



AN EVALUATION OF THE CONTRIBUTIONS OF E-HAILING TRANSPORT SERVICES TO ENTREPRENEURSHIP AND SUSTAINABLE DEVELOPMENT IN THOHoyANDOU, VHEMBE DISTRICT, SOUTH AFRICA

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Abstract:

The outbreak of the COVID-19 pandemic held the whole world captive, with many businesses closing their operations. It has also transformed the landscape of transport services and disparities in their provision. On the other hand, the pandemic has opened the door for new and expanded youth business opportunities in the thriving e-hailing transport services. This aligns with SDG 11.2, which provides access to a safe, affordable, and sustainable transport system for all during the pre- and post-COVID-19 pandemic. The study adopted a qualitative approach to gather in-depth information on e-hailing transport services by young entrepreneurs in Thohoyandou, Vhembe District, South Africa. Due to the challenges that COVID-19 has caused for the ride-hailing business, empirical research was necessary. A non-probability purposive sampling method was used to select youth aged 18-35 in the e-hailing transport service sector. The study's findings show that many young drivers have a relative advantage and compatibility to secure a flexible source of income through full-time or part-time work. However, the workplace remains unstable because of increased competition, commission rates, unmarked streets, impassable roadways, and fuel prices. This was compounded by the high unemployment rates brought on by the closure of numerous enterprises owing to the pandemic and the absence of consumers who were afraid to use public transportation during COVID-19.

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1.0 INTRODUCTION

South Africa, like developing and industrialized countries, faces transportation problems. The demand for ride-hailing, which offers convenience, affordability, and security, is more accessible in urban areas than in rural areas. The infrastructure necessary to provide accessible and efficient public transport in rural areas in real time remains a challenge. This paper provides an overview of the contributions of e-hailing transport services to entrepreneurship and sustainable development in Thohoyandou. The paper used primary and secondary data from relevant literature on e-hailing transport services to entrepreneurship and sustainable development, utilizing journal articles, books, dissertations, theses, research reports, the internet, and other electronic media.

E-hailing transport services provide accessible, adaptable, and convenient modes of transportation, particularly in urban areas, benefiting society. ¹By creating opportunities for drivers and new businesses, they support economic growth. Additionally, the emergence of ride-hailing improves urban transportation by reducing the reliance on private vehicles. Young drivers and entrepreneurs could earn money with their cars, stimulating the economy and generating jobs. With just a few taps, users of various e-hailing apps can book rides, eliminating the need to hail or search for cabs on the street. Even when traditional taxi services are unavailable, they provide transportation options at any hour.² Through these apps, consumers can choose the ride that best fits their needs and budgets.

The COVID-19 lockdown has significantly impacted numerous transportation-related operations and the worldwide economy.³ Regulations about specific industries, which covered the provision of transportation services in general, were added to restrictions on the movement of persons and commodities. COVID-19 accelerated the need for contactless transportation solutions. These have impacted all types of

¹ Dubbelman Bradley, "E-hailing and the crisis of work, MA: Development Studies Research Report (2021)

² Burke Jason, Violence erupts between taxi and Uber drivers in Johannesburg: The Guardian. Johannesburg. South Africa" (2017)

³ Rascombe Peter, "Rural areas at risk during the Covid-19 pandemic, Lancet Infections Diseases" (2020) 20 (5) 545

transportation, including private vehicles, urban public transportation, domestic and international buses, trains, and airplanes.⁴ The transportation sector deals with several challenges, such as adverse economic conditions, which are reflected in decreased levels of consumer discretionary expenditure and the resulting marginal profit on the sector as a whole. The e-hailing industry's explosive growth has highlighted regulation concerns as a subsegment of the transportation sector regarding competition and legal issues between companies and the drivers (labour categorization, worker rights, and tax treatment).⁵ A serious issue emerged with the e-hailing industry's lack of targeted regulation.

