



Driving Value

Taiwan Taxi Academy Association: Flipping
Perceptions of the Taxi Industry

I Han, Feng Chia University

Driving Value

TAIWAN TAXI ACADEMY ASSOCIATION: FLIPPING PERCEPTIONS OF THE TAXI INDUSTRY

Under the aegis of a public-private partnership model, a non-profit taxi association was formed to improve the livelihoods of low-income taxi drivers, while bolstering the local economy.

I Han, Feng Chia University

In cities and towns the world over, taxi drivers provide an important public service, transporting inhabitants from door to door. But self-employed drivers typically contend with unstable income, often struggling to make ends meet. This was the case for Ching-fan Tsai, who was a computer engineer until the 2008 global financial crisis hit Taiwan and he lost his job. He went through a difficult period during which he tried to earn a living as a self-employed taxi driver. “That was the dark time when I let go of all my life goals,” he said. “Unfortunately, I could not be confident of earning income for my next meal. I was driving around the street, unsure where the next customer would come from.”

Tsai’s fortunes changed when he saw a story on the television news about a new group called the Taiwan Taxi Academy



TTAA members supporting the communities they work in.

Association (TTAA). On the screen, a university professor spoke about a community of charter taxi drivers who would be trained to raise their earning potential as tourism ambassadors. They would not only transport passengers from place to place but also help them to better enjoy their experiences as tourists in both rural and urban areas. By joining TTAA and receiving specialized training, taxi drivers could become “welfare ambassadors,” bolstering the local economy and improving their own income prospects, while creating a customized experience for their customers beyond what would be provided by the typical driver. “I doubted [the concept], but had no choice but to try,” said Tsai, who registered for a TTAA course. His working life has changed completely from the uneasy days of driving around the streets in search of customers. “I trained in many new skills and received a tour guide license,” he said. “Now, my taxi is seldom vacant. I am a tour guide who is also a taxi driver.”

Like Tsai, some 150 taxi drivers have been able to climb up the ladder and improve their income prospects through membership in the TTAA, which operates in towns and cities across the scenic coast of East Taiwan and also in the capital of Taipei. This unique organization, which works with government, industry, and academic stakeholders to create opportunities for drivers to work and thrive exemplifies how multi-stakeholder efforts can help to address a social problem — in this case, the dearth of opportunities for marginalized taxi drivers to improve their incomes.

OLD TAXI, NEW INCOME

From the 1950s, taxi services have been an important mode of public transportation in Taiwan, growing in tandem with mass transportation systems that developed in the metropolitan cities. But no one business model — taxi fleet companies, transportation cooperatives, or freelancing — has been able to offer sustainable livelihood options for taxi drivers. According to the Ministry of Transportation, the taxi industry employs the most drivers among all transportation sectors, but they remain

underpaid due to ongoing issues of synchronizing taxi capacity with customer demand. This problem is even more challenging in rural areas, where demand can be much more erratic and limited.

Struggling to pick up business in off-peak hours and with a shortage of drivers on the street during busy periods, self-employed taxi drivers are forced to peruse the streets for business that ebbed and flowed in unpredictable patterns. A professional license is required to join formal fleets and organizations, creating a barrier to entry for many drivers, who choose to remain self-employed. This is in spite of a sector vacancy rate of 71.3 percent, according to a 2014 report by the Chinese Institute of Transportation. Like their global counterparts, most self-employed taxi drivers in Taiwan live from paycheck to paycheck, often moving on to jobs that bring more regular income in other industries.

One organization in Taiwan has been attempting to change the situation for taxi drivers on two fronts. On one hand, TTAA is seeking to flip public perceptions of self-employed taxi drivers as unskilled workers, while improving their livelihoods and creating social value for the local communities they serve. TTAA has combined resources from government authorities, taxi industry veterans, and university researchers to help drivers professionalize and be able to earn a higher income. By acting as “welfare ambassadors” and introducing visitors to local traditions and scenic spots, taxi drivers could also play a role in bolstering the tourism economy.

Since 2003, TTAA founder Professor Sheng-tung Hou has devoted himself to research on the Taiwanese taxi industry. Having interviewed many taxi drivers in the course of his academic career, Hou realized that he could do more to effect change. He struck upon a plan: to organize self-employed taxi drivers and help them to professionalize, changing the societal perception of them as low-value workers. He informally set up the TTAA in 2008 with a view to transforming taxi drivers into respectable ambassadors, known to the public for providing door-to-door transportation services of the highest standards.



TTAA tourism ambassadors pose for a group photo.

