South Africa, 2009: Sec 62 (1) c).

In this study, the researcher examines the extent to which the sectoral determination for the taxi industry is understood and applied by the different stakeholders. The study will significantly contribute to knowledge about the understanding the implications and impact of sectoral wage especially how such increases pose a dilemma to both primary stakeholders which is taxi operators, taxi drivers and regulatory institutions.

1.2 Background

The taxi industry in South Africa has elements of both formal and informal labour market that exists in a country surrounded by high unemployment. This contradiction raises the question of what would happen when a previously unregulated market is now regulated by prescribed minimum wage and mandatory employment contracts for Taxi Drivers. The formalisation should be adopted through formalized working conditions of employment which should occur while the systems for monitoring and enforcement remain limited as observed by Dinkelman, Ranchod & Hofmeyer, (2014). This limitation might also be fuelled by a lack of understanding about the nature and operations of the taxi industry.

The Kombi or minibus industry started in the late 1970 to meet the demands of the growing urban workforce. At the outset, the taxi industry proved to be relatively easy and an inexpensive way to start a business, whilst competition was stiff but the industry was relatively unregulated. The minibus taxi industry played, and continues to play a pivotal and critical role in the public transport arena in South Africa according to (Fobosi, 2013). The industry is to a large extent black owned, and structurally situated within the informal sector. In a structural sense this industry is located in the formal economy, but is currently subjected to contradictory processes of formalization and informalization. Broadly speaking, formalization involves post-apartheid state regulation of the industry, while informalization seeks to minimize and undercut state regulation. The minibus taxi industry is hailed for supporting black South African communities by providing a decentralized and inexpensive alternative to formalized public transportation (Fobosi, 2013)

South Africa's use of minimum wage is regulated in several sectors in the economy that are governed through several sectoral determination that is published by the Department of Labour. The broad goal of wage determination is to redistribute earnings and lift the working poor out of poverty by raising wages of workers in designated occupation categories or economic sectors. The downside of mandated wage increases is that the periodic rise in the wage bill may cause employment levels to decline. The Table 1 below shows the sectoral minimum wages.

Table 1: Sectoral Minimum Wages in South Africa

Sector	Occupation	Geographical areas	Date introduced	Schedules within
Domestic workers	All	A and B	August 2002	4
Private security	All Occupations (9)	A,B,C,D,E	November 2001	57
Taxi	Taxi drivers, Admin, Rank Marshalls		July, 2005	4
Wholesale & retail	All Occupations (15)		February 2003	36
EPWP	All		May 2012	1
Forestry Agriculture	All		March 2003	1
Contract Cleaning	All		May 1999	3
Farm workers	All		December 2002	1
Hospitality workers	Less than 10 employees and more than 10 employees		May 2007	2
Learnerships	NQF 1-8		June 2001	14

Source (DPRU, 2015)

Table 2

Taxi Employees with effect from 1 August 2016

Industry	Job Type	Minimum wage per Month
Taxi Sector	Drivers	R 3,218.57
	Admin Worker	R 3,218.57
	Rank Marshalls	R 2,564.33
	Workers not elsewhere specified	R 2,243.80

Minimum waged increase by CPI (excluding owners' equivalent rent) as released by STATSSA six weeks prior to the increment date 6.2%

Source: Government Gazette 25 July 2016 No 40157 Basic Conditions of Employment no 75 1997 <https://www.labour.gov.za>

Minimum wages are a popular way of addressing poverty associated with low wage. According to the DPRU (2015), international experience shows that minimum wages exist in at least 90% of member states of the International Labour Organization (ILO). The various categories used are national, sectoral, occupational or hybrid. More and more developing countries are adopting the minimum wage as part of broader welfare policy interventions such as Brazil, Honduras and Kenya (DPRU, 2015).

The Basic Conditions of Employment Act (BCEA) requires the Minister of Labour to set minimum terms and conditions of employment, including minimum wages (Department of Labour, 2013). Minimum wages are prescribed per sector or area, and these determinants are directed at those who are often seen as most vulnerable in the workplace. The Minister is advised in this regard by a body called the Employment Conditions Commission. The vulnerable sectors or areas are those with no unions or very little union activity and where wages tend to be low for instance,

domestic workers; contract cleaning; private security sector; wholesale and retail; farm worker sector; forestry sector; taxi sector; and learnerships (Department of Labour, 2013). Minimum wage rates may differ across geographical areas, for example whether one works in a city or rural environment.

The wages may also differ in terms of periods that are worked for instance whether daily, monthly or yearly (Department of Labour, 2013). Other factors that influence minimum wages are the job function, years of experience and working hours (Department of Labour, 2013). The Department of Labour uses a team of labour inspectors whose mandate is to ensure that employers comply with these sectoral determinations. Inspections in most cases are triggered by complaints by clients, who are mostly employees whilst high risk sectors are identified and targeted through focused blitz inspections (Department of Labour, 2013). Therefore the legislative environment in South Africa offers a catalyst in which employees located in the sectors that are likely to discriminate on remuneration are mandated to offer a minimum wage.

1.3 Problem Statement

The presence of sectoral determination for minimum wages in the taxi industry is a guarantee that employees and employers in this sector implement a basic level of acceptable remuneration. However, taxi drivers are still paid less than the minimum wage (Bhorat & Mayet, 2013). This is despite the consultative nature that was taken in adopting the determination of sectoral wage. It is not surprising when an industry writer, Siyabulela Fobosi posits that “Taxi operators do not abide by labour regulations. Given the nature of work in the industry, it is no surprise that these provisions do not apply in the taxi industry” (Fobosi, 2013) He further points that

prevailing literature strongly suggests that taxi owners tend to bypass these legislations in an attempt to avoid or reduce labour costs.

There also appears to have been a systematic failure from the Department of Labour Inspectors with regards to enforcement of the sectoral wage determinations especially in vulnerable groups like domestic workers, farm workers and taxi drivers who are all considered to be a vulnerable group (Bhorat & Mayet, 2013; DPRU, 2015). This led to further dissatisfaction with the state as the custodian of affordability and social justice for labour matters.

1.4 Purpose Statement

The purpose of the study was to investigate the perceptions held by the various stakeholders in the taxi industry with respect to the implementations of the Sectoral wage determinations 11 as provided for by Basic Conditions of Employment Act, of 1997.

1.5 Research Questions

The main research objective was to examine the knowledge and understanding of the stakeholders' in the taxi industry on the sectoral determinations 11. The main research questions were:

- Do the stakeholders (including taxi operators and taxi drivers) know of the legislation that governs sectoral wage determinations in the taxi industry?
- What are the stakeholders' experiences with minimum wages?
- What is the approach of the Department of Labour in relation to enforcement and compliance of this particular sectoral determination?

1.6 Rationale

At face value much has been written about current policy approach but there is less discussions for an alternative approach to Sectoral wage determinations especially when it comes to taxi operators and drivers in the taxi sector taking into consideration the nature of the industry. It was also essential that the study explored the dilemma posed by prescribed minimum wages and its increases for both taxi operators and drivers

Previous studies have not been able to establish whether or not an increase in minimum wage from all stakeholders perspective, does indeed have a negative impact on jobs and employment relations as posited by various authors. Any attempt to explain correlation between wages and employment relations by asking pointed questions in order to construct a hypothesis, which is a scarce phenomena in qualitative research, will always be a contested terrain.

Individual views and perspective in a focused group are assessed to give meaning and validate the findings of the research, without ignoring popular theories or work done by other researchers. This study was used to get first-hand information from the stakeholders at closest proximity to the phenomenon of minimum wages in the taxi industry, given the complex nature of the taxi industry. Labour inspectors play a critical role of monitoring and enforcing compliance.

1.7 Report Structure And Organization

This section gives an overview of how the research report is presented. The primary intention is to give an outline on the focus and the research data that is presented. The report is structured and divided in five chapters as explained below.

Chapter 1

The first chapter contains the introduction and background to the research. The main research objective as well as the research questions, problem statement, purpose of the study and the rationale for research.

Chapter 2

The second chapter contains the literature review which contains an overview of the minimum wage theory and related concepts as posited by the relevant authors and commentators on the subject matter. International experiences with respect to how the minimum wage is implemented in several countries are given to extrapolate points of similarity with the South African experience. The purpose of the literature review is to present a knowledge gap that will be used by the study to highlight how the taxi industry as the focal point of employment relations is affected by minimum wage laws, enforcement and compliance.

Chapter 3

The third chapter introduces the research method that was adopted and explains the researcher reason for using qualitative research. The research design will outline the data sample for data collection as well as the method for data analysis. The reliability, validity and ethical considerations for the study will also be provided.

Chapter 4

The fourth chapter presents the findings from the study.

Chapter 5

The fifth chapter discusses the relationship between findings and body of knowledge will be done.

Chapter 6

In this final chapter, the conclusions and recommendations that are drawn from the study will be given.

CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

The aim of this study was to understand how implementation of South Africa's public policy affects minimum wage (intended or unintended) on sectoral wage determinations as used by the Department of Labour and other stakeholders with specific emphasis on the taxi industry. The taxi industry comprises of minibus taxi drivers (who represent employees in this study) and Taxi Operators (Taxi Owners who represent the Employers') within the Taxi Sector. There was deliberate effort to exclude owner drivers during the development of this policy in order to not confuse and inherent conflicts that might not even be covered by sectoral determination itself as the intended beneficiaries of the minimum wage laws.

Since 2002, South Africa has put into place specific requirements for the various sectors in the economy. What is essential in these labour determinations is that there are different minimum wage levels in the various economic sectors functioning within the economy such that there determinations assert a more or less uniform structure for employment conditions. Several of these economic sectors include domestic workers, taxi operators, retail and wholesale trade workers, forestry workers, farm workers, security guards, hospitality staff and contract cleaners (DPRU, 2015).

To concur with Fobosi's (2013) observations the South African minibus taxi remains the critical pillar for the country's public transport sector. The taxi industry is more often the most available mode of transport, it is also the most affordable to the public without excluding the bus services which is heavily subsidized by Government. The industry also remains largely an informal one and as a result, the greatest contestation revolves around the formalization of the industry through the taxi recapitalization program (TRP). The implementation of TRP has been hugely problematic with serious disagreement existing even between taxi owners as to the nature that the TRP should take (Fobosi, 2013).

Fobosi (2013) summarizes the clear formal and informal distinctions that simultaneously exist within the sector with the following, "Critical to an understanding

of the minibus taxi industry, it is a fact that the industry is very dynamic - it is not easy to understand and it is also dangerous". Moreover, it is that the way in which work is organized in the taxi industry that remains quite complex. It seems that the taxi drivers are unaware of their labour rights despite government interventions to popularise labour registration (Department of Labour, 2013). The minibus taxi modus operandi is rather decentralized, with the taxi operator having more in common with the roadside hawkers than the formal subsidized bus services. In this industry, the owner and driver act very much as free agents. Each and every taxi driver decides personally on a daily basis as to how he is going to operate so as to make the most money. The taxi owner expects the driver to make as much money as he can. The work of taxi driver is "considerably less structured or controlled than that of workers within formalized public transport such as trains and buses" (Fobosi, 2013).

