REGULATION IN THE TRANSPORT INDUSTRY:
A CASE OF MATATU SECTOR IN KENYA

BY

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UNITED STATES INTERNATIONAL UNIVERSITY - AFRICA

SUMMER 2017
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A Research Project Report Submitted to the Chandaria School of Business
in Partial Fulfilment of the Requirement for Masters in Business
Administration (MBA)

UNITED STATES INTERNATIONAL UNIVERSITY-AFRICA
SUMMER 2017
STUDENT’S DECLARATION

I, the undersigned, declare that this is my original work and has not been submitted to any other college, institution or university other than the United States International University in Nairobi for academic credit.

Signed ______________________ Date ______________________

Carol G. Macharia (ID 619786)

This project has been presented for examination with my approval as the appointed supervisor.

Signed ______________________ Date ______________________

Professor Paul Katuse

Signed ______________________ Date ______________________

Dean, Chandaria School of Business
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ABSTRACT

The general objective of this study was to examine the importance of regulation of the matatu industry for government policy makers, matatu owners, and operators in the transport sector. Specifically the study sought to determine the factors that affect regulation of the matatu transport industry, the benefits that come with regulation, the challenges affecting regulation and the milestones that have been gained in regulation of the matatu transport industry.

This study reviewed literature on the regulatory and economic sphere of influence in the matatu means of transport, the impact of the labour law and labour related regulations on the matatu industry, the stakeholders in the matatu industry and factors affecting regulation of the sector and considerations for integration of matatus into the road transport regulation and economic systems.

This study used descriptive research design. The target population of the study consists of matatu saccos which encompasses matatu operators and owners. A list of the saccos and sample routes was obtained from the Matatu Owners Association. The sampling technique for this study was stratified random sampling technique. Questionnaires were used to collect data from the selected respondents. Data collected was analyzed using descriptive statistics. Descriptive statistical analysis includes methods for organizing and summarizing data such as tables and graphs to organize data, and descriptive values such as the average score was used to summarize data. Descriptive statistical analysis was used to make valid conclusions from the data. This describes the large group of the population from the information taken from a part of the group. For this study, data analysis was done using the tool Statistical Package for Social Sciences (SPSS) computer software and Microsoft excels for tables and graphical presentation.

The findings on the factors affecting regulation in the transport industry revealed that the collection of fares covers the maintenance and operating cost. It also established that employment contracts are issued to the matatu operators and there is a record and identification of the matatu operators. Further, the findings revealed that there is anti-social activities and cartels around matatu termini. Finally it established that matatu operators prefer daily wage instead of monthly wage. The findings on the second objective which was to establish the benefits that come with regulation of the matatu transport industry, revealed that
matatu operators have NHIF cards, it also revealed that matatu operators take annual leave. However the findings revealed that not all matatu operators are registered with a sacco or that the matatu operators save regularly with their sacco. Further the respondents did not take a firm stand on the statement that matatu operators have NSSF cards.

The findings on the third objective which was to identify the challenges affecting regulation of the matatu transport industry revealed that the matatu sector has full support from the ministry of transport. It also established that there are politicians as well as police officers who own matatus. However, that the majority of the matatu operators support phasing out of the 14 seater matatus. The findings of the forth objective of the study, which was to establish the milestones that have been gained in regulation of the matatu transport industry, revealed that matatus are fitted with speed governors and seat belts. Also realised is that matatu accidents have reduced significantly over the past 10 years and that saccos take responsibility for accidents on their routes and have ensured that matatu operators are familiar with their Code of Conduct. In addition, the findings determined that majority of the matatu operators have comprehensive insurance cover through their saccos. Finally, the findings established that the sector supports that cashless payment system will indeed improve efficiency in operations within the sector.