Bolt, as a company, developed a strategy focused on security features for the riders.⁶ These included the commitment to increase the number of women drivers on the platform and for women riders to have the option to choose a female driver for their respective trips. Hence, the strategy aimed to increase the number of women drivers for women riders for choice and safety assurances. The level of abuse against women in South Africa is generally high. Companies like e-hailing services provide safe spaces for passengers. Since the birth of the e-hailing sector in South Africa, the market has been embedded with duality in the form of successes and challenges.⁷ The e-hailing industry has had its fair share of wins and losses, from providing convenient transport when one needs it to ushering in competition with rival transport services.

The goals of youth entrepreneurship in e-hailing transportation services are to provide affordable transportation options, flexible work schedules, and job creation. Boosting economic activity and facilitating access to digital technologies, especially in places with little public transportation, also benefits the whole economy. E-hailing supports local companies,

⁴ Wang Hai and Odoni Amedeo, "Approximating the performance of a "Last Mile" Transportation System, *Transportation Science*" (2016) 50 (2) 659-675

⁵ Raska Sinziana Loana, Markvica Karin and Ivanschitz Bernd-Peter, "Impact of covid-19 and pandemic control measures on public transport ridership in European Urban areas" (2021), Vienna, Oslo and Agder

⁶ Puriwat Wilert and Tripopsakul Suchart, "Customer engagement with digital social responsibility in social media: A case study of Covid-19 situation in Thailand" (2021) *Journal of Asian Finance, Economics and Business* 8 (2) 475, 483

⁷ Wang Hai and Odoni Amedeo, "Approximating the performance of a "Last Mile" Transportation System, *Transportation Science*" (2016) 50 (2) 659-675

makes various goods and services accessible, and boosts the economy by facilitating delivery and transportation services. Young entrepreneurs could start with e-hailing, which provides a platform for gaining expertise in customer service, business management, and navigating the digital market. By offering dependable and reasonably priced transportation, the e-hailing sector can remove obstacles to obtaining education, jobs, and other opportunities.

The study is organized into five sections. The first is the introduction, which examines how e-hailing has transformed the transportation landscape for young people, taking into account factors like cost, convenience, and safety. (II) conceptual clarification and literature review that investigates youth's adoption, impact, and user experiences with e-hailing platforms, including factors that influence their use and the aspects of service quality they prioritize; (III) gaps in current laws and policies regarding integrating sustainability, which center on safety, regulation, and the integration of e-hailing into existing public transport frameworks; and (IV) legal approaches for addressing the challenges that center on ensuring safety, fair pricing, and operational compliance for both operators and passengers, especially youth and (V) conclusion that discusses the general effects and ramifications of these services, especially for youth.

2.0 CONCEPTUAL CLARIFICATION/LITERATURE REVIEW

The COVID-19 pandemic posed additional obstacles for the worst-impacted and inexperienced youths in transportation businesses.⁸ In spite of COVID-19, e-hailing firms such as Bolt have provided jobs for young people to transport passengers to and from their preferred destinations. The e-hailing transport service, or ride-hailing, connects passengers and drivers through application software that can be downloaded from the internet through computers and smart devices such as phones. Ride-hailing contributes to conditions of advantage or disadvantage by enabling additional costs, conveniences, or comfort for its users while negatively affecting non-users who are already disadvantaged due to its contribution to congestion and pollution.

⁸ Hossain Mokter, "The effect of the covid-19 on Sharing Economy Activity" (2020)

The e-hailing services have proliferated in South Africa's cities, including Johannesburg, Cape Town, and Durban.⁹ A wide range of service options, such as reasonable costs and efficient and timely conveyance, are highly desired. Extending these services to isolated locations in rural areas is still quite challenging. Inadequate infrastructure impedes expansion; initiatives to improve access, including partnerships with local governments and non-governmental organizations to address road conditions and network connectivity, are slowly underway.¹⁰ Closing this industry gap between rural and urban areas will mark a significant turning point. Customer happiness remains the cornerstone of a successful e-hailing business. Hence, platforms should constantly evolve to provide a seamless, personalized experience.

