

# ARE ALL MINIBUS TAXI OWNERS BORN OF THE SAME NON-BUDGETING MOTHER?

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## ABSTRACT

The rapid and strong flow of economic development and competition has compelled businesses in both the informal and formal sectors to be competitive in every way. Furthermore, this rapid and strong flow has resulted in fierce rivalry, even among minibus taxi owners. Budgeting, for example, has become an important management accounting principle in this rapid and strong economic flow. This is because budgeting is a principle that is used in strategic planning that forces management or owners to evaluate future possibilities, anticipate openings in terms of opportunities and restructuring, and detect future risks. The purpose of this paper is to investigate whether minibus taxi owners use budgets as part of operating their minibus taxi business. In conducting this investigation, this paper used a quantitative research methodology in the form of an online questionnaire to gather data from a census of 500 minibus taxi owners in the Emfuleni Local Municipality. The findings show that most minibus taxi owners do not budget. The ramifications of this are seen in their chaotic and aggressive commercial practices. Besides that, this paper says that most minibus taxi owners are born from the same non-budgeting mother, which is why the industry has so many unending taxi wars.

**Keywords:** Budgeting; Management accounting; Minibus taxi owner; Minibus taxi industry.

## 1. INTRODUCTION

In today's business world, the main goal of any company is to make money for its owner (Sloanreview, 2020). This main objective can be achieved using the principles of management accounting, such as budgeting (Accounting Tools, 2021). According to Marx, De Swart, Pretorius, and Rosslyn-Smith (2017), management accounting is a branch of accounting that supplies both the workforce of the business and its management or owners with financial and non-financial information that is useful for decision-making. According to Brummer, Hall, Toit, and du (2017) and Marx et al. (2017), management accounting is the process of figuring out, gathering, estimating, interpreting, deciphering, and giving both helpful and useful information about how a business can meet its set financial goals.

For this paper, the following selected management accounting principles, namely budgeting, will be explored in the minibus taxi industry: The literature reviewed in this research paper does not omit the understanding of budgeting but rather organises the central ideas identified in this investigation. By reviewing other research on budgeting and the minibus taxi industry, this paper adds to the body of knowledge. It also shows where more research is needed.

Moreover, this paper posed the following research question: do minibus taxi owners use budgeting as part of running their minibus taxi business? In order to answer the second research question, the researchers will talk about which methods were used in this investigation, the findings, the limitations of this investigation, and the implications for future research studies, conclusion, and also make recommendations based on the findings.

## 2. A LITERATURE REVIEW

This paper is not supported or structured using any particular theory, but rather is supported by building a literature review. The development of a literature review can be defined as an exhaustive appraisal of all the valid literature in a field of study that seeks to understand the development of knowledge in the field (Paré, 2017). This was done because there was no previous research paper that investigated the application of budgeting among minibus taxi owners in the South African minibus taxi industry. Concerning this paper, the development of literature used ranges from various research scholars from different study fields, such as the field of budgeting and the minibus taxi industry. In the field of budgeting, researchers focused on the definition of budgeting and the purpose of budgeting. In the field of the minibus taxi industry, the researchers looked at the following: general public transportation in South Africa, statistics on road users in South Africa and the definition of the minibus taxi industry.

### 2.1 Budgeting

The most common vocabulary word used by all managers and business owners over the past decade is "budget" (Muthige, 2022). This might have been because a budget is perhaps the most chosen action by both management and staff in all business sectors or a course of action (Assey, 2014). A budget, according to Kpedor (2014), is a translation of strategic plans into measurable quantities that express the expected resources required and anticipated returns over a certain period. Moreover, it is referred to as a measurable budget period. Below, the purpose of budgeting is discussed.

### 2.2 Purpose of Budgeting

People are often asked whether it is important to set a budget both in their personal lives and businesses. Scholars such as Assey (2014) agree that it is vital to perform both personal and business budgets. These scholars, furthermore, gave the purposes of budgeting. The researchers discuss the literature on the purposes of budgeting. Table 1 hereafter relates to the purposes of budgeting.

