

Business Research Summary

Name

Institution

X-essays.com

Business Research Summary

Uber in Singapore

In Singapore, there has been a growing need for easily accessible mode of transportation through the use of taxis. Roads as a basic means of moving from one location to the next has been the most used transportation method as it is seen as the cheapest means of transportation. The availability of well maintained roads has enabled the residents and visitors of the country to easily utilize roads as a basic means of transportation (Russell, 2013). However, not all individuals are able to own personal cars for their transportation needs. As a result, alternative modes of transportation have been created to serve the members of the public. These include rail, bus and taxi that are utilized by at least half the population of Singapore on a daily basis.

The aforementioned means of transport were noted to be used over short distances and within the congested city center. The issue of congestion prompted the Government of Singapore to embrace public transportation within the city center (Commin, 2013). Through the promotion of public transportation, the government is able to ensure that the citizens strive to achieve the maximum potential productivity while maintaining an attractive environment that will bring about foreign investment. In a bid to achieve this goal, it is necessary that numerous sellers are available to improve efficiency while creating interdependence between the different operators and the government to ensure that prices are controlled (Santos, 2005).

Current Transportation Market in Singapore

Singapore is one among the Asian countries that is identified to be experiencing a steady economy. Furthermore, it is known to be a densely populated region hence the need for a public system of transportation that is efficient to ensure that productivity levels do not deteriorate. The

current transportation industry practices an oligopoly market structure that is run mainly by government owned corporations. Bus services are provided by two main companies while six corporations are competing for the taxicab market (Mees, Moriarty, Stone & Buxton, 2006). As a result, the transportation market in Singapore has experienced low levels of efficiency and high barriers for new entrants into the market.

According to census reports by the Land Transport Authority in 2000, the number of individuals using public transport to go to work and school significantly reduced from 55% and 46.3% to 52.4% and 41.6% respectively (Jianyue, 2014). This may be attributed to the steady economy resulting in an increase in the middle class sector. This is a trend that the Government of Singapore seeks to reverse through an improved public transport system while discouraging private means (Jianyue, 2014).

The oligopoly market structure in the public transportation has resulted in relatively fair taxicab fares that attract many commuters. The high control of the government in public means of transport like in bus services has resulted in the maintaining of a steady pricing practice (Allsop, 2007). This practice of contracts model ensures that the operators adhere to the Quality of Service dictated by the Land Transport Authority (Sim, 2014). This has also been applied in the taxis sector to ensure codes of practice, standards and directions to audit are followed failure to which results in the Taxi Operator License (TOL) is revoked. Given that Singapore is highly urbanized, the use of technology like, Uber in the transportation system is applicable to improve its efficiency.

Aims and objectives of the company

The main objective of the company is to reduce congestion in the city centers. As identified in the case of Singapore, congestion is a major problem that is affecting the public transport system (Smith, 2014). Singaporeans will usually seek to hail taxis for movement around the city as a basic means of carrying out their business transactions. Through the use of the Uber app, consumers and providers are connected on a network where the nearest taxi will pick up the consumer without much trouble (Bacon, 2012). Through the use of the smartphone application, the taxis do not have to do unnecessary driving around searching for consumers. The Uber taxis do not accept street hails and will only respond to the users of the application. This enables good control of the traffic within the city center (Roberts, 2015).

Another aim for the Uber application is increasing efficiency of the available public taxis in the city. This is possible through the use of “Uberpools” where the consumers who are headed in an almost similar direction share the same taxi. In the current transportation system, individuals in Singapore will usually seek to use taxis all on their own as they are not aware of the needs of the other customer. As a result, individuals who may be headed in the same direction may use numerous cabs to arrive at a similar destination resulting in congestion in a particular area of the city. The “Uberpools” improve the efficiency of the transportation service as more consumers are transported using minimal vehicles. Furthermore, the individuals sharing a hired taxi will usually pay less rather than the full amount that would have been paid alone.

Uber provides consumers with a choice from taxi companies to the use of other transportation providers enabling Singaporeans to reduce on the expenses spent on transportation. Uber drivers may be personally owned vehicles enabling members to transport each other at a shared expense (Goode, 2011). The use of the application eliminates the cash basis used on taxis as credit cards are applied into the payment of the service. The individuals

will just have to use their smartphone to make and receive payments that are done automatically by the application (Siong, 2015). The prices are also regulated by the application that avoids the incidence of overpricing for consumers.