Ride-hailing service usage is inversely correlated with riders' income, and younger, wealthier tourists are more likely to utilize the services.¹¹ E-hailing services are becoming increasingly common in South Africa since they have superseded other forms of efficient transportation. Its services have quickly become popular in South Africa and have put the policies and practices of the taxi industry to the test. Integrating efficiency and innovation in technology has brought positive effects and outcomes to society. E-hailing transportation services continue to grow their market share in the mobility sector, providing young people with new employment opportunities, which is highly encouraging.¹² Government rules, other drivers' threats, and penalties can impact their revenue stream.

⁹ Henama Unathi Sonwabile and Sifolo Portia Pearl Siyanda, "Uber: South African Experience. *African Journal of Hospitality*" (2017) 6 (2)

¹⁰ Ghosh Bishwanath, "Coronavirus rituals in Varanasi Ghats curtailed to prevent COVID-19 spread" (2020)

¹¹ Alfredo Aloi, Juan Benavente, Eneko Echniz, Claudio Ladisa, Alvaro Lopez-Parra, Lucia Perrucci, Andres Rodriguez, Borja Alonso, Ruben Cordera, Felipe Gonzalez, Raquel Lezama-Romanelli, Vittorio Mazzei, Dario Prieto-Quitana and Roberto Sanudo, "Effects of the COVID-19 Lockdown on UrbanMobility: Empirical Evidence from the City of Santander" (2020) 12 (9) 3870

¹² Steedly Ann, "Connecting transport and Health: A guide to communication and collaboration" (2019)

Numerous stories could be made regarding e-hailing services because perspectives on them are subjective.¹³ Particularly for irregular events, an e-hailing service broadens the public transportation network and addresses the issues of varying transportation demands. The demand for public transportation services sometimes increases when they operate at lower frequencies, such as on weekends and at night. While traditional taxis have a fixed supply, e-hailing services ensure a variable supply in response to changing demand. Compared to the general population, e-hailing customers are likely to be young, well-educated, and affluent.¹⁴ South Africa continues to embrace and use e-hailing services more regularly. An e-hailing service thus broadens the public transportation network and addresses the issues of varying transportation demands, particularly for irregular events with substantial unmet transportation demands.¹⁵

For those seeking transportation without the added cost of owning a car, e-hailing services have become a popular choice. Platform operators can now challenge the rules because of gaps created by laws and regulations that have not kept up with the rapid growth of e-hailing transportation services.¹⁶ The market for transportation services is growing rapidly due to new and innovative options and services. Cities face exciting opportunities and unforeseen challenges as they work to ensure mobility, equity, access, and dependability throughout their networks. Consumer interest in e-hailing services is rapidly increasing, even though their effects on the rural transportation landscape remain unclear.

Most African towns, including those in South Africa, have a history of inadequate public transit.¹⁷ The geography of colonialism and apartheid, which saw Black neighborhoods outside or on the outskirts of the city's economic centres, is usually linked to marginalisation. Post-apartheid

¹³ Erik Nelson and Nicole Sadowsky, "The impact of Ride-Hailing services on Public Transportation Use: A discontinuity Regression Analysis" (2017)

¹⁴ Uber, "Public Transit Should be Uber's New Best Friend" (2016) 538

¹⁵ Daniel Waternberg and W Douglas Thompson, "Privacy versus public health: The Impact of Current Confidentiality Rules" (2010) 100 (3) 407,412

¹⁶ Haneen Khreis, Andrew Glazener, Tara Ramani and Josias Zietsman, "Transportation and Health: A Conceptual Model and Literature Review" (2019).

¹⁷ Fabeil Noor Fzlinda, Pazim Khairul Hanim and Langgat Juliana, "The impact of Covid-19 Pandemic crisis on Micro-Entrepreneur's Perspective on Busines Continuity and Recovery Strategy" (2020). *Journal of Economics and Business* 3 (2) 837,844

spatial planning reproduces this dynamic. For example, the majority of Black people in Johannesburg live in townships like Soweto, which are distant from the city's economic centre, as a result of apartheid geography, which separated communities based on race. Thus, the majority-Black population was spatially mismatched since they lived far from employment opportunities.¹⁸ Black people also struggle with inadequate service provision. Price volatility, violence, poor transportation, and a lack of security guarantees burdened already tight household resources. Therefore, every South African town needs a dependable, affordable urban transportation infrastructure.