The study concluded that casual or temporary forms of employment does to not enable the workers to enjoy the fundamental rights at work. Further, the fact that traffic police continue to take bribes to overlook traffic offences and that they own some of the matatus, continues to pose challenges in effecting regulation in the matatu transport sector. The conclusions also established that the matatu industry today has a bigger social responsibility for safer road discipline to assuage road carnage. Finally, the cashless payment system should be operationalized to ensure effective and efficient collection of fares to cover maintenance and operating cost and that matatu operators are required to be members of a sacco to ensure adherence to the various laws that affect the sector.
ACKNOWLEDGEMENT

First, I would like to thank God for the strength and grace he has given me during this research work. Secondly, I would like to take this opportunity to express my wholehearted gratitude to my Business Research Methods lecturer Prof. Juliana Namada and my project supervisor Prof. Paul Katuse who patiently provided guidance and support that enabled me to complete this Project proposal. Their guidance has indeed enriched the results of this study. Finally, I would like to thank my classmates with whom we have worked closely to ensure that the project is completed successfully.
DEDICATION

This study is dedicated to my parents, Esther and Erastus Wachira for raising me up with good work ethic and discipline which was instrumental in pursuing this course.

This study is also dedicated to my husband for the encouragement and the support he has shown me during my Masters program.
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<table>
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<th>Abbreviation</th>
<th>Full Form</th>
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<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
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<tr>
<td>MSMEs</td>
<td>Micro, Small and Medium Enterprises</td>
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<td>MOA</td>
<td>Matatu Owners Association</td>
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<tr>
<td>NTSA</td>
<td>National Transport and Safety Authority</td>
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<tr>
<td>PSVs</td>
<td>Public Service Vehicles</td>
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<td>SACCO</td>
<td>Savings and Credit Co-operative Society</td>
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CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the study

Kenya aspires to become a globally competitive country offering high quality of life to all her citizens by the year 2030 (Ainga, 2004). The Kenya Vision 2030 and the Constitution of Kenya, 2010 places creation of productive, decent and sustainable employment opportunities at the core of the envisioned social, economic and political transformation (Aduwo, 1990). The micro, small and medium enterprises (MSMEs) constitute an important foundation for the socio-economic transformation envisaged in the Kenya Vision 2030 and the Constitution of the Republic of Kenya, 2010. The MSMEs include businesses in both formal and informal sectors employing 1-50 workers. The MSME sector contributes greatly to the country’s Gross Domestic Product (GDP) and accounts for almost eighty per cent of the total employment (Republic of Kenya, 2012).

Kenya’s Constitution provides the basic framework for social and economic rights, inclusive of the fundamental freedoms and rights at work. This is particularly contained in Articles 36, 37, 41 and 43 of the Constitution (Maranga, 1989). The Constitution advocates for decent work, where freely chosen productive employment is promoted simultaneously with fundamental rights at work, adequate income from work, representation and security of social protection (Ogonda, 1992). Kenya operates five core labour laws that regulate operations within the labour market and employment relationships in the country. These are the Employment Act, Labour Relations Act, Labour Institutions Act, Work Injury Benefits Act and Occupational Safety and Health Act. The country also enforces National Social Security Fund Act, the National Hospital Insurance Fund Act, the Traffic Act and the Transport Licensing Act (Grava, 2003).

Transport and communications sector is made up of six substantive sub-sectors. These are road, railway, marine (water), air, pipeline and the communications sub-sectors (Mutongi, 2005). The sector also has a unit that provides services incidental to transport (Obudho, 1992). The value of output of transport and communications sector has been increasing. Analysis of the performance of the sub-sectors of transport and communications showed that road transport accounts for the largest share of both the value of output of the transport and communications sector, and the country’s GDP. According to the estimates, the value of output of road transport averaged 52.73 per cent of the value of output of the transport and communications sector in 2007-2011 (Maranga, 1989).
According to Asingo (2004), the transport and communications sector integrates all sectors of the economy and provides a strong foundation for competitiveness, economic growth and employment creation. In Kenya, transport and communication sector plays a critical role in enhancing economic growth and employment creation (Baxter, 2011). In terms of a five-year average, the transport and communications sector stood as the largest contributor to the country’s GDP. The sector contributed an average of 20.6 per cent to the country’s GDP in the five-year period from 2007-2011 compared to 18.5 per cent for wholesale and retail trade (Republic of Kenya, 2012). In 2011, the transport and communications sector accounted for 12.7 per cent of the country’s GDP. This was compared to 17.4 per cent for the wholesale and retail trade (Republic of Kenya, 2012). The transport and communications sector also provided 5.5 per cent and 3.1 per cent of the total formal and informal sector jobs in 2010, respectively (Republic of Kenya, 2011b).