Taxi operators do not abide by labour regulations. Given the nature of working in the industry, it is no surprise Fobosi (2013) asserts that, labour provisions of the act do not apply in the taxi industry. Taxi drivers push themselves to work maximum hours, making it difficult for the department of labour to enforce minimum wages for a day, week or a month. Taxi drivers are simply paid on commission – where a taxi owner/operator would say he needs to collect of a certain amount for the day in his pocket, and how the taxi the taxi driver makes that amount it's his business. As mentioned above, this particular nature of work in the taxi industry then makes it difficult to enforce sectorial determination. One taxi operator would say that he/she is not an employer but rather that they are just working with their brothers. A taxi owner employs someone today, then some else tomorrow, which further complicates the labour process in the industry (Fobosi, 2013).

Since the advent of democracy in 1994, several state efforts to formalize or regulate the industry had been advanced. This is premised on providing safe affordable transport, well trained drivers, reasonable profits and acceptable labour conditions

and employment relationships. The regulations are intended to curb the extraordinary profits and promote favourable working conditions employment relationships (Republic of South Africa, 1997). The South African government has introduced labour laws that seek to regulate the industry, such as the Sectoral Determination 11: Taxi Sector. The sectoral determination applies to all working in the taxi sector, which includes but not limited to taxi drivers, administrative staff, rank marshals etc.

In this regulation, the broader expectation as per other minimum wages legislated, it is therefore expected that taxi drivers work 48 ordinary hours, per week maximum, and entitled to overtime pay, meal intervals and annual leave. As a consequence the prescribed determination brings about regulation of minimum wage, working conditions, hours of work, termination of employment and other general provisions to the taxi industry. The most notable provision should be fixed annual increases which must not be less than stipulated or prescribed by legislation which also takes geographical areas into consideration as well (Department of Labour, 2013).

As noted in the Labour Force Survey (LFS) (DPRU, 2008:18) which was conducted before the enactment of any minimum wages; which gave estimation that about one –third of both formal and informal sector workers earned far less than minimum wage. The study proposed government interventions and regulation whose broader intention was to address this anomaly so that policy legislation would benefit and ensure that all in the vulnerable sectors are eventually covered. (DPRU, 2008)

There is an important role played by wages in the broader economy from both an equity and efficiency perspective. The following part of this chapter will examine the following: the stakeholders and institutions involved and their role; the constraints that manifest during compliance to minimum wage legislation; as well as other countries' experiences with minimum wage.

2.2 Historical Overview of Legislated Minimum Wage

Ndzimande (2007) provides a brief history of the Minimum wage legislation. He posits that the Geneva based International Labour Organization (ILO) adopted the Minimum Wage Fixing Machinery Convention as early as 1928. The purpose of the Convention is to avoid a situation whereby people are being paid very low wages which are not in line with industry or trades where there are no well and effective wage remuneration arrangements as prescribed in the Convention, 26 of 1928. This was further followed in 1951 by the international efforts to support and enact Equal Remuneration which concluded when the member states elected to protect the underprivileged wage earners. The only disadvantage at the time was that when the states adopted the Convention, there was no legal binding or legal enforcement of the protocol. This did not deter support for this convention since the pattern in minimum wage arrangements had improved to a point where wages could now be fixed as well as categorized in order to protect disadvantaged employees of member states in areas of their jurisdiction through the adoption of Minimum Wage Fixing Convention, C131 of 1970 (Ndzimande, 2007).

Ndzimande (2007) cites several authors to trace the origin of minimum wages that precedes the ILO conventions such as Sarlo (2000:13) who reports that Australia was the first nation to have minimum wage legislation as early as 1896, while Sennholz (1983:1) argues that the idea of a minimum wage legislation originated in New Zealand in 1894. According to Sarlo (2000: 13), the major reason for this policy initiative in Australia was to combat overwork and underpayment (referred to as “sweating”) that was apparently rampant in certain industries and trades at the time. Britain and other European countries (France, Norway and Germany) followed with legislation of their own in ensuing years (Sarlo, 2000: 13) as cited in Ndzimande (2007:16)

United States went through a lengthy period in the development and implementation stages of its minimum wage, which had what is termed as “rhetorical permutations”. It was first defined initially as “a living wage “, which was essentially seen as a wage enough to support a family, but in the 1930s it was elevated to become macroeconomic policy (Levin-Waldman, 1999: 4). In 1938 there was a promulgation of the US Fair Labour Standards that were adopted with the intention to specifically

address the deplorable working conditions the vulnerable working groups. The focus in particular was on “eliminating labour conditions detrimental to the maintenance of the minimum standards of living necessary for health, efficiency, and the general wellbeing of workers without substantially curtailing employment or earning power” (Abowd, Margolis, Kramarz and Philippon, 2000:2). According to these writers (Abowd, *et al*, 2000:4), the American minimum wage has never been indexed, but increases only when legislative changes are enacted as cited in Ndzimande (2007)

From 1934, Brazil recognised its need to establish a living wage that is also included in its constitution but it was only in 1940 that the country effectively detailed labour regulation for implementation (ILO, 1999: 2). Legislated minimum wage was only introduced in the 1999 by United Kingdom across all sectors as the only vulnerable workers who were covered prior were in the agricultural sector as advanced by writers such as Machin, Manning and Rahman (2002) as noted by Ndzimande (2007)

Therefore this section provides the historical account on the development of the legislated minimum wage internationally. The development can be further traced as far back as 1894 in New Zealand and Australia in 1896 as noted by (Sennholz, 1993:1) and Sarlo (2000:13) respectively. The 1938 enactment of Fair Labour Standards Act in the United States gives credence to the gradual progression to protect vulnerable, unskilled and semiskilled employees to curb “overworking” and “underpayment” a phenomenal concept that can strain employment relations even to date.(Levin-Walman,1999:4) All of these national regulations have been directed to improve the working conditions of these vulnerable categories of labourers.

2.3 Common Rationale And Aims Of Legislated Minimum Wage In The Labour Market

It can be noted that we cannot definitively isolate a singular aim or purpose when it comes to the primary intentions of legislated minimum wage but there has been several goals advanced in the literature that posits that minimum wage legislation is both a multipronged or multipurpose phenomena. Ndzimande (2007) acknowledges several authors' perspectives. These goals listed below provide the aims for regulating minimum wages according to West and McKee (1980) as cited in Sarlo (2000):

- (a) To ensure that all workers receive a “living wage”;
- (b) To prevent unfair wage competition among employers;
- (c) To protect the physical, moral, and intellectual well-being of women and children in the labour market;
- (d) To serve as a stabilizing tool during a recession in the economy;
- (e) To counter exploitation;
- (f) To narrow the gap between the organized and unorganized sectors, such that the relative position of lower paid workers does not deteriorate;
- (g) To reduce poverty;
- (h) To increase firm's productivity and efficiency, thus contributing to economic growth;
- (i) To maintain an incentive to work among low-wage employees;

Notwithstanding these seemingly differing intentions for introducing minimum wage legislation, the bottom line is to “ensure a fair income distribution” particularly among the most vulnerable working groups with an ultimate aim of reducing poverty in society (Fortin and Lemieux, 1998:2; Hinnosaar and Room, 2003:10; Nuemark et al, 1998 cited in Rubery, 2003:35; Kuttner, 1997 cited in Ndzimande, 2007).

2.4 Institutions Responsible Sectoral Determination In South Africa

The Employment Conditions Commission (ECC) is a state institution which has been tasked with a primary responsibility to issue legislation in sectors that are deemed to be vulnerable in South Africa. ECC began operating in 1999 within the Department of Labour as an advisory body to the Minister of Labour. One objective of the ECC is

to give protection to vulnerable workers in the labour market, especially those who are not formally organized, or who do not have trade unions, or there is an absence of bargaining councils or regulatory mechanisms and that there is a likelihood of exploitation (Department of Labour, 2003). Two vulnerable sectors are the Agricultural sector that is, farm workers, as well as domestic workers that are at the highest risk within the South African labour market context in terms of wage discriminations (Bhorat & Mayet, 2013). The ECC also sets conditions of employment including critical details such as working hours, rules of termination, leave days as well as guidance for setting minimum wage in each sector.

Labour union federations such as Congress of South African Trade Unions (COSATU) utilise the NEDLAC to lobby both Government and Business (Employers) represented through their own institutions like Bargaining Councils that are found within sectors or any formal organized trade unions for both general wages and legislated minimum wages. Most sectors have lawful recognized labour representatives at different workplaces.

The Department of Labour also utilises labour inspectors whose primary task is to enforce compliance to sectorial determinations, through targeting of these high risks sectors after they have been identified. There are a lot indications that there is challenge in terms of capacity as most areas are generally not reached due to violation of wage laws in high degree. Corruption seems to also inhibit progress in the inspectorate (Department of Labour, 2013). In South Africa these are the institutions that are involved in setting and implementing minimum wages for the various sectors in the economy.

2.5 Employment Of Minimum Wage

There is enough literature that seeks to merge theory and empirical evidence in line with the relationship effects of minimum wage on employment although there is another literature that suggest that actually there is little if any interaction between this two relationships processes (Dickens *et al*, 1994). The major disadvantage noted by the latter writer is that firstly most theoretical models have differing predictions about the likely effects of minimum wage especially in reality. Secondly, empirical instigation that lacks framework is at the risk of utilizing procedures and inferences that look plausible but often do not stand to theoretical scrutiny (Dickens *et al*, 1994).

The relationship between wages and (un)employment is analysed by Seekings & Natrass (2013) who concur that there is no mechanical link between wage levels and employment levels according to which increased wages automatically lead to rising unemployment; rather that it depends on the level at which such a wage is set (Isaac & Fine, 2015). The implicit acceptance of such a rather simplistic causal relationship is a pervasive feature of many (or most) arguments that oppose prescribed minimal and wage increases in general. The proposition of such a mechanical link is theoretically unsound and not supported by the evidence (Isaac & Fine, 2015). These writers point out that High wage levels do not necessarily have negative effects on employment. Arguments that involve a market related mechanical link are premised on limited, if not faulty, neoclassical economics that construe labour markets as being governed by the iron laws of supply and demand which, if left undistorted, would clear at a full-employments market equilibrium.

No involuntary unemployment other than that caused by excessively high wages can exist, in this paradigm. This is at odds with reality: the wage level is neither the only nor the key factor that regulates employment levels. The level of employment in an economy is determined primarily by the level of output which is predominately (but not exclusively) dependent on the level of investment. Wages do play a role that is often overstated and in many cases does not operate independently from levels of output and investment (Isaac & Fine, 2015).

If the absence of other changes is maintained, inordinately high wages could have a negative effect on employment. To this extent, as Seekings & Nattrass suggest that the level at which a minimum wage is set is critical. However, we object to the focus of the debate being this aspect alone, which is what Seekings & Nattrass's and other proponents of wage restraints do – and which amounts to a short-term, narrow approach that makes wage levels the predominant factor that determines levels of employment (Isaac & Fine, 2015).

The impact of wages on employment surely should not be ignored but its analysis must be thoroughly embedded in a framework that is broader than labour markets alone (Isaac & Fine, 2015). From the standpoint of standard economics, a minimum wage is justified when market imperfections can result in the free-market wage has undesirable short-run or long-run effects on the labour market (DPRU, 2010). There are many arguments for why it would be important to push for a minimum wage/sector specific minimum remuneration levels in South Africa (COSATU, 2011).