There were only two primary forms of taxi services offered in South African cities before the advent of app taxi services: the minibus cab and the metered taxi.¹⁹ With a lengthy history dating back to colonization and apartheid, the minibus taxi service is the most common mode of transportation in Black townships. It is a component of the apartheid geography of capitalism and represents Black enterprise. In response to poor transportation in Black townships, the informal sector was initially developed in the 1970s, exacerbating the urban transportation problem and bridging the government-created gap in public transit availability.²⁰

On the other hand, drivers in the e-hailing transportation industry always fear their accounts will be terminated, which acts as a kind of management and punishment.²¹ However, taxi platforms give drivers and passengers more flexibility. It provides customers with a previously unheard-of degree of safety, convenience, and efficacy. By clicking a button, the client can access it whenever they want. It gives the driver and operator unprecedented flexibility and freedom, including when to work. The smartphone taxi service is promoted as a method to earn money whenever you want, without putting up with your boss's

¹⁸ Sihle Mlambo, "Bolt increase drivers on the platform as part of key growth" (2023). Johannesburg, South Africa

¹⁹ Wilmoth Daniel, "Small business facts: Early data shows severe disruptions" (2020), US. Small Business Administration

²⁰ Simon Harding, Miland Kandlikar and Sumeet Gulati, "Taxi apps, regulation, and the market for taxi journeys" (2016) 88, 15,25

²¹ Brishen Rogers, "Social Costs of Uber, University of Chicago Law" (2015) 82 (1) 85, 103

nagging.²² This system guarantees the operator's and client's autonomy and empowerment.

Ride-hailing adds to the advantages by enabling comfort and convenience for its users. On the other hand, it affects non-users, who are already overwhelmed by its contribution to pollution and traffic. When paired with the urban and functional structures of the cities in the region, the unequal distribution of resources and expenses demonstrates a particular social and transportation advantage/disadvantage.²³

The Bolt service is continually in demand because of its availability and accessibility, which are made possible by technical advancements. Taxi apps will supersede the use of private vehicles and provide far more affordable rates for the same journey than a typical taxi.²⁴ It is evident that e-hailing services outnumber public transportation, and many people choose to use them. Even though e-hailing services have generated job prospects, it does not appear easy to make money because drivers must pay for their car expenses while not being registered as permanent employees with e-hailing services. Furthermore, clients must request rides first. Due to COVID-19 regulations, drivers would even go days without earning money if they had no customers. There is currently no research on youth entrepreneurship in the e-hailing (Bolt) transport service pre- and post-COVID-19 period in the Vhembe district.

In Thohoyandou, South Africa, Bolt drivers encounter challenges of safety, low income, not being registered as permanent employees, low commission, difficulty finding customers, low customer requests, and difficulty handling their car services or expenses. There are real challenges that Bolt drivers are still encountering even after the COVID-19 pandemic, and are struggling to make ends meet for their lives. This calls for the intervention of policy regulations and the government to find a safe and accessible transport system that can improve road safety. Bolt drivers in Thohoyandou, South Africa, face several difficulties, including

²² Fatima Afifah, "sustainability Analysis of Intelligent Transport Systems" (2017), Master Thesis. The University of Central Florida. Orlando, Florida.

²³ Hossain Mokter, "The effects of covid-19 on sharing economy activities" (2020). Journal of Clearner production

²⁴ Simon Harding, Miland Kandlikar and Sumeet Gulati, "Taxi apps, regulation, and the market for taxi jouneys" (2016) 88, 15,25

low pay, low income, lack of permanent employee registration, low commission, and difficulty managing vehicle servicing or costs. Even after the COVID-19 outbreak, Bolt drivers continue to face these genuine difficulties and struggle to support themselves.

3.0 GAPS IN EXISTING LAWS/POLICIES CONCERNING INTEGRATING SUSTAINABILITY

Global giants like Uber and Bolt dominate the e-hailing market in South Africa. These platforms have built strong networks that provide competitive pricing and advanced features.²⁵ However, local start-ups are entering the scene with innovative offerings tailored to South Africa. Companies like Yookoo Rides and Droppa are gaining traction by addressing localized challenges, such as service affordability in underserved areas.²⁶ This mix of competition and collaboration drives innovation, benefits consumers, and the economy.