Road transport constitutes an important component of the transport and communications sector. It accounted for about 52.73 per cent of the value of output of the transport and communications sector over the period 2007-2011 (Republic of Kenya, 2012). The value of output of the road transport sub-sector increased from 49.34 per cent in 2007 to 55.98 per cent in 2011 (Republic of Kenya, 2012). It is estimated that road transport accounts for over 93 per cent of Kenya’s domestic freight and passenger traffic (Republic of Kenya, 2009). A major debate in the MSME law growth is how to promote compliance with the existing labour laws and labour related road transport regulations while at the same time ensuring growth and sustainable development of enterprises necessary for creation of decent jobs. Among the vehicles used in road transport are motor omnibuses and matatus.

Kenyan labour laws and labour-related laws make no exception to the matatu industry. Matatus and motor omnibuses provide service to millions of people a day and are the backbone of Kenya’s public road transport services (Ndungu, 2004). Matatus and motor omnibuses also account for a large proportion of the country’s SME jobs. However, the jobs created by the enterprises are precarious in nature thereby hindering their effectiveness as a tool for the socio-economic transformation envisioned in the Kenya Vision 2030 and the Constitution. The differentiated labour and labour-related issues prioritize fundamental principles and rights at work both as enshrined in the Constitution and the Core International Labour Organization Conventions (Maranga, 1989). The salient areas prioritized are formalization of employment relationships, freedom of association and the effective recognition of the right to collective bargaining, the elimination of all forms of
forced or compulsory labour, effective abolition of child labour, elimination of discrimination in respect of employment and occupation, and adherence to basic safety and health regulations (Grava, 2003).

The significance of the transport and communications sector in employment creation cannot be gainsaid. The sector is the fifth largest contributor of formal employment and the fourth largest contributor of informal sector jobs in Kenya (Republic of Kenya, 2011b). In the year 2010, the transport sector contributed 5.5 per cent of the total formal employment in Kenya. This is compared to 40.5 per cent for community, social and personal services; 16.7 per cent for agriculture and forestry; 13 per cent for manufacturing; and 8.8 per cent for wholesale and retail trades, restaurants and hotels (Asingo, 2004). The transport and communications sector accounted for 3.1 per cent of the total informal sector jobs in 2010. The wholesale and retail trades, restaurants and hotels was the largest contributor of the informal sector jobs at 59.6 per cent, followed by manufacturing at 20.4 per cent, and community, social and personal services at 9.7 per cent. The implication is that the transport and communications sector is critical to employment creation in Kenya (International Labour Organization, 2011).