**Table 1: Purposes of budgeting**

<b>Purpose of Budgeting</b>	<b>Discussion</b>
<b>Planning</b>	Planning is an integral part of any budgeting process. It is during the planning phase, whereby both short and long-term plans are defined.
<b>Co-ordination</b>	In business, a budget serves as a coordinate that ensures that everyone works in the best interest that serves the business best.
<b>Communication</b>	To fully have a functional business, there is a need for clear communication among all parts of business.
<b>Motivation</b>	A budget increases managers' motivation to strive their best to reach their desired set goals.
<b>Performance evaluation</b>	A budget can be used as a tool for measuring the overall performance of the business.
<b>Control</b>	In many different businesses, the behaviour of workers often needs to be controlled and mostly is restricted.

Source: Drury (2021).

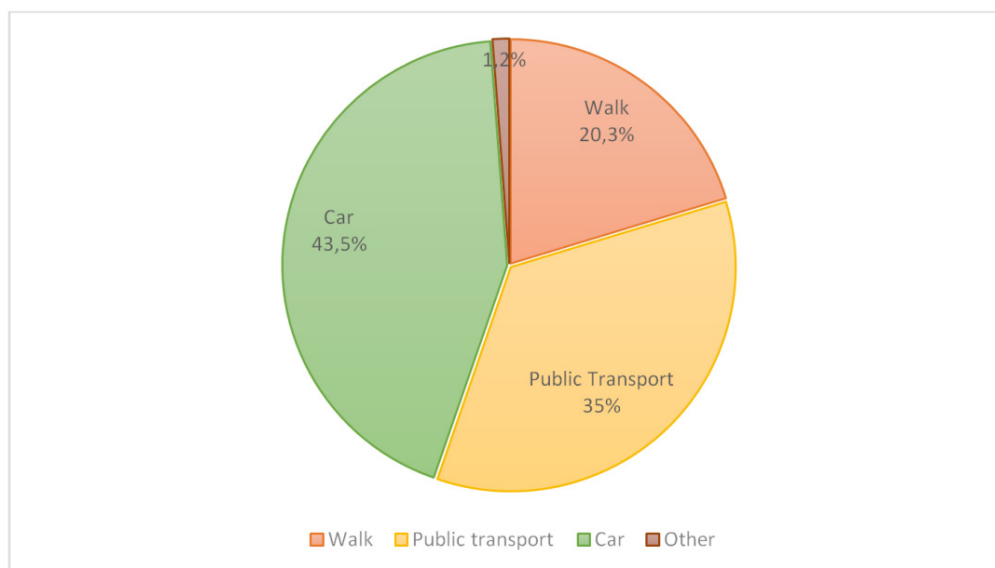
## 2.3 The Public Transport System

The land public transportation system in South Africa comprises three modes of transport, namely the bus and rail services, which are subsidised by the South African government, and the minibus taxi industry, which is not subsidised by the government. Thus, researchers, such as Ngubane (2016), used the phrase "the minibus taxis, despised by some and loved by others," when referring to the non-subsidized taxi industry. The three modes of public transport in South Africa are rivals as they usually compete with one another for commuters, and therefore, it can also be said that they do not operate in an integrated way (Muthige and Machobane, 2020). By the integrated way, the researchers supported by Mmadi (2013) is saying that the three modes of transport are unsegregated. Thus, the public transport system plays an essential role in the general South African population's daily lives and is the country's primary transport mode (South Africa Taxi 2018). Despite the shortcomings of using public transport, most of the population uses public transport to access their jobs, health, education, and social activities (Ngubane, 2016).

### *2.3.1 Statistics on Road Transport Users in South Africa*

In this subsection, the researchers discuss the choice of transport in South Africa.

Figure 1 relates to the statistics of transport users.