E-hailing services have revolutionized commuting in South Africa, offering convenience, affordability, and efficiency.²⁷ By 2025 and beyond, the industry will reach new heights, driven by technological advancements such as AI, EVs, and 5G connectivity, alongside evolving regulations and customer expectations. Major platforms like Uber and Bolt dominate urban markets, while local players address underserved areas.²⁸ The industry's focus includes safety innovations, sustainability goals, and rural expansion. Appical Applications, a leader in mobile app development, supports businesses with cutting-edge, scalable solutions to thrive in South Africa's dynamic e-hailing sector.²⁹ Partner with Appical to redefine e-hailing and shape the future of transportation.

²⁵ Puriwat Wilert and Tripopsakul Suchart, "Customer engagement with digital social responsibility in social media: A case study of Covid-19 situation in Thailand" (2021) *Journal of Asian Finance, Economics and Business* 8 (2) 475, 483

²⁶ Brishen Rogers, "Social Costs of Uber, University of Chicago Law" (2015) 82 (1) 85, 103

²⁷ Fabeil Noor Fzlinda, Pazim Khairul Hanim and Langgat Juliana, "The impact of Covid-19 Pandemic crisis on Micro-Entrepreneur's Prespective on Busines Continuity and Recovery Strategy" (2020). *Journal of Economics and Business* 3 (2) 837,844

²⁸ Simon Harding, Miland Kandlikar and Sumeet Gulati, "Taxi apps, regulation, and the market for taxi jouneys" (2016) 88, 15,25

²⁹ Alfredo Aloï, Juan Benavente, Eneko Echniz, Claudio Ladisa, Alvaro Lopez-Parra, Lucia Perrucci, Andres Rodriguez, Borja Alonso, Ruben Cordera, Felipe Gonzalez, Raquel Lezama-Romanelli, Vittorio Mazzei, Dario Prieto-Quitana and Roberto Sanudo, "Effects

E-hailing has come a long way since its inception, starkly contrasting traditional taxi services. Initially viewed as a luxury, it quickly became a necessity for millions of South Africans, thanks to its reliability and ease of use.³⁰ Gaps in current policies and laws related to e-hailing in South Africa include a lack of specific regulations for e-hailing services, particularly concerning sustainability, and a lack of unified standards across different municipalities. This leads to regulatory uncertainty and inconsistencies in how e-hailing is managed, impacting both the industry and users. Furthermore, the broader sustainability implications of e-hailing must be addressed, including its impact on public transport, urban planning, and the transition to a low-carbon economy.³¹ E-hailing services often operate without specific regulations, leading to inconsistency in addressing environmental concerns.

This lack of regulation can hinder the implementation of sustainable practices and make it challenging to enforce environmental standards.³² There is a need to integrate e-hailing into a broader framework that promotes sustainable transport options like cycling, walking, and public transport. E-hailing policies should also consider the social implications, such as the impact on employment, accessibility, and affordability for different income groups.³³ There is a need to ensure that e-hailing services are accessible to all, including those in underserved communities, and that they provide fair working conditions for drivers. Effective sustainability policies for e-hailing require coordination between different levels of government and collaboration between the public and private sectors.³⁴

of the COVID-19 Lockdown on Urban Mobility: Empirical Evidence from the City of Santander" (2020) 12 (9) 3870

³⁰ Brishen Rogers, "Social Costs of Uber, University of Chicago Law" (2015) 82 (1) 85, 103

³¹ Puriwat Wilert and Tripopsakul Suchart, "Customer engagement with digital social responsibility in social media: A case study of Covid-19 situation in Thailand" (2021) *Journal of Asian Finance, Economics and Business* 8 (2) 475, 483

³² Hossain Mokter, "The effect of the covid-19 on Sharing Economy Activity" (2020)

³³ Brishen Rogers, "Social Costs of Uber, University of Chicago Law" (2015) 82 (1) 85, 103

³⁴ Puriwat Wilert and Tripopsakul Suchart, "Customer engagement with digital social responsibility in social media: A case study of Covid-19 situation in Thailand" (2021) *Journal of Asian Finance, Economics and Business* 8 (2) 475, 483

There is a need for policy redetermination, where governments can share best practices and learn from others' experiences in regulating e-hailing services.³⁵ By addressing these gaps, policymakers can create a more sustainable and equitable e-hailing ecosystem, contributing to broader sustainability goals.