Legislation is being implemented in a gradual way to balance the low cost of operations with incentives for compliance. The analysis of performance of the sub-sectors of transport and communications shows that road transport accounts for the largest share of both the value of output of the transport and the communications sector, and the country’s GDP (Beissel-Durrant, 2014). Thus building of capacity for compliance is critical in harnessing and consolidating stakeholder efforts towards promoting compliance and maximizing the gains from the industry (Asingo, 2004). The Traffic Act (Cap. 403) and the Transport Licensing Act (Cap. 404) are the two Acts of Parliament that regulate operations within the matatu industry. Some of the labour related regulations provided for in the laws are working hours for drivers of Public Service Vehicles (PSV), minimum age of employment for PSV drivers, and contracts of service for PSV drivers and conductors (International Labour Organization, 2011). The value of output of road transport to the GDP is much higher than that of the other sub-sectors. The significant contribution of road transport to the value of output of the transport and communications sector shows its critical role in sustaining the sector and, by extension, the national economy. However though the labour laws are not effectively enforced in the industry, it is neither a case of exemption from compliance nor a cushion against the attendant cost of non-compliance (Chitere, 2004). However, effective enforcement of the labour laws and labour-related legislations may inhibit growth and
sustainability of the enterprises within the industry. The matatu industry players identified a number of provisions of the labour and labour-related laws that are inhibitive to the growth and sustainability of the matatu businesses. This notwithstanding, the matatu industry and the broader micro small and medium enterprises cannot be totally exempt from the cover of the labour laws and labour related regulations (Asingo, 2004). Matatus and motor omnibuses are at the core of road passenger and freight traffic in Kenya (Republic of Kenya, 2009). According to Ndungu (2004), the significance of these modes of transport is manifested in the phenomenal increase in the number of PSV licenses issued by the Transport Licensing Board (TLB) in respect of these categories of vehicles (International Labour Organization, 2011). This is because passenger traffic constitutes an integral part of road transport. Earnings from passenger traffic increased more than two-fold from Ksh. 126.81 billion in 2007 to Ksh. 189.93 billion in 2011 (Republic of Kenya, 2012). This represented an annual average growth rate of 12.44 per cent. This is compared to freight traffic whose earnings increased from Ksh. 106.41 billion in 2007 to Ksh. 198.08 billion in 2011 (Republic of Kenya, 2012). This represented an annual earnings growth of 21.54 per cent over the period.

Matatus also constitutes the largest proportion of PSVs licensed by the TLB during the period under analysis. The number of matatus licensed accounted for an average of 72 per cent of the total number of PSVs licensed over the period 2007-2011. The number of matatus licensed by the TLB increased from 41,219 in 2007 to 55,042 in 2008 (International Labour Organization, 2011). The new licensing procedure under the Transport Licensing Board has brought in stricter requirements that PSV operators had to meet before getting a TLB license. Under this framework, all PSVs are required to operate under a matatu Savings and Credit Co-operative Society (SACCO) or company. This is seen as part of the desire by the government to institutionalize the industry (Asingo, 2004). Effectively, the PSV operators are required to be a member of a SACCO or PSV company before applying for a PSV license. This has discouraged licensing requests from individual matatu operators (International Labour Organization, 2011).

Estimates of the number of jobs created by the matatu industry vary. Ndungu (2004) reported that the number of workers in the matatu industry stood at 1,800 employees in 1973. Aduwo (1992) reported that the industry engaged 14,000 employees by 1984. Ndungu (2004) projected the number of workers in the industry at 80,000 in 2004 while Chitere (2004) put it at 160,000 workers in the same year. The considerable variation in the estimates by Ndungu (2004) and Chitere (2004) may be explained by the assumptions made by researchers. While both researchers considered
existence of 40,000 matatus on the Kenyan roads in 2004, Ndungu (2004) viewed the industry as capable of providing two direct jobs per vehicle. However, Chitere (2004) put the number of jobs at four per vehicle, taking into account a change-over by the driver and the conductor in any working day. Therefore the general consensus is that the matatu industry has a huge employment creation potential arising from both direct and indirect avenues for employment generation. The employment capacity of the industry is poised to increase with the reforms that are being implemented in the industry.

1.2 Statement of the Problem

Similar to any other MSME, the matatu industry suffers from the shortage of decent work. The jobs in the industry are written off as jobs that are insecure, attract poor wages and terms and conditions of employment, and absence of institutionalized social protection mechanisms (Khayesi, 1993). Other manifestations of decent work deficits in the industry are weak workplace safety and health standards, and absence of mechanisms for enjoyment of fundamental principles and rights at work (Chitere, 2004). This may put into question the effectiveness of the regulations. Having seen that transportation is the most important industry in so far as employment, investment and impact on other industries is concerned, its influence is so pervasive that special laws have been promulgated to govern its operation (Asingo, 2004).