CHANGING MINDSETS

TTAA began its activities in Taitung, a scenic county on the eastern coast of Taiwan that is known for its extraordinary natural beauty. The association first began working with self-employed taxi drivers under the Taitung Ambassador Project, which Hou had undertaken as a collaborative academic-industry research project with the Alliance Cultural Foundation (ACF), a sustainable tourism advocate, and the local government. In response to the problem of under-capacity during the holiday season, the ACF launched training courses for local “ambassador guides” in 2010, with the object of helping drivers reinvent themselves as local tour guides.

Initially, the collaboration was fraught. The AFC invited well-known lecturers from West Taiwan, particularly from the city of Taipei, which did not always result in a productive dialogue among the parties. The training did not help taxi drivers to understand the demands and preferences of their target customers, who were typically urban tourists

visiting Taitung to experience the traditional way of life and the region’s natural beauty. To bridge the gap in understanding, Hou and his team led a three-day field trip to give taxi drivers an understanding of the attractions that would be of value from the perspective of a tourist, such as the local culture, food, art, aboriginal events, and home-stay facilities in rural communities. Taxi drivers gradually came to understand the potential needs and desires of tourists, many of whom had bought airfares or train tickets to the area for a short getaway from Taiwan’s metropolitan cities. In this context, they became more than just drivers with the purpose of getting customers to their destination, but ambassadors for the local community too.

GOING MOBILE

TTAA soon turned to technology to help their members maximize their potential. Having completed the training, qualified TTAA members were able to provide charter services under the organization’s brand. To help drivers connect with

prospective customers, TTAA created a patented smartphone application platform called Small Tours of Taiwan. Featuring its member drivers, the app allowed customers to choose a preferred driver based on details provided about their background, skills, and local knowledge. Interactively, drivers can use the app to showcase their expertise of local tourist attractions and offer customized tours to those seeking a unique experience. The app was launched first in Yilan County of eastern Taiwan, allowing customers intending to travel there to match up with local TTAA drivers. Through the app, travelers could not only coordinate with taxi ambassadors prior to arrival but also access information that allowed them to plan their itinerary. Alongside recommendations for scenic spots and transport connections, there is a function for chartering taxis.

As the TTAA driver training programs expanded, the app grew to cover metropolitan Taipei, Keelung, Taoyuan, and rural Yilan, Hualien, and Taitung, emerging as a safe and more engaging line of communication between passengers and taxi drivers. More important, many of the tourist attractions featured in the application are places and activities that are beyond the general knowledge of the average tourists. “Small Tours of Taiwan offers a lot of choices beyond my personal knowledge base,” said one customer. “In the past, taxi tourism operators arrange the drivers, rather than me. Now I can choose who I am going with and discuss my special interests beforehand,” said another customer. By featuring niche local sites and stores, the local economy also receives a boost, incentivizing the community to support TTAA drivers and the app.

The app is simply one tool to reach the organization’s broader mission — to help taxi drivers become good at delivering custom chartered services and provide added value to tourists. To succeed in this new role as “local people talking local stories,” as one affiliated driver put it, they have to be knowledgeable about local attractions and be trained in the art of telling an interesting story, with an understanding of how to share tradi-

tional customs and extend local hospitality. To this end, TTAA collaborates with tourism companies, factories, and museums in the local region to help member drivers develop a deeper knowledge of the area. As local restaurants, hotels, shops, and tourism spots benefit, so too do TTAA drivers, who earn commission of between 3 and 15 percent on sales that are made through their customized tours.

EXPANDING PRESENCE

TTAA was formally established as a non-profit organization (NPO) by a team of university professors in 2014, keen to apply what they have learned from years of academic research to improve the lives of taxi drivers. They developed a platform for drivers to be able to undergo professional training and gain access to collective learning opportunities. The goal was to “rebrand” taxi drivers to appeal to international and domestic tourists as friendly, reliable professionals who can provide high-value services.

There are more than 150 members today, all of whom rely on chartered taxi tourism for their main source of income. To help them in this, TTAA combines resources from government authorities, universities, and the taxi industry to develop the capabilities of drivers. For example, alongside customer service training, TTAA trains its members in general computer skills to ensure that they are digitally literate and able to use the aforementioned Small Tours of Taiwan mobile app. This has allowed them to be able to better market their services as tourism ambassadors via the app and on other social media platforms. TTAA also provides physical space for its members, called the “Supply for Hearts,” where drivers can convene or meet informally and talk to professional legal consultants who are available to help members with day-to-day business or legal issues that may arise. Formerly located at the National Chengchi University campus in Taipei, the TTAA is currently seeking to grow its physical presence by setting up more sites in vacant government spaces across its areas of operations, and to develop online spaces for its drivers to gather and learn.