4.0 LEGAL APPROACHES FOR ADDRESSING YOUTH ENTREPRENEURSHIP IN E-HAILING TRANSPORT SERVICE AND RECOMMENDATIONS

To evaluate the contributions of e-hailing transport services to entrepreneurship and sustainable development, a comprehensive legal and institutional framework is needed. The framework should address licensing, safety, and fair competition. The key elements needed include licensing and regulation, safety and security, access to resources, and institutional support, and are explained in detail below:

4.1. Licensing and Regulation

A. Clear Licensing Framework

There is a need to implement a transparent and accessible licensing process specifically for e-hailing services and drivers. This should also outline the requirements, fees, and renewal procedures.

B. Fair Competition

Establishing regulations that ensure fair competition between e-hailing services and traditional metered taxis is important, as well as addressing issues like pricing, service quality, and operating areas.

C. Compliance and Enforcement

Ensuring effective enforcement of regulations is essential to prevent illegal operations and maintain a level playing field.

³⁵ Simon Harding, Miland Kandlikar and Sumeet Gulati, "Taxi apps, regulation, and the market for taxi journeys" (2016) 88, 15,25

4.2 Safety and Security

A. Driver Vetting and Background Checks

To enhance passenger safety, it is important to have thorough background checks and criminal record screenings for all e-hailing drivers.

B. Vehicle Standards

Establishing clear vehicle standards for e-hailing vehicles, including safety features, insurance requirements, and maintenance schedules, is paramount.

C. Emergency Response Systems

Implementing robust emergency response systems, including integration with local emergency services, is needed to handle incidents effectively.

4.3 Access to Resources

A. Financing and Microloans:

The need to provide access to microloans and other financial products specifically designed for young entrepreneurs entering the e-hailing market plays a significant role in bringing effective change.

B. Business Development Support:

Have to offer mentorship programs, business training, and access to resources like marketing and accounting services to help young entrepreneurs succeed.

C. Digital Inclusion:

To ensure that young entrepreneurs can access the necessary technology and digital literacy skills to operate in the e-hailing environment effectively.

4.4 Institutional Support

A. Dedicated Government Agencies:

Establishing dedicated government agencies or units within existing transport departments is important for overseeing and supporting the e-hailing sector and youth entrepreneurship.

B. Public-Private Partnerships:

For fostering collaborations between the government, private sector companies, and non-profit organizations to provide resources and support for youth entrepreneurs.

C. Data Collection and Monitoring:

There is an urgent need to establish systems for collecting data on e-hailing services, including driver demographics, passenger usage, and safety incidents, to inform policy development and identify areas for improvement.

5.0 CONCLUSION

The advent of e-hailing taxi services in the Vhembe District has relative advantages and compatibility for entrepreneurs to have a flexible source of income and secure full-time or part-time work. The auto repair and financing industries have thrived as e-hailing fleets have increased. Time-saving transportation options help commuters, and dependable delivery services benefit the ride-hailing companies. However, young business owners operating Bolt (e-hailing) transportation services experienced difficulties during pre- and post-COVID-19. The findings exposed that Bolt drivers faced problems due to a lack of permissions, funds, ignorance, and failure to receive feedback from Bolt services. The drivers' situation became considerably more difficult when the service provider failed to step in. As drivers, they had no control over most of the issues they came across, and no matter how hard they tried to get in touch, there was no real way to solve them. Many people, especially those belonging to rival taxi companies, have complained about the Bolt drivers.

CONFLICT OF INTEREST

There are no conflicts of interest.

Ethical Clearance No: FHSSE/23/GYS/02/0429