In South Africa minimum wages may be justified in the context of labour market imperfections are as a result of apartheid and continued vulnerability of employees in certain sectors of economy using domestic employees as an example (DPRU, 2010).

For many working people domestic labour is worth more than they actually pay. In the early 1990s, survey data showed that domestic workers' wages stayed at 4% of the contribution made by the domestic workers to the household economy. Most of those families would be willing to pay more if they had to, rather than lose the domestic support or have to use equivalent outside services such as Laundromats and takeaway food (Bhorat, 2010).

Alternatively, they would continue pay 4% of their income and employ someone on only a part-time basis. In that case, the income of domestic workers as a whole would not decline, although as a group they would work fewer hours. This would presumably be a desirable outcome for the group. It might mean, however, that some workers would lose too many hours while others would find work for more than one household.

While the immediate impact wage level for specific sector may cause some short term employment loss a legislated increase in pay may in itself lead to an increase in employment in the longer run. There are two possible mechanisms for this as observed by Bhorat (2010).

First, very low pay may lead to a low-productivity trap, where employers do not invest in their workers through training, mentoring, efforts to ensure retention and therefore improve aggregate productivity levels in the workplace. As a result, productivity remains low, cutting into profits and limiting overall employment creation. In this case, by legislating a minimum wage, the state does motivate employers to invest more in workers; in turn this may translate in high productivity which has a positive impact in growth of employment.

For instance, a minimum wage for farm workers should give employers an incentive to provide more training. That, in turn, should lead to higher productivity in the sector. As productivity rises, investment should also increase, ultimately leading to more employment creation. Similarly, unionization on the mines led to higher pay and ultimately to the shift to a more skilled, more permanent labour forces for example (Bhorat, 2010). Secondly, an increase in earnings somehow gives rise to basic goods being demanded which will be produced inside the country, stimulating growth in the economy and higher demand. Evidence points to a reasonable presumption that any country that has equitable income distribution grows faster thus creating more employment. A legal wage minimum could contribute to this process (DPRU, 2008; 2010).

Statistics show that with the introduction of a minimum wage through sectoral determination in 2002, employment levels declined from September 2003 to 2005. In September 2006, the data however shows an increase in overall agricultural employment to just fewer than 1.1 million workers from as low an estimate of 960 000 workers in September 2005. Though this remains below the September 2002 level, employment in the short term declined but in a short period of time thereafter we start to see an upward swing in employment levels (COSATU, 2011).

Those who argue against a minimum wage contend that a minimum wage affects employment growth. This implies that when a minimum wage is set, the demand for labour decreases and given that South Africa has a high levels of unemployment, any minimum wage setting would continue to place pressure on employment growth and would result in declining employment, since the “cost” of labour is regulated and not determined through a market equilibrium price; which could be less than the regulated “price” of labour (Altman, 2011).

By contrast this argument is extremely narrow and when considering the minimum wage there is a need to move beyond the economic cost of labour and consider a number of factors including the historical and social development of the South African labour market. The history of colonialism and apartheid centred on oppressive and discriminatory labour laws which resulted in a system that afforded labourers no rights and left them with exploitative wages. COSATU (2011) documents states that “for black workers, this meant: virtually no job security, virtually no prospects of promotion or obtaining additional skills that would allow them alternative choice of employment in the labour market and on-going discrimination in pay and benefits”. This argument which is widely supported, suggests that a minimum wage is therefore justified as these factors have all resulted in market imperfections. Besides, the significant growth in income inequality is as a result of the immense pressure on real wage income failing to rise in tandem with productivity improvements and economic growth global pre-crisis period.

In reality national demand for legislated minimum wages through sectoral determinations have been successful although they are still at a very low base for many sectors such as domestic services, farm and forestry workers, taxi services and others. Minimum wages provide a minimum floor for workers but fail to take into consideration what is an acceptable living income or living standard. While demand for minimum wage level is crucial, surely this is not sufficient to achieve or define what we must consider to be a Living Wage. Education needs, transport, housing, and need for basic foods are not the only simple basics needed to be covered by a living wage, but living wage should be able to shift more people out of poverty and create more employment opportunities and increase human skills. Broadly wages

should reduce poverty, income inequality and create more sustained employment opportunities (COSATU, 2011).

2.6 Violation Of Minimum Wage In South Africa

Policy discourse in South Africa is usually concerned with the contestations around the adoption of minimum wage legislation, which also plays a central role in this regard, this the debate is quite similar with those debates on labour in many developing countries (Raoni, 2008). Lack of labour regulations is not necessarily the key issue as most countries already have labour legislation and policies in place. Like many countries South Africa there are at least 36 wage minima which differ by sector, occupation, and location. Some authors lament that the challenge is not enough legislation but rather the lack of compliance as most employers take advantage of government's limited involvement in the enforcement of labour legislation (Basu, Chau & Kanbur, 2010).

How the minimum wage is enforced in South Africa is not the core issue of the present research, but it is worth noting that there is a relationship between wage increases and employment especially on how it affects both the employer and the employee, moreover its dilemma for both parties. In summary, there seems to be violations in enforcement however international and local experience highlighted in this chapter points to the need to examine the relationship between wages, unemployment and economic growth. There is varying experiences from of a legislated minimum wage as captured in the next discussion.

2.7 Enforcement, Compliance And Other Factors

One of the most under-researched questions relating to minimum wage policy is how effective the policy is in practice. How comprehensively is the law enforced and how widespread is non-compliance? The relevant literature shows that often farm workers received higher salaries but these still remain sub-minimum wages (DPRU, 2010; Stanwix, 2013). One possible reason for the low levels of minimum wage compliance in several how to respond depends partly on the risks of being caught and the severity of the penalty. In the case of agriculture, the risks have been low and the penalties light. For example, in the Western Cape the simple probability of a farmer being visited by a labour inspector in 2007 was 11 % (Stanwix, 2013).

Taking into account other factors such as the average level of underpayment and the number of workers per farm, a basic cost-benefit model reveals that there is no financial incentive for the typical employer to comply with the law. For the average Western Cape farmer it is financially beneficial to risk paying sub-minimum wages, given the low probably of being caught and fines that would result. It is likely that this holds for most of the other provinces. Although there seem to be no financial benefits to compliance, the data show that there have been substantial increases in wages as a result of the law. Many farmers in the Western Cape paid the minimum wage and above, while those who continued to pay sub-minimum wages were unlikely to incur serious costs through the official channels of enforcement according to Stanwix (2013). This probably means that the direct impact of enforcement on wages has been limited. Various other factors may determine employer's decisions about what to pay their workers.

These factors are difficult to measure and could include a personal sense of fairness, farm profitability and ability to pay higher wages, the possibility that higher wages may increase worker productivity (efficiency wages), the evolving wage expectations of workers, considerations of worker discontent, and wage levels on nearby farms. Farmers who responded to the law by increasing wages to the minimum (and above) may have been doing so for some of these reasons. On the other hand, perhaps they also were responding to the risk of being inspected and penalized, but overestimated that likelihood (Stanwix, 2013).

2.8 International Experiences on Legislated Minimum Wage

2.8.1 Nigerian Experience

The research work done on labour analysis by Imobighe (2007) concerns itself with the critical impact of minimum wage on the employment level and productivity in the Nigerian economy. Looking back, the minimum wage legislation is a very important criterion in the payment of wages. The premise of this criterion is that by the introduction of minimum wage, the exploitation of vulnerable, ill-informed or isolated groups of labourers will be reduced. Minimum wage will also afford workers more comprehensive protection than is available through the existing voluntary bargaining. Based on the Imobighe's (2007) findings, there seems to be no basis that exists to conclude that minimum wage is the sole factor accounting for high rate of unemployment in Nigeria.

2.8.2 Minimum Wage Policy In Ghana

Ghana reveals a significant fall in employment immediately after the government's minimum wage policies were introduced and implemented in 1970s. This extended well into the 1980s leading to the early 1990s labour legislation according to Jones (1997). The contrasting views noted is that, some firms indicated strong evidence to increase in employment after an increase in the minimum wage implementation especially in the informal sector. The assumption is that there was no simultaneous shift in relative demand in the informal sector to benefit workers thus the increased employment levels had likelihood to cause a fall in the informal sector. Implementation of the minimum wage legislation indirectly reduced the wages of workers who could least afford (Jones, 1997).

Given that the informal sector is the most vulnerable sector in developing economies, it therefore vital literature assessment on legislated minimum wage impact should take cognizance of workers covered and those that not covered by legislation as its evident on a highlighted fact that legislated wage minimums

substantially impact on the levels of unemployment in the informal sector especially uncovered or displaced workers might not afford to be unemployed due to trend in the labour market when there is legislated wage increases (ILO, 1991)

2.9 Conclusion

From the literature presented above, minimum wage has economic effects and operates on economic standard model that presupposes that minimum wages increases somehow depress both productivity and employments rates as has been argued by several authors (DPRU, 2010; 2008; Bhorat, 2010) and has been presented in the studies mentioned above for South Africa, Africa and other international experiences. Literature review presented assumed a theoretical framework that has general convention permitting minimum wage to have a negative impact on employment. One cannot also ignore the neutrality of the model presents and assume that being neutral could bring about a positive effect. What has been noted by Dickens, Machin and Manning (1994) is that the formulated model has several numerical implications which has been tested the emergence of strong results that wage minimums compress earnings and distribution within production significantly (Dickens *et al*, 1994).

Jones (1997) made a meaningful observation which states that minimum wage laws in the most developing countries exist with the intended principle to give basic pay assurance to low skilled and low income earners wages. Policy makers enact these popular minimum wage laws to increase working poor incomes. But the downside is that when the wage exceeds economic equilibrium; this often leads to job cuts or losses risking a rise in unemployment rate. In addition, the Department of Labour as a custodian to inspection and enforcement for labour legislation seems to fail in fulfilling its mandate. Hence the reality of the labour market cannot be separated from the reality of the imperfect economic theories that have been advanced in this paper especially when it comes to the negative impact and effects on the economy form periodic minimum wage increases (DPRU, 2010). It must be noted that the ideal of complete compliance will not completely eradicate poverty but in reality there remains a need for flexibility for implementing minimum wages.

CHAPTER 3: RESEARCH METHOD AND DESIGN

3.1 Introduction

The previous chapter attempted to develop research issues emanating from literature review process thus propelling the research questions in the study. This chapter will explain the choice of method which is a qualitative study that the researcher used. This section provides the research design, data collection and analysis. This chapter also contains ethical considerations that informed the study as well as the issues of validity and reliability were maintained in accordance to Bryman (2012).

Generally qualitative research is often described as naturalistic, interpretative approach which concerns itself with phenomena exploration viewed from the interior, (Flick 2009) and which its perspective is embedded on accounts as told by participants as a starting point (Ritchie, Lewis, Nicholls & Ormston, 2014). The volume and richness are of qualitative data and are often highlighted, as are the distinctive approaches qualitative researchers bring to analysis and interpretation, and the kinds of output that derive from qualitative research. Ritchie *et al*, (2014) posit that with reference to Silverman (2011) qualitative research is often distinguished by the fact that hypotheses are commonly generated from analysis of data stated at the outset (Ritchie *et al*, 2014). For a qualitative study, one tries to fully “immerse oneself in a range of data” while being very “alert to new insights throughout the process of gathering data” (Neuman, 2011:163) thus the research selected for this study was qualitative method.