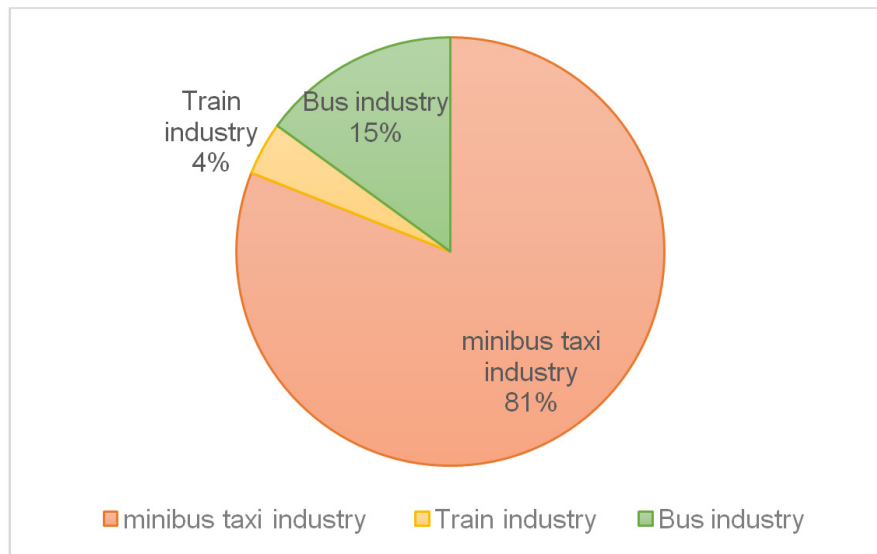


Source: National Household Travel Survey (NHTS) (2021)

**Figure 1: Share of transport choices in South Africa**

The statistics in figure 1 were reported by the NHTS (2021), which stated that 43,5% of the population in South Africa uses their own private vehicles, whereas 35% of the population uses public transport, leaving the remaining 21,5% of the population to represent those who walk and use other forms of transport. As the researchers mentioned in the introduction of this section, public transport is made up of three modes: the rail service, the bus service, and the minibus taxi industry. Figure 2 shows how many people use public transportation, which is 35% of the population.

Figure 2 shows that of the 35% of public transport users, the minibus taxi industry accounts for 81%, which is the majority, leaving 19% to be shared among the bus services with 15% and 4% of the train services (NHTS, 2021).



Source: NHTS 2021

**Figure 2: Public Transport Choices in South Africa**

### 2.3.2 Defining the Minibus Taxi Industry

When referring to the minibus taxi industry in South Africa, terms such as "black taxi" and "kombi taxi" can be used. Using a term such as "black taxi" is not racially driven, but it distinguishes the minibus taxi industry from the metre taxi industry (Ngubane 2016). In this paper, the term "minibus taxi" will be mostly used, but the terms "kombi taxi" and "black taxi" are also accepted and used. Mmakwena (2022) said the term "minibus" could be defined as a small bus that is typically used for both short and long-distance travel, and it travels there with a fixed number of passengers. Sebola (2014) defined the minibus taxi industry as a vehicle that operates for commercial gain and plies for hire. The researchers partly disagree with the definition given by Ngubane (2016) on the basis that the metre taxi, which includes metre taxis, Uber and Bolt, operates for commercial gain.

Furthermore, Ngubane (2016) defined the minibus taxi as a passenger transport that transports passengers for a fixed fare on a fixed route, but unlike buses and trains, this mode of transport does not operate on a timetable. The fixed routes are managed by the minibus taxi associations (Sebola 2014). Mmadi (2013) said that a minibus taxi is "an unscheduled public transportation service that runs on a specific route or routes, or where applicable, in a specific area, using a motor car, minibus, or midibus".

Mmadi (2013) mentioned that there are two types of minibus: a minibus taxi that moves around looking for passengers and a minibus that operates from a taxi rank, also called *lasaka* in Sesotho and *isibaya* in Zulu. When both the Zulu and Sotho terms are translated into English, they refer to the *kraal* (Matsemela 2020). Searching for passengers is called "floating," and the process of waiting for passengers at the rank is called "binding" (Mmadi, 2013). Mutige (2022) used the term "sekero," which is another cause of conflict within the taxi industry. "Sekero" in Setswana refers to an instance where a taxi driver illegally cuts off another taxi driver to do a pick-up. It can happen between minibuses from the same association or different associations (Mmadi, 2013).