Legislation in Singapore

The Land Transport Authority, which is a part of the Government of Singapore, is the main regulator of the three major modes of public transport (Land Transport Authority, 2009). Through this body, the transportation network is improved to meet the demand of increased commuters in Singapore. This may be in terms of expanding the rail network, improving issues related with bus services network, upgrading and maintenance of roads (Sim, 2013). The LTA is also able to cooperate with independent bodies created by operators as a means of planning for a better transportation system favorable to both consumers and the providers (Cervero, 1998).

The LTA is also involved in the provision of Taxi Operator License (TOL). In Singapore, huge corporations issued with TOL, that incorporates various rules and codes obligatory for the company, provide taxis. Through the directions for auditing, standards and codes of practice that have been laid out, the LTA is able to assess the public transporters who fail to adhere to these rules and their licenses are revoked (Yew, 2013). The Public Transport Council is also involved in the regulation of taxi fares to ensure that prices are affordable for the consumers. However, since September 1998, taxi companies got freedom to choose their own fare rates in a bid to increase competition in the market. This has resulted in significant increase in the rates since then with increase in fuel prices usually prompting higher fares.

References

- Siong, L. G. (2015) *Life as an Uber driver: A fast road to easy money?* Channel NewsAsia, web. Retrieved from <http://www.channelnewsasia.com/news/singapore/life-as-an-uber-driver-a/1979836.html>
- Roberts, D. (2015) *Uber's biggest rival in China invests in an Uber rival in Singapore.* Fortune, web. Retrieved from <http://fortune.com/2015/08/19/uber-didi-kuaidi-grabtaxi/>
- Santos, G. (2005). Urban congestion charging: a comparison between London and Singapore. *Transport Reviews*, 25 (5): 511-534.
- Commin, H. (2013). *The Congestion Charging Schemes of London and Singapore: Why Did London Choose Different Technology, and Was this a Mistake?* Dissertation, Retrieved from <http://skynet.ee.ic.ac.uk/~hcommin/ComminDissertation.pdf>
- Sim, R. (2014) *Government to overhaul public bus sector, shift from privatized to contracts model.* Straits Times, web. Retrieved from <http://www.straitstimes.com/singapore/transport/govt-to-overhaul-public-bus-sector-shift-from-privatised-to-contracts-model>
- Jianyue, X. (2014). *Growth rate of vehicles to be halved.* Todayonline.com, web. Retrieved from <http://www.todayonline.com/singapore/growth-rate-vehicles-be-halved>
- Sim, R. (2013) *Downtown Line Stage 1 to open on Dec 22.* Strait Times, web. Retrieved from <http://www.straitstimes.com/singapore/transport/downtown-line-stage-1-to-open-on-dec-22>
- “*Parking Guidance System Extended to Orchard Area*”. (2009) Land Transport Authority, web. Retrieved from <http://www.lta.gov.sg/apps/news/page.aspx?c=2&id=2164>

Yew, L. K. (2013) *The Evolution of Public Transport Policies in Singapore*. National University of Singapore, Retrieved from

<http://lkyspp.nus.edu.sg/wp-content/uploads/2014/01/Transport-Planning-for-Singapore.pdf>

Mees, P., Moriarty, P., Stone, J. & Buxton, M. (2006). *Putting the Public Interest Back Into Public Transport: A Report to the Victorian Community*. Swinburne Institute for Social Research Report.

Allsop, R. (2007). Victoria's Public Transport: Assessing the results of privatization. IPA Backgrounder, Vol. 19(1): 1-27.

Cervero, R. (1998). *The Transit Metropolis*. Washington, D.C: Island Press. Print. ISBN 1-55963-591-6. Chapter 6/The Master Planned Transit Metropolis: Singapore.

Goode, L. (2011). Worth It? An App to Get a Cab. The Wall Street Journal. Retrieved from <http://blogs.wsj.com/digits/2011/06/17/worth-it-an-app-to-get-a-cab/>

ORDER NOW