One may not ignore the characteristics of qualitative research as explained by Ritchie *et al*, 2014) as this formed part of the basic characteristics that were driving this research study method. The characteristics are summarised below:

- Aims and objectives that are directed at providing in-depth and interpreted understanding of the social world of research participants by learning about their senses they make of their material circumstances, their experiences, perspectives and histories.
- The use of non-standardized, adaptable methods of data generation that are sensitive to social context of the study and can be adapted to each participant to allow emergence of issues
- data that are detailed and may vary between studies
- Analysis that retains complexity and uniqueness of each participants.
- Openness to emergent categories and theories at the analysis and interpretation stage
- Outputs that are included, detail descriptions of the phenomena being researched, and are grounded in the perspectives and accounts of participants
- A reflexive approach, where the role and perspectives of the researcher in the research process is acknowledged. For some researchers reflexivity also means reporting their experiences of the field

(Ritchie *et al* 2014: 4)

3.2 Data Collection

The intention of data collection in a qualitative method means that multiple individuals or groups that have responded to an action or participated in a process about central phenomenon (Creswell, 2013). Parahoo (2006) seek to explain and or classify behaviours and attributes or even in population activities. The justification for this form of data collection as noted by Silverman (2014) asserts that from a social constructionist perspective, opinions are socially shared knowledge or tacit knowledge that is generated, maintained and changed through social participation.

The study pursued a basic interpretative qualitative approach where the aim was to describe, understand and explain participant's perception driven by hypothesis which is strongly embedded in research. The research study is underpinned by perspectives that are drawn from constructionism, phenomenology and symbolic interactionism whereby people construct their own meaning about the world they live in (Merriam, Sharan & Associates, 2002).

It is important that collected data is objective, systematic and repeatable (Lacey, 2010). An interview questionnaire to answer both close and open ended questions purposely was used as a method to collect data. The researcher played an observer role and was used as an instrument to collect data (written and recorded) which was transcribed in accordance to allocated coding system present and emerging.

The questionnaire had three parts, first part to explore the understanding and knowledge that the taxi drivers and taxi operators have about sectoral wage determinations; secondly, to obtain the perceptions and attitudes on compliance from the other stakeholders; by conducting exploratory interview with department of labour inspectors, and the final part was to study perceptions and attitudes around wages versus unemployment with related challenges of enforcement and compliance.

"In social research, we build more on the principle that we learn more by observing from multiple perspectives than by looking from a single perspective" and the researcher employed a similar process to ensure of triangulation of data to ensure reliability and validity for the study (Neuman, 2011: 164). In order to obtain different perspectives, triangulation assists in coming up with varying social constructs and standardization for all participants in specific constructs. For instance, the study involved interviewing Taxi Drivers and Taxi Operators about their understanding and perception of sectoral wage determinations. Three team leaders in inspections and enforcement services directorate were also interviewed using the same questionnaire to give their perception of sectoral wage determination and compliance thereof.

3.3 Research Sample

The study used purposive sampling which is described as a form of non-probability sampling in which the researcher aimed to sample cases/participants in a strategic way, so that those sampled are relevant to the research and the questions which are being posed (Bryman, 2012). In this case, structured interviews were conducted with the various stakeholders involved in the taxi industry that is, 15 Taxi Drivers, 15 Taxi Operators. All respondents were part of a focused group that was interviewed located in the Johannesburg Taxi rank from different Taxi Associations. Team leaders of the Department of Labour inspectorate involved in minimum wage compliance were also interviewed. The interviews were conducted in September 2016.

3.4 Data Analysis

Data analysis is “an integral part of the research design” Parahoo (2006: 35), this will help in making sense of data collected before is presented in an understandable manner and thus the researcher used descriptive analysis. Although a better analysis is the one described by Creswell, where in posits that analysis of data is better positioned to be analysed if it processed in stages. Applying open coding, the researcher attempts to formulate varying categories of information. And in each category there should be an emergence of specific properties or subcategories that will look or analyse data in different dimensions. What therefore emerges is what Creswell calls, axial coding, hence the researcher analysed data in a new format or coding paradigm (Creswell, 2013). After coding and subcategorizing, the researcher looked for causal links if any or condition which would be interpreted and described.

The research notes the observation made by Man (2008) that qualitative data derived from interviews, takes the form of unstructured factual material, and are thus not as straight forward to analyse. The writer in this regard took several approaches

to analyse data, which is, narrative analysis, coding and secondary analysis and is explained below.

Narrative Analysis is an approach to the elicitation and analysis of data that is sensitive to the sense of temporal sequence that people, as providers of accounts (often in the form of stories) about themselves or events by which they are affected, detect in their live and surrounding episodes and inject into their accounts. (Bryman, 2012, pg. 582)

With narrative analysis, the focus of attention shifts from ‘what actually happened?’ to ‘how do people make sense of what happened?’ The last point can be expanded to ‘how do people make sense of what happened and to what effect?’, because stories are nearly always told with a purpose in mind – there is an intended effect. Proponents of narrative analysis argue that most approaches to the collection and their lives in terms of continuity and process and that attempts to understand social life that are not attuned to this feature neglect the perspective of those being studied. Citing Mishler (1986) Bryman further supports Mishler statement as he posited “the answers that people provide, in particular in qualitative interviews, can be viewed as stories that are potential fodder for a narrative analysis. In other word, narrative analysis relates not just to the life span but also to accounts relating to episodes and to the interconnections between them” (Bryman, 2012)

Coding is used to bring forward emerging point of discussion. This will take a format of reviewing transcripts and giving labels bracket names to component parts of potential theoretical significance and or that appear to be particularly salient within the social health being studied. As Charmaz (1983: 186) puts coding is a process that serves as “a short hand devices to label, separate, compile and organized data”. Finally though secondary analysis, the opinions and findings of other researchers are examined.

3.5 Tools and Format of Analyzed Data and Results Presentation

The Barrit method as used and followed by as proposed by Ndzimande (2007) and cited (1986 cited in Leedy and Ormrod, 2005:140). The researcher compiled data analysis after listening and transcribing as per recordings during the interviews and deducing from discussion held. A through examination of transcripts was utilised with main intention to identify, words, statements, phrases, themes that would reflect specific or single thought in line with the research question. This was done through listing of themes in a numeric or but importantly had to be broken into sub themes aligned with responses. The interview schedule was divided into three parts, A, B and C

Part A: Demographics

Questions on gender, age, experience & longevity in the industry, number of hours spent in a day and if it is in line with the prescripts of taxi sector regulatory laws, that is, Sectoral Determination 11.

Part B: Knowledge of Legislation

Open and close ended questions were asked to determine knowledge of sectoral determination, also to confirm accessibility to copy of sectoral determination as per legislative requirement. Knowledge questions were intended to test and to determine if participants earn actual minimum wage at least in their perception. But further they must substantively determine whether it is a trend within the industry especially to their peers within their ranking space. Knowledge of the exact amount in Rands and cents was tested for drivers and operators. It was also important to hear perceptions of both drivers and operators on their views on whether minimum wage has been designed to (a) protect and advantage both the taxi driver and operator or (b) disadvantage the taxi driver and operator.

From a drivers perspective it was important to do comparative analysis, on whether they believe their employers are able to afford the minimum wage. Inversely the operators as employers can substantively make a determination at least in their perception about their own ability to afford the minimum wage with their peers in the industry. Lastly, to make a determination whether there is a correlation between minimum wage increases and job losses/production. Drivers and operators were sought to make this determination.

Part C: Enforcement and compliance

The Department of Labour is the custodian of legislative prescripts as indicated in earlier chapters especially when it comes to enforcement and compliance, therefore operators and driver perceptions about this state organ and its functions are critical to the data analysis as determined by the findings. Activities of the Department of Labour will be assessed in accordance to held opinions of participants real or perceived.

The next phase was to highlight and construct a general picture in accordance to the perspective or perceptions of interviewees and how they attach meaning to the research question on minimum wage in the taxi industry. It was therefore important to categorize these perspectives into two categories, that is, driver perspective (employees) and operator perspective (employer). Both employer and employee have varying interests as stakeholders in the industry, this somehow compels the researcher to respect individual perspective in order to fairly discuss and analyse data. Discussion of findings and responses was done as per themes and coding allocated above in line with research question and interview schedule.

3.6 Ethical Considerations and Informed Consent

Respondents have a right to participate or not, respond to questionnaires or not. This was clearly marked on the research letter. Initially, informed consent was requested by the researcher while giving the nature and the purpose of the research. Every effort was made to observe university code of ethics and confidentiality was prioritized. Data is stored and disclosed according to university regulations and the identity of the participants is known only to researcher to keep them anonymous and protect their identity.

3.7 Limitations on data collection

Given the protracted media attention placed on the taxi industry regarding the TRP as well as recent turf wars between warring taxi associations, the researcher found it difficult to get interviews with the taxi owners and taxi drivers. The researcher persisted to use the research letter and gave assurance that the interviews and the respondents would remain confidential and anonymous.

CHAPTER 4: RESEARCH PRESENTATION: RESULTS

4.1 Introduction

This chapter presents the research findings on the study on perceptions of minimum wage in the taxi industry.

4.2 Taxi Drivers' Perspective on Minimum Wage:

4.2.1 Gender, age and longevity in the taxi industry

All the interviewees were male as demographics indicated but it does not necessarily mean that there are no exceptions. During observation, the researcher noticed women taxi drivers although none formed part of the groups that was interviewed. The respondents have an average industry experience of 15 to 20 years. The thematic statements made below are driver realities and actual phenomena and long practiced routine.

4.2.2 Registration as full or part time employee

Most respondents within the industry believe they are part time. This is presupposed by the fact that most drivers believe they may not be correctly placed and anticipates imminent job prospects on a permanent basis. Meaning the driver vocation is a passing or killing time method of generating income while they await their real job in the formal industry. This does not preclude long ambition of eventually converting from being taxi driver to taxi operator. Greater respect is given to existing structures and associations for registration purposes, and regulatory purposes.

4.2.3 Number of hours in the day in line with the Prescripts of the Taxi Sector: Sectoral Determination 11

Drivers are not aware of prescribed hours of work in line with described compliance demands. The uniqueness of the industry also makes it difficult, as most commercial and formalised industries can define their production time from morning until evening. The taxi industries work on particular rush hours whereby at least in Johannesburg most people use the public transport to work with taxi type services as the most utilised mode of transport especially in the morning and later as workers depart to home. The apartheid spatial planning somehow dictates that most black people reside far away from their place of work which can be a costly, one that is most welcome by the operator and drivers.

4.2.4 Drivers level of knowledge about sectoral wage determinations

Registration for drivers and operators can mean different things at different times. For most drivers they feel better employed and recognised if they are registered with associations and structures in the taxi industry, as opposed to the one prescribed in the Act. They are not registered with the employer on a full time or part time basis, because of the nature of the industry most drivers have accepted that they can't be considered as full or part time basis hence they would therefore insists that they do not know part time or full time due to the complexity of the industry. For them drivers come and go and are therefore substituted easily from one operator to another. There is no written contract, only verbal gentlemen agreement. One driver indicated that this is a norm and welcome practice in the industry. All of the driver respondents were not registered with the Department of Labour as per legislative requirement.