### **3. METHODS**

#### **3.1 Research Design**

This paper is located within a quantitative research methodology. The quantitative data was collected by means of an online questionnaire. According to Dhurup (2015), a quantitative approach is mainly used in survey research and the data collected is mainly expressed in numbers. According to Watt (2020), quantitative data was collected to either describe or classify the attributes, behaviours and activities. A cross-sectional research study was chosen because it was thought to be a good way to describe the current situation.

#### **3.2 Participants**

For this paper, a census of 500 minibus taxi owners in the Emfuleni Local Municipality was used. The minibus taxi owners are members of the following associations: Get Ahead Taxi Association (GATA), Vanderbijlpark Taxi Association (VTA), Vaal National Taxi Association (VNTA), Sharpeville to Vereeniging and Vanderbijlpark Taxi Association (SVVTA), and Civic Centre Taxi Association (CCTA). The Emfuleni local municipality is a category B municipality in the Sedibeng district, together with Midvaal and Lesedi local municipalities. The Emfuleni local municipality comprises both urban and rural areas. These urban and rural areas are Vanderbijlpark, Vereeniging, Vaal Oewer, Loch Vaal, Sebokeng, Sharpeville, Boitumelo, Evaton, North Vaal, Boipatong, Tshepiso and Bophelong.

#### **3.3 Online Questionnaire**

The research instrument used in this paper was an online questionnaire adopted from Muthige's thesis that focused on the application of management accounting in the minibus taxi industry at the Emfuleni Local Municipality (2022). It was adapted to design a questionnaire for this paper. Only the section of the online questionnaire focused on budgeting was used in this paper.

#### **3.4 Data Collection**

Permission to conduct this paper was granted by the five associations and their regional mother bodies – South African National Taxi Council and the National Taxi Alliance. Following the latter, contact was made with the Municipality Manager of Transport, whereby permission was also granted.

#### **3.5 Data Analysis**

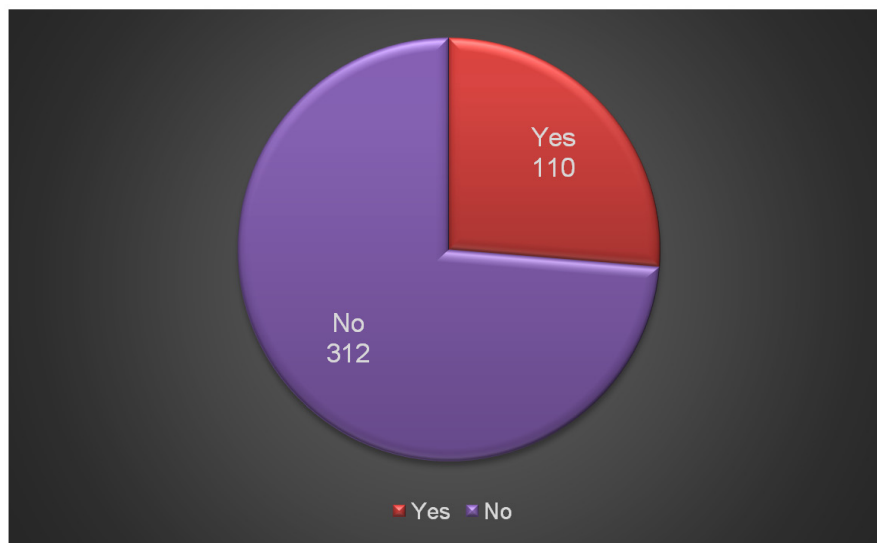
The data analysis consists of a descriptive analysis of the results. To present and analyse the data, the researchers processed the data collected in an excel sheet and transferred it to SPSS version 27.0. As a result, a Cronbach alpha level of 0.909 was reached, which shows that the data was very reliable.