The government is increasingly throwing its weight behind the project, with the Ministry of Labor providing funding to the tune of NT\$9.6 million [US\$300,615], while the Ministry of Technology has contributed NT\$0.7 million [US\$21,920] through an entrepreneurship competition for a public-private partnership that TTAA fostered with a travel agency to promote taxi tourism. The private sector is also a supporter of TTAA's initiatives — a major taxi operator has provided a fund of NT\$0.6 million (US\$18,788) to support the association's work in the rebranding of taxi services and training of drivers.

TTAA has materially changed the lives of some of its members since its establishment. "Several years ago, I was busy running the late-night queue in front of big nightclubs, where I was likely to have to drive drunk passengers home," recalls Yong-shang Wu, a TTAA welfare ambassador. "The late working hours caused health problems, but I needed to make money and I did not have any other professional skills but driving a car." Wu stumbled across an online Facebook community page for taxi drivers and was referred to Kang, a team leader at the TTAA who has been profiled in the Taiwanese media as the "white-haired magic driver."

Kang referred Wu to TTAA as a member, and by doing so, helped him to turn around his prospects — and change his priorities. He switched shifts and began driving in the day while taking TTAA courses in his free time. "With stable income from the taxi ambassador touring service, I can contribute more of my free time to helping minority groups such as those with disabilities," he said. "When I decided to make a change, the whole world was on my side. I enjoy helping others now, because I am able to."

LESSONS AND CHALLENGES

TTAA is an example of a truly tri-sectoral approach to addressing social problems. In this sense, it reflects the management philosophy of Wang Dao — the "Kingly Way." While for-profit corpora-

tions exist to serve the shareholders' best interests, Wang Dao indicates that organizations focused solely on their own interests are not sustainable in human societies. Rather, those that focus on the common good and allow all stakeholders to maximize their interests are more likely to succeed in increasingly complex societies. TTAA has achieved this by building the capacity of taxi drivers to improve their livelihoods in a way that would benefit a wide range of interest groups — the local community, local businesses, and tourists.

However, organizations need to ensure that they are financially sustainable, too. TTAA's profits are directly linked to the success of its drivers, who are able to secure higher value customers through the charter service network and app. In return, around 12–20 percent of drivers' profits are reinvested back into TTAA to cover operational costs. But in 2015, the vast majority of taxi trips by drivers were subsidized by third-party sponsorship, which funded TTAA to serve 500–600 tourists that year. Independently, tourists booked only 10–20 trips, suggesting that there is some way to go toward achieving financial independence. One challenge for TTAA is to find a steady cash flow to support professional training and implementation of tours, beyond financial grants and the considerable time and effort invested by Hou and his team. To address this, there are plans to develop new business with government agencies to generate more sustainable revenue streams.

Where TTAA has achieved success is in the difficult work of bringing together and satisfying stakeholders. According to the Wang Dao philosophy, successful organizations need to create value beyond the profit incentive and need to ensure their own survival by perpetuating common values in society. TTAA has played a critical role in convening all stakeholders related to the taxi industry, balancing the various interests of government, taxi fleets, taxi drivers, and customers. But the cross-sector relationships remain difficult to manage, as is the job of rebranding taxi drivers as trusted ambassadors in society. Aside from build-

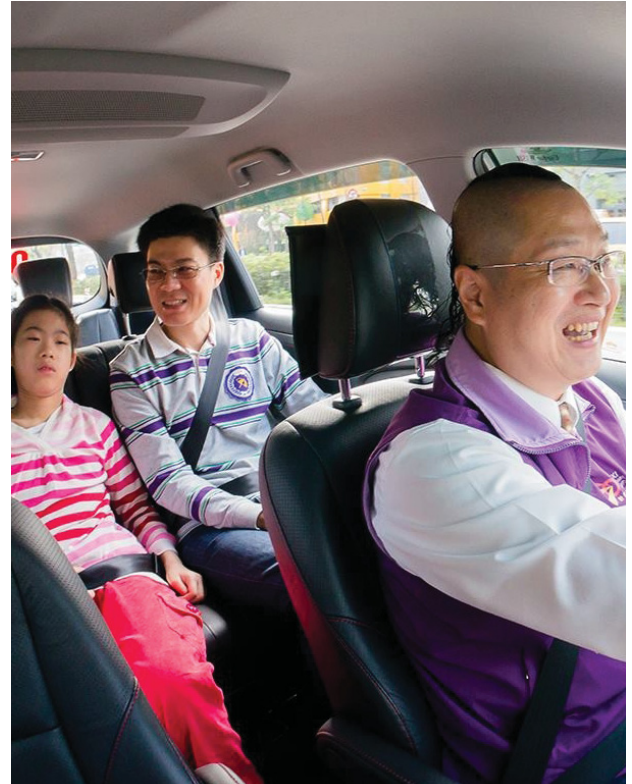
ing the capacity of drivers, there is work to be done to change public perceptions of them.