4.2.5 Employer and employee discussions about copy of the sectoral wage determinations

Most drivers if not all pointed categorically clear that they do not have any written contract. Verbal agreement is the only method used as a way of conducting

business. “*There is no discussion, either accept or not*” i.e. one driver was emphatic about this point. The industry is secretive and has lot of fear.

4.2.6 Driver’s perceptions on their actual earnings in line with minimum wage determination and generally in the Taxi sector

Most of the interviewees had knowledge of their earnings but were not as expressive and confident to confirm if it is line with minimum wage determination. At R1500 (which is above minimum weekly wage) a week, one driver respondent and vouched his employer is more cooperative. Drivers indicated that they work at a weekly target which is agreed upon with his employer. Significant number of drivers indicated that it is difficult for them to declare a determination as they don’t have any information to compare with. In addition more indicated that they make additional money on the side (which is loosely translated as pulling the wire, Socks money or hidden earnings not disclosed to the operator). Drivers in this regard feel that they paid themselves for their perceived exploitation by the employer.

4.2.7 The purpose of the minimum wage legislation

Taxi drivers interviewed indicated quite a good knowledge of intentions and purpose of minimum wage determination, even though they have reasonable reservations in varying degree. At the top of common thematic and coded statement, all interviewees emphasised the purpose of legislation is to firstly protect and disadvantage the driver. Secondly to avoid exploitation by either party, however some of the interviewees indicated that it is a good law only if it was implemented. However, interviewees expressed that their industry is the most exploitative industry and there is no protection of worker rights. “No work no pay, No sick leave”, a driver representing others within rank structures lamented. Inversely most drivers believe that taxi industry is unique and should be treated as such where people have to mind their own business, both driver and operator.

4.2.8 Ability and affordability on the set minimum wage

Responded drivers strongly agree that owners (operators) can be able to afford the suggested minimum wage and exceed it while at the same time point out, depending weekly takings and other circumstances. Cited example of differentiation, area and type of customers they are serving and lucrative routes. The type of vehicle can also be a determining factor “Business is tough, and customer preference must be taken into consideration in this economic times” said one driver responded.

4.2.9 Relationship between wage increase and employment production

There could be a mismatch in perspective from the respondent but there is common agreement from most respondent that an increase in minimum wage does not necessarily lead to job losses, but on the contrary if you ask for more money from the employer, it can strain relation “We depend on the extras that we make for ourselves to pay ourselves increases” one driver respondent. Drivers indicated that at any given time most operators have more cars, but also there are more desperate drivers, “A driver can be easily substituted, you are a driver this week and next week you unemployed and then next week you are employed somewhere” said one driver respondent

4.2.10 Knowledge of exact amounts in Rands and Cents

All the drivers who were interviewed did know or have information about the exact amount in Rands and Cents as pre-determined by legislation and this can be attributed to information not being easily available. For most drivers it is not what the government and its laws say, but what they can negotiate themselves and individual at gentlemen's agreement. All drivers did not know the exact amounts in Rand and Cents until the interviews were conducted by the researcher.

4.2.11 Public participation in minimum wage setting

No driver respondent ever got an invitation to participate in wage discussions but this does not mean that those discussions never happened, “Government is part of the problem rather being part of the solution” respondent one interviewee. Some of the drivers indicated that they have never heard of an arrangement where there is formal public participation in wage discussions.

4.2.12 Inspections and enforcements from Department of Labour

One interviewee indicated that in his fifteen years of driving experience he has never seen Department of Labour inspectors at their taxi rank or on the routes that they work on so much that he expressed frustrations, “Maybe our profession does not allow for normal working conditions because if they exist, we would not struggle with the basics” said the interviewee. Some of the interviewees sarcastically asked where do these inspectors work because they are clearly not visible. What should be noted and what came out more strongly from driver perspective is that for them, the industry is self-regulatory through structures setup by associations. Researcher noted that drivers and operators monitor, evaluate and review the industry monthly. Standing structures in individual ranks that represents drivers and operators are therefore used for consultation, communication and self-regulation.

4.2.13 Compliance: Employment and registration with Department of Labour for UIF

Most interviewees cannot expressly say that they are part time or full time, but do make an emphatic confirmation that they do not have written contracts of employment, therefore no UIF, no sick leave, no pay slip. Transfer of salary is always from hand to hand. There were various perceptions regarding the above subject. An important registration within the taxi industry it is being registered with associations, whereby benefications like e.g. funeral cover, registered as a driver and others are recognised. Most drivers believe that loyalty and long term service pays. There is a strong held view that growth and development happens eventually

when a driver is converted to an operator. This is seen to be achieved through long service and loyalty.

4.3 Taxi Operator Perspectives on minimum wage:

4.3.1 Gender, age and longevity in the taxi industry

As indicated and observed with driver interviewees, all respondents were male as demographics indicated but it still does not necessarily mean that there are no exceptions. Researcher's observation has seen woman being drivers in the industry. Respondents with average industry experience of 15 to 20 years, their age and longevity give credence to take their held perspective as a norm at the least. Emanating from informal discussions is that involvement with the business is generational habit or at best inheritance, with future generations investment. The following are thematic statements made below are Operator realities and actual phenomena and long practiced routine.

4.3.2 Registration as formal Business and Employer

Most operators deem their business as formal professional business that should be taken seriously, and there is more emphasis from the operators on them being compliant with South African laws that include registration with South African Revenue Services for tax returns, adherence to Labour Relations Act, Basic Conditions of Employment Act, and National Land Transport Act. However there are reservations to fully comply with these acts.

One interviewee responding to the researcher indicated that

"I'm both formal and informal due to nature and the limitations with the industry"

The respondent continued to intimate that as operators they should be treated as such in all their dealings within the industry this should be understood to be even at enforcement and compliance level.

Operators held the strongest view that registration with department of transport, registration with associations and its affiliated structures it is of paramount

importance, as it offers assurance, security and recognition at least in their perspective.

4.3.3 Number of hours employees work in a day in line with the Prescripts of the Taxi Sector: Sectoral Determination 11

Operators at the most have varying hours and were often non-committal on whether their employee's hours are in line with sectoral determination." My driver is the custodian of the vehicle and can therefore determine his hours" posited one interviewee respondents. What came out more is admittance from most operators that they are unable to determine hours of their employees since a vehicle can bind (rank language for a vehicle on queue awaiting passengers as determined by the rank marshal) which is in competition with other kombis. This brings the subject of hours to collusion point, as most operators view the binding vehicle as not being productive, while the driver who awaits the queue at a binding and holding area considers themselves to be on duty (productive) with hours counting. Midday for most operators' vehicle is considered not productive. Other operators' employees' hours ranged from 5am-9pm, 3pm – 8pm being called morning and afternoon rush hours. Operators have a view that during the day it is free time that includes lunch and washing of the vehicle.

4.3.4 Operator level of knowledge about sectoral wage determinations

Although most respondents confirmed by an emphatic "Yes" to knowledge questionnaire, most lament that sectoral wage laws are not in line with realities of the industry, which at best needs to be formalised and at worst it remains an informal business where it is difficult to comply with existing employment laws. Below are some supporting quotes from interviewees:

- *" There is no structured and pattern for working hours and therefore there cannot be any relationship between income and hours worked"*
- *"We know drivers pay themselves, can government police them because we can't"*

- *“Vehicle has to be maintained, it is expensive, when its broken or in an accident there is no income period”*

These were the responses to the researcher’s probing on correlation between hours worked and income, as defined in the act and sectoral provisions.

4.3.5 Employer and employee discussions about copy of Sectoral wage determinations

The researcher focus has to answer the research questions “ Do taxi operators and taxi drivers know and understand sectoral wage, and what does prescribed minimum wage increase have on employment relations and lastly what is department of labour and other stakeholders in the taxi industry approach to enforcement and compliance.

Operators have never hesitated to confirm and corroborate the drivers thematic statements, that No contracts especially written one, only verbal agreements in the taxi industry. Operator’s strongly indicated during probing and discussion, only if government can subsidize the industry, maybe they can be able to comply with statutory legislative requirement.

4.3.6 Operator perceptions on their employees’ actual payments in line with minimum wage determination and generally in the Taxi sector

Here there is a considerable variance in responses on the actual payments that are made by the operators to their employees. One responded indicated that he pays R1200 a week which is way above the minimum threshold. Emanating from responses is that payments differ on route, area, and the agreement you have with your driver during checkings. One operator who earlier indicated it is the driver who determines the hours, again insisted by exclaim “My driver determines his wage from our baseline agreement: 20% of the day’s checkings.

However it also came out from other operators that there are cruel exceptions who are underpaying and exploiting their drivers irrespective of huge checking's, validation came from an operator who happen to be senior member of influential taxi

structure in the industry. For the above respondent, majority operators are seen not to be paying fairly or enough.

4.3.7 The purpose of the minimum wage legislation

All operators interviewed are of the same viewpoint and hold that, the purpose of the minimum wage is to protect against exploitation. However there were held reservations that as much as they understand the purpose, somehow this statutory wage requirement can disadvantage both driver and operator due to the complexities of the industry and insists that challenges remain unaddressed.

4.3.8 Ability and affordability on the set minimum wage

Most operators indicated that, yes they have ability and the means to pay for the minimum wage as per legal requirement. Further probing and discussion on this point revealed a concern advanced by most operators positing that the industry is not taken seriously and the need to subsidise as it is growing among one of the biggest employers.

4.3.9 Relationship between wage increase and Employment (production)

There is a strong agreement by most operators that a wage increase does not necessarily lead to job losses. Whiles perspectives still differ, as one operator indicated that industry operates on a principle that:

“If I get more, I give more”

“Generally if we can’t agree about an increase we part ways”

The above responses somehow give an indication on the thin line between a formalised and informal business but more of the inherent perceptions and challenges for both driver and operator.

4.3.10 Knowledge of exact amounts in Rands and Cents

The research questionnaire being made specific and seeking direct responses on actual rand amounts in Rands and cents without second guessing, most operators conceded that they do not have specific knowledge of the actual current amount, but did indicate to say they do pay the right amount. There is a certain element of dependency and heavy reliance on existing structures like SANTACO and NTA, as most interviewees insist these structures are always in consultation, therefore feedback and inform operators on current acceptable minimum wage payments to all affiliates.

4.3.11 Public participation in minimum wage discussions

Confining ourselves in a quest to make an effort to address main research questions, most operators indicated that they have never been invited by government, specifically the department of labour, to participate in hearings, imbizo or taxi driver wage discussions. One responded indicating that they have only seen on television when it has been concluded. The least amount of operators confirms receiving invitation, but they were also quick to emphasize that associations and federation structures consult at senior level.

“We have our own terms and conditions, even if it is verbal,” concluded one of the interviewees.

4.3.12 Inspections and enforcements from Department of Labour

There is a strong linkage to the previous question and thematic statement, although both are distinct in nature. Department of Labour by extension also functions to enforce but as noted it did not receive a better response as most interviewees categorically stated “No” we have never been visited by Labour Inspectors at our various workplaces. Workplace here, meant at ranking facilities within Johannesburg.

“Government is also a problem; hence we are in this situation.” An expressed opinion by one of the interviewees.

4.3.13 Employee registration with Department of Labour for UIF

All the respondents to the research questionnaire submitted that they have not registered any of their drivers with department of labour for UIF, which is one of the legislative requirements. Some operators re-emphasized on the complexity of the industry continuously pointing that drivers come and go. There is no stability and consistency in the industry due circumstances and nature of the economy. Further posited that associations and structures have own arrangements which culture based on need. Since many can also be deemed as family businesses, there can be no hard and fast rules that must be followed.