## 4. DISCUSSION AND FINDINGS

As the latter mentioned, this paper used a section of the online questionnaire from Muthige's (2022) study. The extract of the first question (D1) used and the findings are discussed below.

### 4.1 Do You Make Use of a Budget in Your Business?

In this question, the researchers asked the minibus taxi owner whether they made use of budgets. A historical perspective is that informal businesses do not budget as their owners do not know how to draw a budget (Gondwe, 2019). Does this historical perspective still apply to people who own minibus taxis in the Emfuleni Local Municipality?



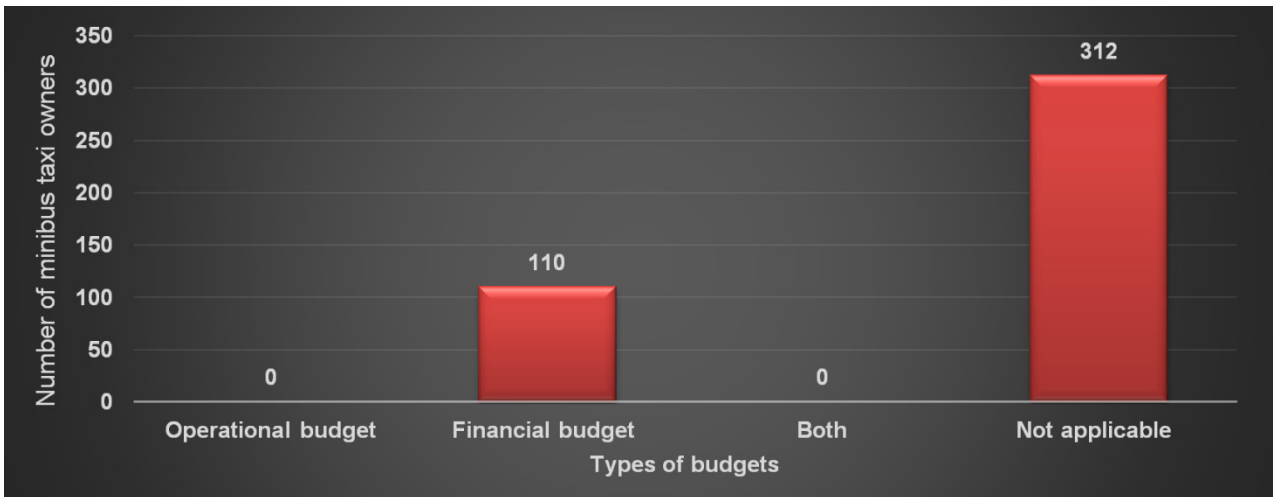
**Figure 3: Do minibus taxi owners make use of budgets?**

The answer to the above question is "Yes". The historical perspective is still relevant as most minibus taxi owners in Emfuleni Local Municipality do not budget. Moreover, the minibus taxi owners are part of the informal business owners who do not budget. Figure 3 shows that 74% of minibus taxi owners do not budget. The figure also shows that 26% of the minibus taxi owners in the Emfuleni Local Municipality make use of a budget.

### 4.2 What Type of Budgets Do You Prepare?

There are different types of budgets that individuals may use according to their needs or wants. This is a follow-up question from the above findings that showed that none of the minibus taxi owners in the Emfuleni Local Municipality use a budget. The researchers probed the variable to check for the reliability and validity of the research findings.