The matatu industry can be described as organized chaos. The structure and networks of matatus poses obstacles but also opportunities for transport reform through regulation in Kenya. Matatus are an informal industry in Kenya that provides transport services to millions of people every day and are therefore in actual fact becomes the mainstay of the transportation system in the major cities in Kenya (Khosa, 2002). The matatu sector also has many stakeholders who pose resistance to regulations yet who have to be included in the policies aimed at regulating the sector (Grava, 2003). Also the increasing demand for transportation services due to rapid urbanization has resulted in a gap in urban transportation which the informal transportation services such as matatus has filled. Matatus are also described as dangerous, profit driven, environmentally unfriendly yet also necessary to help the low and middle income maintain a daily routine of going to work, to school and to their businesses. Matatu drivers tend to drive frantically and recklessly, as their wages and job security is dependent upon daily passenger loads yielding the daily profit mark set by the matatu owners. To accomplish this, they break traffic laws, weave in and out of traffic, cut off other
vehicles, use pavements to bypass traffic gridlocks, putting pedestrians at risk by speeding whenever possible (Khayesi, 1993).

Jomo Kenyatta issued a decree officially recognizing matatus as a legal mode of public transport (Mutongi, 2006). The decree allowed matatus to operate without obtaining any form of licensing. “The main idea was to increase and make the mobility of people more efficient and create more jobs in the informal sector.” According to Kimani (2004), Kenyatta believed that matatus were useful to the common man and that the owners, who were often the drivers as well, were examples of hard-working African entrepreneurs dedicated to contributing to the development of Kenya. “Matatus, in fact, revealed indigenous economic entrepreneurship at its best” (Mutongi, 2006). The matatu industry played a central role in mobility, politics and economics, solidifying its role and importance in Kenya’s cultural fabric. Due to this their numbers increased from 400 in 1973 to an estimated 15,000 matatus in the Nairobi Metropolitan Area today (Lee-Smith, 1999).

1.3 Purpose of the Study

The purpose of this study was to establish the importance of regulation of the matatu industry for development of government policy makers and matatu owners, and operators in the transport sector.

1.4 Research Questions

This study was guided by the following research questions;  
1.4.1 What factors affect regulation of the matatu transport industry? 
1.4.2 What benefits come with regulation of the matatu transport industry? 
1.4.3 What challenges are affecting regulation of the matatu transport industry? 
1.4.4 What milestones have been gained in regulation of the matatu transport industry?

1.5 Importance of the Study

1.5.1 Matatu Industry (Matatu Owners Association)

The Findings of the Research will be valuable to the Matatu Owners Association which invests money the matatu sector. It will help them understand the factors that affect regulation of the matatu industry, the benefits and challenges of implementing the regulatory framework. This will help to address the challenges, improve on the benefits and enhance the milestones.
1.5.2 Policy makers (National Transport and Safety Authority)
This research will also be of importance to the National Transport and Safety Authority and other policy makers and regulators such as the Traffic department. It will ensure the policies they create will be of beneficial value and strengthening the regulation on of the matatu sector. It will help the regulator to identify what are key factors on which to focus, the challenges, benefits and milestones gained and their continued operationalization.

1.5.3 Academicians and Researchers
This study can be used as reference material for future researchers on similar sectors of the transport industry. It gives important for earlier researches in public road transport systems. It also increases the literature and research on this type of public transport.

1.6 Scope of the Study
The target group for the study comprises the matatu owners and the matatu operators which includes the touts, drivers and stage managers.

1.7 Definition of Terms

1.7.1 Regulation
This is an abstract concept of management of complex systems according to a set of rules and trends employed in controlling, directing, or managing an activity, organization, or system (Ogonda, 1992).

1.7.2 NTSA
National Transport and Safety Authority (Omolo, 2010).

1.7.3 Transport
Take or carry people or goods from one place to another by means of a vehicle, aircraft, or ship (Khayesi, 1999).

1.7.4 Public transport service (PSV)
Public transport, also known as public transportation, public transit, or mass transit) is a shared passenger-transport service which is available for use by the general public, as distinct from modes
such as taxicab, carpooling, or hired buses, which are not shared by strangers without private arrangement (Graeff, 2009).