4.4 Assessment from Department of Labour Officials regarding minimum wage

While conducting research and analysing data from main participants drivers and operators, there was an emergence of dissatisfaction (which could not be ignored) from both drivers and operators with regard to the Department of Labour as the custodian of the processes that give rise to minimum wage legislation. In an effort to have a reasonably balanced research, the researcher explored to test the assertions in order to validate or invalidate perceptions held in Part C of the questionnaires that dealt with Compliance and enforcement from perspectives of the participants. Responses came from Department of Labour Team Leaders located in the Inspections and Enforcement directorate, whose core mandate is to ensure compliance with the prescriptions of the minimum wage as guided by the Basic Conditions of Employment Act and other related Labour Relations laws.

The Table 2 below shows labour inspectors per province.

The below table depicts or illustrates the burden placed on the inspectors in the labour centres who have to deal or enforce not only the minimum wage laws in other sectors but generally deal with enforcement the non-wage sector. Case in point for Gauteng, 1 inspector supposedly having to service over 500 thousand employees.

Table 3: Labour Inspectors per province

Province	Labour inspectors	Labour centre	Inspectors/ LC	Inspectors per 100k employees
Eastern Cape	119	16	5.7	10.9
Free State	87	11	6.6	13.3
Gauteng	224	26	7.2	5.5
Kwa Zulu Natal	231	16	11.6	10.8
Limpopo	111	13	6.3	12.3
Mpumalanga	80	16	4	8.5
Northern Cape	44	8	4.1	15.2
Northwest	66	10	5.1	8.7
Western Cape	94	12	6.4	4.9
Total/ Average	1056	128	6.3	10.0

Source: DPRU, 2015

4.5 Enforcement and Compliance as per legislative requirements

4.5.1 Invitations to the Taxi Drivers and Operators to attend Minimum Wage Hearings

The respondents to this questionnaire indicated that in the current financial year they did not attend to public hearings in this sector (taxi sector), as necessarily it is the competence of the Head Office to activate such programs.

4.5.2 Regular Visits to Taxi Ranks

Two of the three team leader respondents, indicated that in their areas they did not visit the taxi ranks due to plan constraints. It is usually an activity that is sanctioned by the Head Office as part of inspection blitz, which is a joined effort with the South African Police Services and Metro Police. The last Blitz was at the in Tshwane Mabopane Taxi Rank. Such activities are per invitation for inspectors from other labour centres to support each other. Inclusion of the police services has more to do with safety concerns as an individual effort is viewed with great suspicion. This implies that there could be willingness but the affected stakeholders' industry environment might not be conducive to do through checking and verification for compliances.

"We being treated with a lot of disdain and disrespect" one respondent pointed angrily. While one team leader responded by indicating that they have done just on initiative to visit the taxi rank in Johannesburg through consultation with Coordinators from Taxi Associations that both taxi driver and taxi owners belong to. Attendance was very poor even though proper arrangements and prior notification were made.

4.5.3 Actual verification for Contracts & Registration with Department of Labour for UIF

Previous experiences by the team leaders point out to the fact that often contracts and a UIF registration exists only when notice to come and check has been dispatched. Taxi Operators in the industry do not have contracts as they claim that they do not have the knowhow of the administration, even though the department is willing and have dummy templates to help in this regard. Verbal agreements dominate the industry as by nature they are self-regulating with own unwritten laws and conduct; this was the assertion of one respondent.

4.5.4 Challenges experienced by Inspectors in the Taxi Sector

By its very nature it is a difficult and challenging industry due to the flexibility in hours which makes it difficult to apply checks and balances in line with the legislation as

per sectoral determination. “If the drivers, whom we want to assist, are not able to even tell you how many hours they are working, it’s difficult to make a determination” one respondent added.

Operators according to one inspector, they are quick to point to the fact that I pay an x-amount excluding the amount that my driver pays for himself. This implies supposition that was described in the previous sections and chapters, that is, money made during the day but not reported and accounted by the driver. The irony is that both drivers and taxi operators seem to be aware and acknowledge its existence with helplessness at least from the perspective of the taxi owner who feels robbed but may not be able to proof. Cheap labour and frequent use of foreign and unregistered drivers seem to be the order of the day as noticed and pointed by the respondent.

All team leaders agree that taxi drivers often do not last with their employers as they job hop from one taxi owner to another. The worst case scenario was due to the complex nature and secrecy in the industry some of the taxi drivers they do not know their employer as they would be paid by rank managers for their services who emphasizes that they are not employed but rather rendering their services as pre-determined cost. Due to desperation and high unemployment in the economy and the country, drivers settle for informal, non-compliant employment practices that are rife in the industry. Such arrangement makes it difficult for department of labour to monitor and enforce legislative requirements as guided and prescribed by the act.

4.5.5 How the department deals with Non -Compliance

The first point of call for the inspector is to educate and workshop the employer about the importance of compliance with the law, so as they can be aware of consequences of non-compliance. At the end respondents pointed that it is better to come out with a written undertaking than compliance orders.

There are three other notices that department uses as instruments to deal with transgressors. that is; Improvement notices used to advise the employer to take steps to scale toward compliance; Contravention notices that are used to inform or make aware of non-compliance which the employer may or may not be aware also with intention to align towards compliance; Prohibition Notice, which are deemed serious as it emanates from previous notices for non-compliance; and Prosecution Notices, often the last resort where the employed is hauled before a Labour Court to answer to transgressions, which may resort in enforcement of court orders when issued.

4.6 Perceptions and Experiences as per Individual Observation

4.6.1 General Perception with the concept of minimum wage

All respondents indicate that drivers are generally happy with minimum wage laws but often point out that the needs to be visibility in terms of compliance and enforcement, whilst the general perception observed from taxi operators is unwillingness to comply with laws, often citing unfairness in the legislation and lack of understanding with regard to the nature of work in the industry, that is; flexible hours, having to pay for unproductive times especially when their vehicles are broken. Variation in unproductive routes which might not be in tandem with wage scales as prescribed by sectoral determination.

4.6.2 Relationship between wage increases and employment

All respondents pointed out although they have not noticed if an increase in wages lead to job losses or unemployment, but they are adamant in other sectors like domestic and agricultural sector they have noticed job losses and strained employer and employees relations with most cases being referred to the CCMA or dispute resolution chambers. Affordability often determines continuity with employment.

“Most people on the other sectors especially the domestic sector, experience significant loss of income due to reduction in hours of work”, pointed the other respondent.

4.6.3 Participation in the Public Hearings pertaining to sectoral wage determinations

All of the team leader respondents indicated that they did not participate in public hearing specifically in the taxi sector; however one was part of the hearings in another sector. This includes inspectors from their teams. They explained their absence because participation is often the competence of head office or national activity. If for some reason it is in close proximity, labour centres in the area are therefore encouraged or sanctioned to support.

4.6.4 Perceptions held by the taxi sector industry regarding Department of Labour

All respondents agree that the industry may have a valid point since all role players and social partners are not working together with the intention to ensure good labour practices that are safe and healthy. One team leader based in central Johannesburg lamented this to drive a point that:

“Taxi sector must be identified and targeted as one of the high risk sectors when it comes to problematic sectors for inspections. It should be on a regular basis”

However, there are exceptions as one respondent indicated that, the challenge also there are cases where often drivers make more than the stipulated or prescribed wage, which disadvantages them with their employers especially where there is no written contracts and registration with UIF.

“If the employer pays R4500, who cares if it’s written on a contract or UIF deductible”

The driver will not force the taxi operator to comply, as they risk operator adjusting driver earnings with minimum wage requirements.

4.6.5 Capacity of the Department of Labour to carry out mandate

All team leader respondents lament that the department is under-resourced to deal with demands for their services. This makes enforcement and compliance weaker. Issues of staff turnover or personnel at labour centre level, makes it almost impossible to adequately reach all sectors due to limited time and resources:.

- *“Sometimes we have to share a vehicle with other directorates in the department”* added one respondent.
- *“Lack of training and development in order that inspectors may be to deal or become specialized with certain sectors hampers visibility of labour inspectors”.*
- *“Taxi Ranks might be unsafe for inspectors, male or female, if unaccompanied by police or other security agencies”.*

Respondents pointed out that they are reactive rather than proactive to prevent malpractices and non-compliance that is prevalent in the taxi industry. The labour centres are not well resourced to activate own initiatives in some vulnerable sectors as it might be an unauthorized expenses not budgeted for.

4.6.6 Need changes in the prescribed provisions on the minimum wage in the taxi sector

All respondents agree and believe more research ought to be done in order to enact wage laws that would uniquely address the peculiarities in the industry. There cannot be one size fits all when realities in the industry are not aligned with legislation.

4.7 Conclusion

The research did not quantify or verify the impact of enforcement on compliance as the intention was never to venture in the territory however based on the analysis and responses of the interviewees the Department of Labour needs intervention and self-correction programmes as their inefficiencies to monitor and enforce compliance has undesirable outcomes intended or unintended which to a certain degree validates the negative perception held by taxi drivers and operators.

Subsequently it is almost clear that the department is definitely under resourced in terms of personnel since a limited number of inspectors are supposed to take care of all other sectors which can seem to be strenuous to both team leaders and inspectors. This is self-inflicted pain by government institution which does augur well for industry as a whole since it has difficulty with self-regulation; the department as the primary stake holder that ought to lead and give guidance seems to be struggling itself.

CHAPTER 5: RESEARCH ANALYSIS

5.1 Discussion on relationship between Findings and the Body of knowledge

In order for the researcher to discuss and link the body of knowledge with the previous findings as emanated from the previous chapter it is crucially imperative to remind ourselves on the focus of the research, this was to explore and understand the perceptions on the minimum wage by both operators and drivers in the taxi industry. With reference to earlier mentioned three research questions are still key to leading the researcher to select and confine only selected portions of data findings for interpretation to the body on knowledge.

5.2 The Minimum wage Concept

The Minimum wage concept remains a thorny issue and therefore a contested terrain. Chapter two that extensively dealt with literature review on this concept confirms that there will always be differing views on what constitutes a decent and acceptable minimum wage. Moreover there has been enough attempts made that sort to merge theory and empirical evidence versus the relationship effects particularly on employment and employment relations. Dickens *et al* (1994) re-emphasize that theoretical models and writers have differing predictions about the likely effects of minimum wage. The taxi industry with its complexity as indicated by responses of both drivers and operators on the same questions, confirms this.

Dealing with coded question on wage increase, researcher found in the study that the findings give rise to mismatch of perspectives from taxi drivers but most respondents that including taxi operators have an agreement that “minimum wages do not necessarily lead to job losses”.