The global taxi industry is in flux, with the advent of ride sharing and shared economy applications such as Uber disrupting the market. In response to this, Taiwanese incumbents are collaborating to find a new way to compete. Part of the solution is to upgrade individual taxi drivers and to improve the service offering — toward which TTAA is emerging as a trusted brand. The challenge remains of attracting a paying customer base in the face of fierce competition. To this end, TTAA is now establishing a certification system to motivate taxi drivers to complete training courses. A formal certification should also help with trainee retention, which has been admittedly challenging for TTAA. Though it has enrolled some 1,000 drivers into training programs, only 150 have become fully fledged members, in part due to drivers struggling to free up time to attend classes between shifts.

OUTLOOK

As an example of collaboration between government, business, and academia, TTAA represents a unique model for addressing social goals. It hopes to extend its remit by implementing its vision for a Common Good Matching-Making Platform. This seeks to free up idle resources from the taxi sector to service segments of the population such as the elderly and disabled, who do not have access to these services. Given that transportation services for these groups tend to be costlier, for-profit providers are less motivated to service them, limiting their access and mobility. But through established social services organizations such as the Angel Heart Family Social Welfare Foundation, TTAA hopes to identify “idle” supply-side capacity and channeling unutilized TTAA drivers to service the disabled and elderly.

TTAA’s initiatives have also brought young people and students closer to the world of business and the local communities in which they live. Students serve as volunteers, and gain experience in key vocational skills while doing so. For Stan Shih, founder of Acer Computers and proponent



A TTA driver with his passengers.

of Wang Dao, universities have an important role to play in meeting social needs, primarily through collaboration with industry. Cross-sector collaboration between universities and industry, such as that exemplified by TTAA, presents an opportunity to calibrate the mismatch between the expectations of the business community, and the skills that students bring to the workforce.

Founder Hou is driving a route where few in the world of academic research are willing to go. Down this road, Taiwanese taxi drivers would no longer be a minority group with little agency, but welfare ambassadors who make their living by providing services and care to people in society. For Hou, the work of TTAA is not complete until this goal is achieved. “Only when college graduates are willing to become the taxi drivers as their top career choice would TTAA be considered a success,” he said. 🌱

This case was made possible by the generous support of Stans Foundation. Editorial assistance was provided by Manisha Mirchandani.

QUANTITATIVE INDICATORS

Financial

Planned budget or income versus actual expenditure for the fiscal year*	Budget: NT\$ 5.2 million (US\$162,833) Expenditure: NT\$ 4.8 million (US\$150,307)
Income composition by source: individuals, corporations, events, trusts, others (please specify)	Donation income (revenue): 6% Government grants: 80% Service income: 12% Other income: 2%
Income composition: domestic versus international	Domestic: 90% International: 10%

Personnel

Staff retention rate	11 out of the existing 12 employees were hired in 2016 by the government project
Turnover rate	NA
What is the board composition?	Occupation <ul style="list-style-type: none"> ● Taxi Driver: 5 ● Academia: 4 ● Business management: 3 Gender <ul style="list-style-type: none"> ● Men: 12
How many meetings does the board hold per year?	At least four times per year
How many staff members are there?	About 12 employees
How many staff members have attended some non-profit or management training course?	About 8 employees

Quantitative Indicators Continued

Organizational

Do you publish an annual report?	No
How many sites/locations do you currently operate in?	Taipei and Taichung
Do you measure results?	<ul style="list-style-type: none"> ● Number of tourism trips ● Number of members trained ● Number of charity events for poor community
What types of outreach?	<p>Network promotion: social media, such as YouTube, micro movies, Facebook</p> <p>Traditional media: TV, radio, video, print, magazines, newspapers</p>
Do you regularly meet with government representatives?	Yes
If yes, on a scale of 1-3, how close is the relationship with government? 1 = not close; 2 = somewhat close; 3 = very close	Closeness of relationship = 2

* Exchange rate, NT\$31.93 = US\$1 as of November 30, 2016