1.7.5 Matatu
The Laws of Kenya defines a matatu as a public service vehicle with a seating capacity of not more than 33 passengers, excluding the driver (Ogonda, 1992).

1.7.6 Milestones
An action or event marking a significant change or stage in development (Khayesi, 1999).

1.7.7 Bus Rapid Transit (BRT)
A high quality bus-based public transport system designed to improve capacity and reliability relative to a conventional bus system (Graeff, 2009).

1.8 Chapter Summary
This chapter has outlined the background of the study, the problem statement, the purpose of the study, research questions, and importance of the study, scope and definition of key terms used in the research. Chapter two of the research project covers the literature review of other research work that has been carried out on related topics. Chapter three outlines the research design and methodology applied in the study of regulation in the transport industry, a case of the matatu sector. Chapter four presents and explains the data collected while Chapter five consists of the study discussion, conclusion and recommendations.
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction
This chapter is structured based on the specific research questions. It reviews the relevant literature available that focuses on the effects of regulation in the matatu transport industry in Kenya. The chapter will be divided into sections that include the factors affecting regulation of the matatu industry in Kenya, the benefits that come with regulation in the matatu transport sector, the challenges that are affecting regulation and the milestones that have been gained in regulation of the sector.

2.2 Factors affecting regulation in the transport industry
The matatu means of transport has individuals, businesses and institutions who have interests in it. Other businesses linked to the matatu industry also include insurance firms, motor vehicle body builders, vehicle assemblers, vehicle importers and garages, petrol stations, driving schools and commercial banks and money lenders. The array of individuals, groups and institutions with a stake in the matatu industry thus generates a number of conflicting economic, social and political interests. Further, in addition to the struggle for regulatory supremacy, there are economic benefits pursued by the owners and operators (Cooper, 2014). The matatu is not just a business for the low income and self-employed workers, it is a big time business enterprise now involving the affluent in society. There are reported cases of where one individual may own several matatus (Asingo, 2004). This means of transport also employs drivers, conductors and stage workers (Kimani, 2004) who control the day-to-day operations of the matatu business.

2.2.1 Economic factors in the matatu sector
According to Khayesi (1993) the owners of the matatus often complain of high operating costs. To meet these costs, they justify that they have to increase the fares. The matatu operators under the instruction of the matatu owners therefore vary their fares depending on the time of the day, part of the month where prices are inflated at the beginning and end of the month, the weather conditions, prevailing transport demand and fares charged by buses (Kimani, 2004). Another reason for variation of fares by operators of matatus are to attract passengers at off-peak hours and to outcompete the buses. The commuter thus becomes the main source of the money required to satisfy the needs of these competing interests by owners, businesses and industry. It is argued that the move by Stagecoach Holdings Ltd to withdraw from the transport sector in the city of Nairobi
was largely due to stiff competition from matatus to increase financial gains to meet the many monetary demands placed on matatus by a wide range of stakeholders (Asgingo, 2004).

According to Khayesi (1998), the contract of service of the industry employees is varied. It ranges from casual, temporary, fixed term to permanent. Section 2 of the Employment Act (2007) indicates that a casual employee is a person the terms of whose engagement provide for payment at the end of each day and who is not engaged for a longer period than 24 hours at a time (Luchebeleli, 2009). Temporary employee, in this context, is someone employed for a limited period and whose job is usually expected by both sides to last for only a short time. This is different from fixed term contract and permanent employment. A fixed term contract is a contract of employment for a definite period that is set in advance by the two parties while permanent employment is employment that is guaranteed throughout the employee’s working life (Opala, 1998).

The terms and condition of work in the matatu means of transport are below standard. For instance the matatu means of transport in Nairobi, Thika, Ruiru, Kiambu and other towns in Kenya indicate that a majority of the matatu workers have verbal contracts and are employed on temporary terms (Kimani, 2004). Although some are seen to have permanent terms, what this refers to is having a record of their names and national identity card numbers kept by the owners. In addition to this most of the matatu workers have long working hours in a day, ranging mainly from nine to fifteen hours per day (Mathiu, 1999). In the order of relative importance the drivers work the longest hours, followed by conductors, stage workers and other workers. The matatu workers are mainly paid on a daily basis with only a few being paid on a weekly and monthly basis. Drivers in general are paid more than conductors and stage workers (Kimani, 2004).