Seekings & Nattrass (2013) strengthen the argument in their position as seen in earlier chapters that there is no mechanical link when it comes to wage levels and the levels of employment. This dispels the assertion that once there is a minimum wage increase, it may mean an increase in unemployment as if also the opposite prevails under different circumstances. It therefore means it cannot be implicitly accepted that there can be simplistic causal relationship in the argument prescribed minimal increase in general as it so put by Isaac & Fine (2015). The latter writers, strongly posit that “the wage level is neither the only nor key factor that regulates employment levels. The level of employment in economy is determined primarily by level of output which is predominately (but not exclusively) dependent on the level of investment. Wages do play a role but is often overstated and in any case does not operate independently from levels of output and investment. Isaac & Fine (2015)

This can be factually true in the taxi industry based on the research responses from both taxi operators and taxi drivers, the level of output has always been the determining factor on minimum wage agreement agreed by both parties and circumstances as determined by other factors like location, lucrative routes, local or long distance, urban or rural, peak hours and weekends. The industry operates somehow self regulates deviating far away from prescribed or legislated minimums. One cannot emphatically say there is deliberate intention not to be on the straight and narrow laws of government; it can simply mean certain measures may not be applicable or even implantable given the uniqueness of the taxi industry economics.

South Africa is not unique to minimum wage debate, however the researcher could still posit strongly from a standpoint of standard economics, a minimum wage should be justified where market imperfections mean free –market wage has undesirable short run or long run effects on the labour markets. Bhorat (2010) made a marked observation that in South Africa minimum wage may be justified in the context that takes cognizance of the apartheid driven labour market imperfections and the unending vulnerability of workers in certain sectors of the economy.

We have seen from earlier chapters the important role played by wages in an economy the world over, especially in the pursuit of equity and efficiency. The Labour Force Survey stated in chapter one background reminds us through an estimation that about one third of workers in the formal and informal sector earned far less than the legislated minimum wage hence one of the stakeholder government institution like the Department of Labour intends to address the anomaly through sectoral determination as found in the basic conditions of employment act.

5.3 Experience and Compliance with prescribed minimum wage

During the conduct of the research it became apparent as posited by Fobosi (2014) that the minibus taxi industry in South Africa is plagued by exploitative labour relations between taxi operators and taxi drivers, and Johannesburg as a research site in this research is no exception. There is a likelihood that taxi operators have propensity to maximise their profits at all cost often to detriment of the taxi driver. The Sectoral wage determinations stipulates and advocates for formalised employment contract of which there is a glaring absence of this basic document in the wage agreement. It is no surprise therefore that taxi operators do not abide by labour regulations.

The defence often put by the taxi operators which might be in agreement with the views of writers like Ranchod and Hofmeyer (2014) in that the taxi industry in South Africa has both elements of formal and informal labour market system. Compounding this is the high unemployment rate and a history of industry that has not been regulated since its inception and growth in the 1970's.

To date the latter writers insist that there is lack of understanding about the nature and operations of the industry. From the responses to the specific research questions during interviews on contracts both operators and drivers seem not disturbed by compliance with this basic requirement. They have accepted that their industry operates on verbal gentlemen agreement and it is justified and attributed to the dynamics within their industry. It is more like an unwritten way of conducting business and by virtue of it being long and standing, it is tacitly accepted and formalised through associations.

Reiterating on Fobosi's observation and assertion taxi drivers willingly and intentionally push themselves to work maximum hours, because by doing so, it is a chance to augment their earnings thus making it difficult to comply with the working hours as stipulated in wage sectoral determination. Hence Fobosi is convinced that the provisions of the Act will not necessarily apply in the taxi industry even with good intentions. Research has established that operator will simply indicate an X amount for the day which automatically obligates the taxi driver to comply by any means necessary, especially if exceeding the set targets beneficiaries the taxi operator. This further echoes Fobosi's argument that the industry is considerably less structured or controlled in comparison with workers within formalised public transport, such as busses and trains.

It is also clear to a certain degree that both operators and drivers have knowledge of prescribed legislation and provisions, they just do not believe in how it should be applied. What also came out was that drivers believe operators can be able to afford the minimum wage, in contrast operators believe and know that there would be able to afford the provisions of the Act but would prefer a subsidised taxi industry to fully comply with the provisions of the Act.

5.4 Inspection and Enforcement

Assessing the UK method in order intensify awareness through Low Pay Commission, Ndzimande (2007) advanced a position that argues that a minimum wage legislation cannot achieve its intended purposes and objectives if not supported by qualitative and rigorous enforcement system such as a thorough labour inspection and reliable monitoring instruments mechanisms. This was proofed not to be enough citing (Machin, Manning and Rahman, 2005:5).

Although this research did not delve much on Department of Labour's enforcement and monitoring competencies which should for all intends and purposes be a

separate research case study. This research did however solicit responses and its findings were analysed from labour inspectors perspectives, as an exploratory interview albeit to a limited extent.

There was a heavy reliance from what was revealed by respondents from the interviews at least from their perspective. A strong perception existed pointing to the inadequate and visible enforcement inadequacies from the minimum wage custodians, that is labour Inspectorate. Literature on both national and international experiences from earlier chapters also confirms the inept or inefficiency in this regard.

Raconi (2008) arguing on policy interventions in developing countries laments that the lack of labour regulations is not necessarily the key issue since most developing countries have common extensive legislation and policies as can be seen in South Africa being a developing country, having over thirty-six various wage minimums which differ by sector, occupation and location. The challenge therefore is a lack of compliance and lacklustre enforcement mechanisms as emphasised by Chau and Kanbur, (2010). Although it was the focus of this research to establish if it is indeed factually true, it cannot be ignored that operators and drivers decry the absence of Department of Labour inspectors to enforce compliance as the mains stake holder and custodian of the sectoral wage determinations.

Stanwix (2013) assessing the impact of compliance to wage laws in the Western Cape presented a substantial wage increase in the farm working communities, mainly duly to enforcement by Labour inspectors. Since there is no risk of being caught and incurring penalties by employers, the exploitative nature of the industry goes on with impunity and reemphasise the inconsistencies and disparities in the taxi industry. This has resulted in a vacuum where the industry is self-regulated and enforces its own unwritten laws far from prescribed legislated intentions and purposes. Simple values of sense of justice and fairness can be easily eroded.

5.5 Conclusion

Looking at the taxi industry based on the findings from the interviews, there is a glaring lack of compliance and enforcement by the Department of Labour which means that they are failing on their core mandate. The uniqueness and the nature of the industry compels government to revisit and review provisions of sectoral wage determinations so that they can be in line with the realities of the industry to accommodate its features of being formal and informal industry that seek to be professionalised.

As seen in the previous chapter presentation of findings, operators responded to the interview questionnaire on their general perspective and perception on the question of formal or informal business players. Most operators deem their business as formal professional business that should be taken seriously, and there is more emphasis from the operators on them being compliant with South African laws that includes registration with South African Revenue Services for tax returns, adherence to Labour Relations Act, Basic Conditions of Employment Act, and National Land Transport Act. However there are reservations to fully comply with these acts.

CHAPTER 6:

6.1 CONCLUSIONS AND RECOMMENDATIONS

The research study was designed to explore and understand perceptions of the minimum wage in the taxi industry at least from the perspectives of drivers and operators respectively. There has been varying views expressed from literature review by other researchers and writers in the minimum wage field debates, opinions by these primary stakeholders found expression in both data and analysis presented mainly in chapter 4 and Chapter 5 of this research study.

In the taxi industry employment relations tend to be precarious due varying views of both driver and operator, this has been succinctly attested to when they responded to almost similar questions, equally so the research manifested common challenges that both operator and driver agree on. Researcher also conceded that the interview participants often when responding to scheduled questions approached in varying dimensions gave rise to different perspectives expressed here . Responses have in most likelihood were being driven and influenced by own personal biases.

This research has established that from the perspective of drivers on most occasions they view themselves on a full time job that needs to be registered as formal employees in a formalised industry, in the contrary researcher cannot ignore the sentiments that other respondents view themselves as a temporary placement with greater anticipation to an imminent job prospects on a more formal bases outside the industry. There is a greater ambition that drivers will be operators as they winding time whilst generating income. Surprisingly all candidates have an average of no less than 10 years in the industries as drivers. Operators on the other side view their industry as a formal industry that ought to be taken seriously and needs subsidization to formalise and professionalise as a precautionary measure formally regulated and subjected to all labour and necessary legislative requirements.

Assessing the number of hours in the day in line with the prescripts of the taxi sector, Sectoral Determination¹¹ is often in part and wholly transgressed by both operators and drivers and this may be attributed to the uniqueness of the industry. The apartheid Spatial Planning which dictated that most black people who are the main user of the taxi service public transport mode depart to work in the mornings and back in the evenings as they reside far away from their workplace. This can cause a lot of confusion if you count the hours as per the guidelines and provisions of the act if you ignore the realities and activities of the day in the industry. This gives rise to self-regulation by drivers, associations and the dictates of the operator to meet daily targets to sustain the business.

Drivers and operators have relatively the same level of understanding on the concept or knowledge of sectoral determination. Research has further established that participants are well aware of the existence of legislation specifically designed for their industry needs, and whether the design meets their expectations it is indeed a debate to be thoroughly explored. The purpose for minimum wage as understood by the drivers is to protect and ensure every labour dealing do not disadvantage the driver. Operators also knew and understood the purposes although with much reservation of genuine questions which remain unaddressed and therefore are still a challenge. Determination of hours when work is resumed from early on from 04h00am until 08h00 pm and it is a given that there are reasonably unproductive hours where a vehicle or kombi is roaming around looking for passengers, at holding area awaiting busy periods and sometimes on queue as per ranking arrangements which may differ on times and area of operations. Remember we have noticed an industry that self regulates and manages its industry realities.

Drivers lament no work no pay system, a scenario where a car might be broken or the driver is off sick, and can be easily substituted by another driver for production continuity and targets for the day to be met and exceeded were possible. Such realities are challenges and dilemmas that face both the operator and the driver equally, and if not well managed properly they may have serious bearing on

employment relations even before the implementation of the minimum wage is reasonably complied to.

Ability and affordability to the minimum wage has been a good example where drivers agree that vehicle owners or operators who often have no less than three cars have ability and affordability to meet the legislative requirements. Operators gave enough indication that they are able to afford the minimum wage but still strongly advocated for an assisted funding or subsidy to address the unexpected eventualities as highlighted above. Beyond this, operators believe the action by government can help migrate industry from an informal to a formal and professionalise the industry to be on par with other sectors that contribute to the economy.

Relationship between wage increase and employment relations was intentionally tested to align with posited theories and explore the debate in order to establish if indeed any request or action to increase wage whether progressively through state intervention like sectoral determination or adjustment request from driver to operator can detriment employment relations as purported by other authors in the literature. Contrary to popular belief or expectation respondents do not see any relations or impediments to wage increases whether initiated from state or from employees. Significant number of respondents attests to this.

The fact that all drivers and operators when questioned about whether as employer and employee have discussions about the copy the sectoral wage determinations more so when it is specifically prescribed by law, all respondents pointed and clearly indicated that such discussion does not exist at least as per legal design. Research has once again established the industry generally does not have written contract, verbal agreement is the only method deemed as way of conducting business.

As pointed by one participant that “there is no discussion, either “you accept it or not”. It therefore means you always negotiating if any from a weakened position due to the unemployment realities in the country with less and less choices due to the available driver (next) in line to drive sometimes for less than an exploitative or below threshold rate. However all parties especially drivers believe they could do better and will be more protected and would feel less exploited and less vulnerable if there could be changes that would address this part of the legislative requirement and is enforced and complied to.