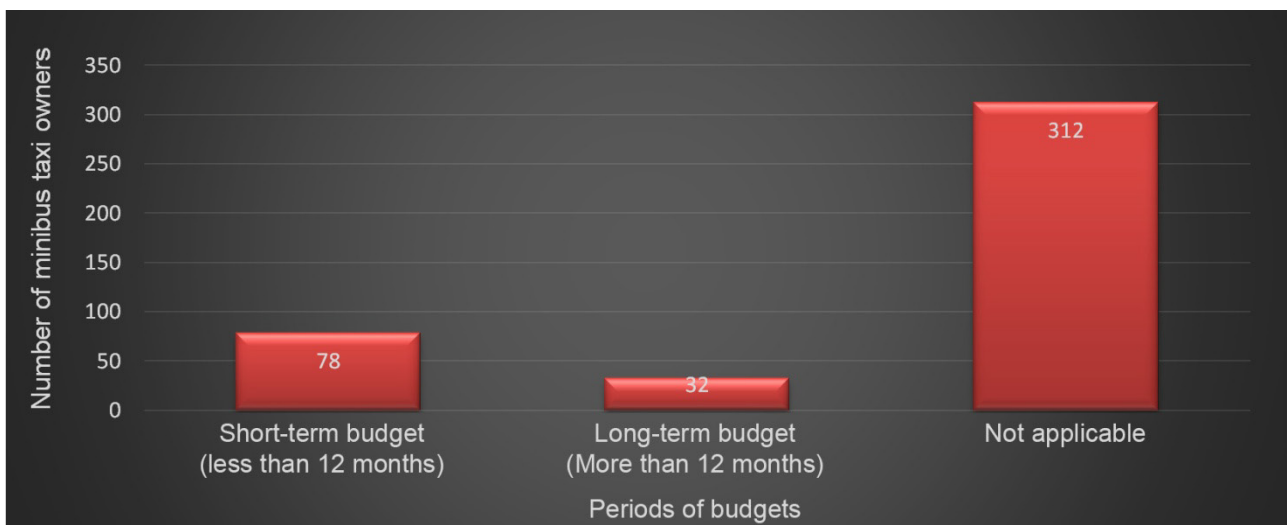
The below figure shows that most minibus taxi owners do not use any type of budget. This majority is represented by the 312 minibus taxi owners. While 110 minibus taxi owners from the Emfuleni Local Municipality use a financial budget, in other words, these minibus taxi owners only use a cash budget.



**Figure 4: Type of budget prepare by minibus taxi owner**

#### 4.3 Which Period Do You Budget For?

A budget period is a portion of time, usually equal to either a calendar year or more than a year. The researchers probed the variable to understand the period that the minibus taxi owner budgets for. But as the findings in figure 3 show that most minibus taxi owners do not budget, will these findings show any difference from the already interpreted findings?

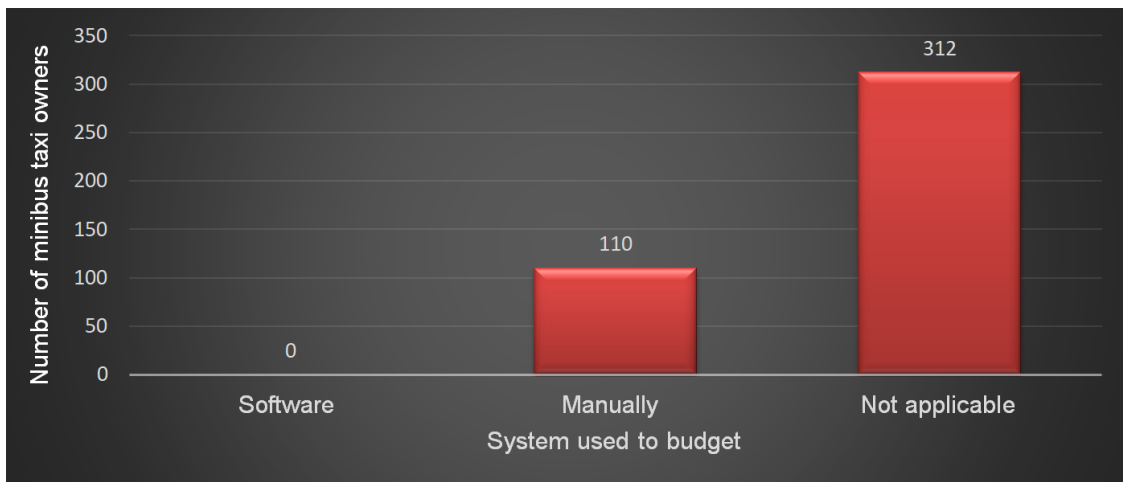


**Figure 5: The period that minibus taxi owners budget for?**

Figure 5 shows that 312 minibus taxi owners in the Emfuleni Local Municipality do not budget. The remaining part of the census is divided between 78 minibus taxi owners who have a short-term budget and 32 minibus taxi owners who have a long-term budget.

