

ABSTRACT

This study attempts to explain the existence, organization and behavior of the hired-motorcycle service in Bangkok. First, the study traces the evolution of hired-motorcycle service in Bangkok. Then, it examines the process of acquisition, enforcement and transfer of right on routes and waistcoats. Finally, it identifies and analyses the industrial organization, conduct and performance of the motorcycle service industry.

The study finds that the factors explaining the evolution of hired-motorcycle service are economic factors from demand and supply sides. Demand-side factors are the urban growth without road planning, higher income of Bangkok people and the increasing land prices. Supply-side factors are limitations and disadvantage of other transport modes. Some institutional factors also support the role of the institution. Those factors are the recognition of the police that hired-motorcycle is the honest profession and the development of professional institution itself through the rule setting.

Hired-motorcycle service industry is the industry of powerful persons such as hooligans or persons having powerful supporters since they have more ability to defend their property right. The institution, however, lacks legal acceptance. Part of the amount of rent seeked by motorcycle-win owners are, then, dissipated to policemen in terms of monthly bribe. The observed monthly bribe of 800-8,400 baht. In return, the property is secured and the business can be carried out without the police's disruption. Moreover, the motorcyclists who violate traffic rules do not have to pay the full fine.

The structure of the industry is dominated by medium-sized motorcycle Wins, by easy entry and easy exit. Entry is easy because it requires low capital investment. Exit is easy because it does not have sunk cost. As a result, there is the signal of contestability or the threat of entry all the time. The signal affects pricing behavior of firms. If the fare is too high, a new entrant will enter. Besides contestability, the factors affecting tariff are distance, probability of getting back-haul passengers and alternative transport modes. The statistical analysis seems to strongly suggest that the tariff rate is determined in the competitive setting. Product differentiation, a non-pricing policy, is generally practiced in terms of rule setting to control motorcyclists' behavior. The Wins in competitive areas tend to have policy to compensate the passengers who are injured by accident.

Volume of business is estimated at about 1,381 million baht a year. Out of this, 43 percent goes to motorcyclists; 3 percent goes to the Win-owner and 0.8 percent goes to the police.

Size and location of Wins influence earning of agents in the industry. The larger the Win is, the lower the income will be. Wins at Soi entrances earn highest income compared with those at crowded area and main roads Wins. In general, motorcyclists earn daily income of 294 baht from 11 hours of work on average.

Type of owners is found to be a major factor affecting the size of Wins. Wins owned by groups of hired-motorcyclists are always smaller than Wins owned by single owners since they maximize average income of the group by setting barrier to entry to the Wins.