Public participation in minimum wage setting means revisiting the research problem in chapter one which formed the base of this research, readers will remember that it indicated that there is always disagreement and dissatisfaction once sectoral wage has been determined even though there could be a reasonable supposition and presumption that it came about through extensive consultation led by Department Of Labour and significant role players that would include, drivers, operators, queue marshals and others. As pointed in the finding most drivers said they were never invited in or heard of participation in wage settings, but it does not mean invitations were never extended and discussion never happened.

Yes, some participant’s responses may have biases but one would be tempted to agree with a respondent who finds government to be part of the problem rather part of the solution. The annual sectoral determinations are reviewed periodically and adjusted annually and to date most participants who are affected by the legislation or the intended recipient’s beneficiaries are not sufficiently consulted and awareness campaigns if they exist, they are surely not impacting. Inspections and enforcement from government agencies particularly Department of labour came across as being visibly absent to discharge their core mandate at least from the perspectives of the respondents.

The fact that most drivers with average experience of no less than twelve years state that they have never seen inspectors in their ranking space and on routes that they conduct business where they should be verifying and ensuring the welfare of taxi drivers is protected and adhered to. Drivers that if visibility of inspectors was adhered to, they would not be struggling as the other participant expressed. The research in this area has established that the industry is self-regulating through the drivers, operators and structures set up associations, perhaps due to the void of inspections and enforcement.

For an industry to operate for so long without registration and contribution to UIF, means that the checks and balances for Department of Labour responsibilities need to be revisited and to be made accountable as the custodian of Basic Conditions of Employment and Labour Relations. Literature also indicated there are often sufficient legal instruments like minimum wage legislation and South Africa is no exception, but compliance and enforcement potentially nullifies the progress made.

Therefore, although various constraints have been identified, minimum wage debate remains an inconclusive contested terrain, and in South Africa, it can be concluded that since the legislation exists as a policy instrument with its intended purposes being to alleviate poverty, protect vulnerable workers, prevent unfair wage competition among employers, its impact in various sectors still needs to be explored specifically in the Taxi Industry as it may be under researched. We can bravely conclude that the industry is dynamic and complicated but this gives credence to assertion by Fobosi (2013) who posited that operators do not abide by labour regulations. This narrative even if we can classify it as being a constructed hypothesis, came out strongly from the research done by this writer. One may not ignore the latter writer (Fobosi) who strongly points out and is convinced that those provisions of the act do not apply in the taxi industry.

The only way these provisions may apply which were definitely created with good intentions, must be aligned to the operational activities of the industry as posited by the researcher in the recommendations, however existing legislation can still be a working document that can be gradually developed to suit the realities and taxi

industry operational requirements without deviating from basic conditions of employment.

6.2 Recommendations

- Sectoral wage determinations 11 for taxi industry must be revisited in totality.

There legislation as it stands does not serve the purpose if it is not aligned to the realities and operational activities of the industry and its uniqueness as expressed by various participants whose voices were strengthened through various academic literature. The labour standards and formula for wage payment must change to reflect these realities, perhaps subsidisation of the industry in an effort to professionalise and formalise this important industry of which most South Africans are dependent upon

Employment Conditions Commission as body tasked to look at the legislation, must make reasonable effort to research and enact laws that define this dynamic and changing industry.

- Department of labour must make better efforts of creating better conditions of public participation

Research established reasonable knowledge although at varying degrees, but also the perception held by research participants gave mixed results, and it therefore alarming that industry primary stakeholders are not aware of forums and platforms which give rise to minimum wage legislation should not happen.

Government leading through Department of labour, must design campaigns that are visible so as to give credence to legislation that ought to be respected by all.

The industry plays a significant role in terms of employment creation and broader economy, it is therefore in the best interest of all the significant stakeholders, that is, government, taxi operators, taxi drivers, commuters -and the general public that greater emphasis be put on the formalization of industry operations and explore mechanisms to subsidize the industry as it is done with the bus services. This has a propensity to deal with wage gap challenges and address the peculiar realities of the taxi industry.

➤ Inspection and Enforcement

As much as there are road blocks that search for roadworthiness of vehicles, there should be regular joint campaigns to track and trace compliance with Basic Conditions of Employment, as well as the issuance of operating licenses to operators in line with the National Land Transport Act of 2009 which specifically requires compliance with of all Labour Laws as prescribed through BCEA and LRA.

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Appendix 1:

INVITATION TO PARTICIPATE IN RESEARCH

Dear Sir or Madam:

RE: PERCEPTION OF THE MINIMUM WAGE IN THE TAXI INDUSRTY IN JOHANNESBURG

I am registered for a Masters in Management: Public and Development Management with University of Witwatersrand. I have submitted a research proposal as a partial fulfilment of my degree.

My research topic is about understanding perception and impact of sectoral wage determination within the Taxi Sector. I have observed that almost every time that there is a new sectoral wage determined it is followed by discontentment, job losses and has negative implications for both Employer and Employee, while it has been agreed often after consultation of all or relevant stakeholders. It is in this background that the research was undertaken.

You are therefore requested to participate in an interview with structured questionnaire that I have enclosed. Please note that it is an interview which will include both closed questions and open-ended questions so as to have your personal understanding and perspective. In upholding high ethical considerations please be aware of your confidentiality and anonymity is assured. Note that participation is therefore voluntary.

Thank you in advance for taking time to participate in the study as outlined above.

Yours Sincerely

Mr SL Tumelo

Appendix 2:

Interview Schedule Questionnaire: TAXI DRIVERS

Part A: Demographics

Question 1

Gender: Male or Female

Question 2

Are you a registered full time or Part-time Employee?
Yes or No

Question 2

How old are you?

Question 3

How long have you been a Taxi Driver?

Question 4

How many hours do you work in a day? How your day is structured and do you think is in line with prescripts of the Taxi Sector: Sectoral Determination 11

Yes or No

Part B: Knowledge Questions

Question 1

Do you know about sectoral wage determination?

Yes or No

Did your employer give (discuss) and made the copy of sectoral wage determinations accessible to you?

Question 2

Do you think you earn a Minimum Wage as per Determination in the Taxi Sector?

Yes or No

Please substantiate on any answer given above.

Question 3

Do you believe everybody in your rank is paid a Minimum Wage?

Yes or No

Please substantiate on any answer given above.

Question 4

Minimum Wage has been designed:

1. Protect and advantage the Taxi Driver
2. Disadvantages the Taxi Driver

Question 5(1)

Taxi Operators (Owners) can afford to pay a minimum wage?

- a. Strongly Agree
- b. Agree
- c. I Don't Know
- d. Disagree
- e. Strongly Disagree

5(2) Please substantiate on any answer given above

Question 6(1)

An increase in minimum wages often leads to job losses and loss of production

- a. Strongly Agree
- b. Agree
- c. I Don't Know
- d. Disagree
- e. Strongly Disagree

6 (2) Please substantiate on any answer given above

Part C: Enforcement and Compliance with legislative requirements

Question 1

Are you regularly invited by the Department of Labour to attend public hearing of Minimum Wage?

Yes or No

Question 2

Do you receive regular visits from inspections and enforcement from Department of Labour representatives/ Inspectors?

Yes or No?

Question 3

Are you a registered full time or Part-time Employee? In short do you have employment contract and are you registered with Department of Labour for UIF?

Yes or No

Appendix 3:

Questionnaire: TAXI OPERATORS (OWNERS)

Part A: Demographics

Question 1

Gender, Male or Female

Question 2

Are you a registered full time or Part-time Employee?
Yes or No

Question 3

How old are you and your Operating Business Experience?

Question 4

How long have you been a Taxi Operator?

Question 5

How many hours do your employees (Taxi Driver) work in a day? How Taxi Driver's day is structured and do you think is in line with prescripts of the Taxi Sector: Sectoral Determination 11

Yes or No

Part B: Knowledge Questions

Question 1

Do you know about sectoral wage determination?

Yes or No

Question 2

Do you think you earn a Minimum Wage as per Determination in the Taxi Sector?

Yes or No

Please substantiate on any answer given above.

Question 3

Do you believe everybody (Taxi Operator/ Owner) in your rank is pays a Minimum Wage to their drivers?

Yes or No

Please substantiate on any answer given above.

Question 4

Minimum Wage has been designed:

1. Protect and advantage the Taxi Driver \ Taxi Operator
2. Disadvantages the Taxi Driver / Taxi Operator/Owner

Question 5(1)

Taxi Operators (Owners) can afford to pay a minimum wage?

- a. Strongly Agree
- b. Agree
- c. I Don't Know
- d. Disagree
- e. Strongly Disagree

5(2) Please substantiate on any answer given above

Question 6(1)

An increase in minimum wages often leads to job losses and loss of production

- a. Strongly Agree
- b. Agree
- c. I Don't Know
- d. Disagree
- e. Strongly Disagree

6 (2) Please substantiate on any answer given above

Part C: Enforcement and Compliance with legislative requirements

Question 1

Are you regularly invited by the Department of Labour to attend public hearing of Minimum Wage?

Yes or No

Question 2

Do you receive regular visits from inspections and enforcement from Department of Labour representatives/ Inspectors?

Yes or No?

Question 3

Are you a registered full time / Part -time Operator, Registered with SARS?

In short do you have employment contract for your Employees (Taxi Driver) and are they registered with Department of Labour for UIF?

Yes or No

Appendix 4:

Interview Schedule for Department of Labour: Inspection and Enforcement Services

Name of Interviewee	
Designation (Position)	
Number of Years in the Department	

INTRODUCTION

The purpose of this research seeks to understand, investigate and explore the perceptions of the minimum wage in the taxi industry in Johannesburg. Please note that the research intentions are purely academic thus findings will be only be specifically used for academic purposes only.

PART A:

Enforcement and Compliance as per legislative requirement

Question 1

Do you regularly invite Taxi Drivers and Operators as the Department of Labour to attend public hearings on Minimum Wage?

Yes or No

Question 2

Do you make regular visits for inspections and enforcement as the Department of through your Inspectors particularly to taxi ranks?

Yes or No?

If yes, how many visits in this financial year..?

If not what are the challenges?

Question 3

Do you check if there is compliance with regard to and confirming if Taxi drivers are registered full time / Part -time Drivers, Operators Registered with SARS?

Question 4

In short do you check if Taxi Drivers have Employments Contracts as per legislative requirement?

Yes or No

Question 5

Do you check and monitor if Taxi Drivers are registered with Department of Labour for UIF as per legislative requirement?

Question 6

Are there any challenges in enforcing the above two questions, that is, Contracts and Registration with UIF?

N.B: Preliminary findings and observation by the researcher indicate common norm of verbal contracts (gentleman's agreement) between Taxi Operator and Taxi Driver on Wages Agreement and General Conditions of Employment.

Question 7

How does the department deal with Noncompliance from Taxi Sector?

PART B:

Perceptions and Experiences as per Individual Observation

- A) What is the general perception with regard to minimum wage legislation?
- B) Is there a relationship (correlation) between wage increases and employment relations?
- C) Have you participated in Public Hearings pertaining to Sectoral wage determinations in the Taxi Sector this year and how many?
- D) There is a perception particularly from Taxi Drivers that there is not enough Compliance and Enforcement with the minimum wage in the Taxi Sector. Is it a valid perception and why?
- E) Is Department of Labour well-resourced and playing a critical role for Inspection and Enforcement?
- F) Do you think there should be prescribed provisions of minimum wage in the Act in line with the realities of the Industry as faced by Operator and the Driver?