#### 4.4 How Do You Set Your Budgets?

Budgeting is an easy process that only requires a pen and paper and a little looking ahead (Motingwe and Brijlal, 2020). Technology applications have been developed to advance the process of pen and paper. But as the above findings in figure 3, 4 and 5 show, most minibus taxi owners do not budget. How do those minibus taxi owners who do budget set their budgets?

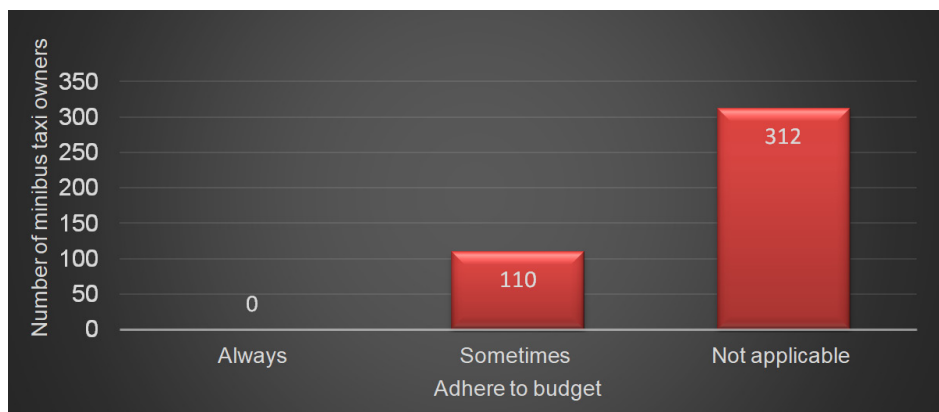


**Figure 6: Tools used by minibus taxi owners in the Emfuleni Local Municipality**

Figure 6 shows that none of the minibus taxi owners in the Emfuleni Local Municipality use software to set their budget. The figure shows that 110 minibus taxi owners use a manual system while the remaining 312 minibus taxi owners simply do not budget. These findings are in line with the latter findings.

#### 4.5 Do You Adhere to the Budget?

The researchers asked the minibus taxi owners if they adhered to a budget. But as minibus taxi owners in the Emfuleni Local Municipality do not budget, this question is not applicable.



**Figure 7: Do minibus taxi owners adhere to budget?**

Figure 7 shows that the 110 minibus taxi owners in the Emfuleni Local who budget sometimes adhere to their budget target. 312 minibus taxi owners indicated that this question does not apply to them as they do not use any tool to set a budget and because they do not budget.

#### 4.6 Do You Think That the Setting of Budgets is Useful in Your Business?

A budget is a tool that can be used to achieve short-term and long-term goals (Assey 2014). It is therefore important to set a budget. Will this be the case among minibus taxi owners in the Emfuleni Local Municipality who see a budget as a useful tool in the minibus taxi industry?



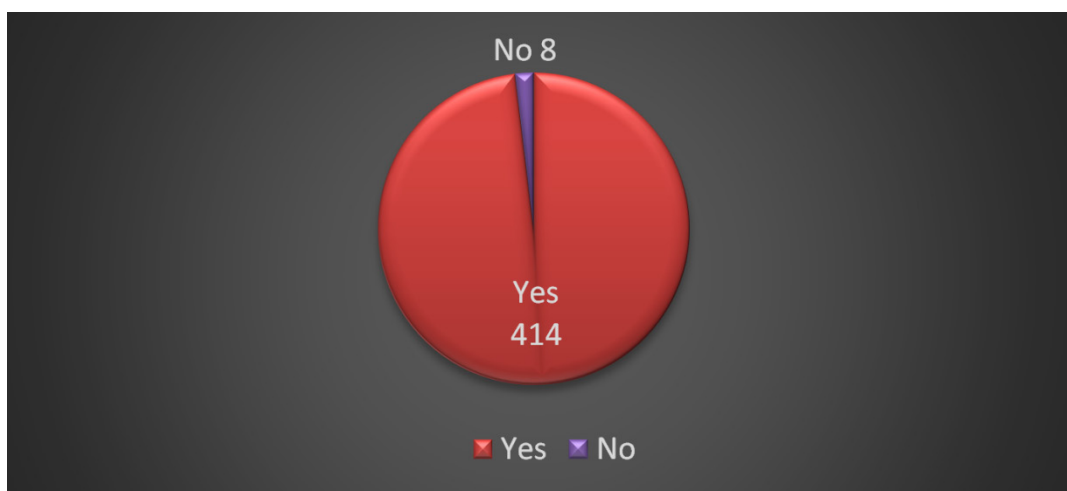


**Figure 8: Is setting up a budget important in the minibus taxi industry?**

Figure 8 shows that 411 (97%) minibus taxi owners in the Emfuleni Local Municipality think that setting a budget is useful for their minibus taxi industry. This means that minibus taxi owners believe that a budget is an important tool that may be useful in the minibus taxi industry. 11 minibus taxi owners (3%), do not think that budgeting is useful in the minibus taxi industry.

#### 4.7 Would You Use Budgets if You Received Training Relating to the Setting Thereof?

Many people do not budget because they do not know how to budget (Gondwe, 2019). In this question, the researchers asked the minibus taxi owners if they would receive training on how to budget. Often, it is posited that minibus taxi owners do not want to learn new skills, especially things that involve technology. Will it be the case in the findings below?



**Figure 9: How many minibus taxi owners would accept budget training**

Figure 9 shows that 414 minibus taxi owners (98%), who are represented by minibus taxi owners in the Emfuleni Local Municipality, would use budget training if it were offered. Eight minibus taxi owners (2%) posit that they would not use budget training. These findings show that people who own minibus taxis are willing to learn new technology skills so they can use budgeting in the minibus taxi business.

## **5. LIMITATION AND IMPLICATION FOR FURTHER RESEARCH**

The findings of this paper need to be considered in the light of some limitations. The researchers collected data using an online questionnaire because of COVID-19 restrictions. The pandemic limited physical contact between the researchers and the participants and made it impossible for the researchers to conduct follow-up interviews. This study was restricted to one geographical location (Emfuleni Local Municipality). The census size of 500 minibus taxi owners from the sampled associations is not fixed, as a taxi (or taxis) can be purchased by any legal or natural person at any time during or after this research study. Further studies should be conducted to investigate the success rates of business owners who budget and those who do not budget. Elements such as education and age should be investigated if they play an influence in setting budgets.

## **6. CONCLUSION**

The findings show that most minibus taxi owners were born of the same mother, thus the unending taxi wars. The minibus taxi industry continues to play a vital role in the economy today. The industry has and is creating jobs for minibus taxi drivers who are hired by those who own a fleet of minibus taxis, car washers who wash taxis at taxi ranks, rank marshals who manage taxi ranks, and minibus manufacturers, such as Toyota and Nissan, and mechanics. The industry is the most popular mode of land public transport. The use of budgeting in the minibus taxi business will help owners plan.

It is envisaged that this paper will provide a holistic new view of budgeting in the minibus taxi industry as well as other informal businesses. Lastly, the researchers recommend the following:

- Proper bookkeeping – the minibus taxi owners should employ bookkeepers.
- Advance collection of funds – the minibus taxi industry should introduce electronic fund collection.
- Passenger tracking devices – the minibus taxi industry should have a passenger count.

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