The matatu industry requires heavy investment, is risky but with less durable and sustainable ventures. This may make it difficult to place the workers on fixed term or permanent contracts of service. On the contrary, industry stakeholders have also revealed that most of the industry employees prefer casual or temporary contracts of service to fixed term or permanent contracts of service (Khayesi, 1998). According to MOA, the matatu industry employees “get tired working for one employer for a long time”. This means that the employees opt to remain on casual and/or temporary contracts of service as it gives them the flexibility to move on. Orokise SACCO Ltd attempted to put their drivers and conductors on monthly terms of contract but the employees refused, preferring daily engagements. The saccos have observed that the matatu industry employees prefer to be on casual contracts of service and on daily payment due to job insecurity in the industry (Omolo, 2012).
The matatu workers have few other employment benefits offered to them in addition to their pay besides lunch allowance and leave off. Thus, the main employment benefit which these workers look forward to is their daily pay. The owners argue that they incur many costs in running their matatu businesses and this is why they cannot satisfy the expected employment benefits for their workers (International Labour Organization, 2011). The owners also expressed the view that the workers keep back some of the money they collect to make up for shortfalls in their earnings therefore matatu operation costs are actually high (Kimani, 2004). Other costs include such items as purchase deposits, insurance, road licence, matatu route association membership, fuel, tyres, management salaries, allowance, bribes, engine overhaul and regular change of gearboxes, maintenance and depreciation. Due to the many costs incurred, most new matatus rarely make profits. This then partly explains the tendency by matatus to overload and operate at high speeds to offset financial pressure on them (Khayesi, 1993).

Despite the difficult working environment, the matatu workers especially drivers and conductors, are expected to raise a good amount of money to meet the financial obligations associated with the matatu (Maranga, 1989). These financial gains are deemed necessary because of the fact that the matatu business offers direct and indirect financial benefits to a number of individuals and institutions: owners, drivers, conductors, stage workers, commercial banks, petrol stations, insurance companies, local authorities and some corrupt traffic police officers.

2.2.2 An environment of anti-social activities

According to Mathiu (1999), in addition to the economic factors in the matatu means of transport, there are social concerns. The matatu sector is an open one in which a number of unemployed youth are found assisting or loitering. There is a general decry that the matatu means of transport provides an environment for anti-social activities such as drug taking, pickpocketing, prostitution, violence and thuggery. The formation of labour groups or cartels and the ranks used by matatus is also one of the factors affecting regulation (Khayesi, 1993). There are two main groups of stage workers. The first group is made of persons who, on their own, have organised themselves into groups to beckon passengers and control the matatu stages and ranks. This group of workers has not entered into any contract with the owners, drivers and conductors. These cartels have been formed in the matatu industry to monopolise and dominate certain stages and routes (Mathiu, 1999).

The second group of stage workers are those who are employed by the owners of matatus. To counter the mafia group, matatu owners try to hire their own workers to manage the stages. This
group does more or less the same kind of work as the first group already described. The existence of strong interest groups in the matatu means of transport made of stage workers, owners and other stakeholders partly explains the regular violence and conflicts that occur in this industry (Khayesi, 1993). The conflicts take on such forms as owners versus owners; this kind of violence may erupt when a certain well established fleet of matatus attempts to operate on a route already served by another organised fleet of matatus. Touts versus owners; this conflict erupts when vehicle owners would like to take over the stages from the unofficial stage workers. In December 1998, such violent conflicts were witnessed at the Railways matatu stage in Nairobi in which life was lost (Thuku, 1998). Matatu operators versus police; this conflict occurs when the matatu crew that is drivers, conductors, stage workers and even some owners protest against an action from the police such as harassment and demand for exorbitant bribes (Khayesi, 1993).

2.2.3 Lack of solidarity between politicians/matatu operators and central/ local government
According to Mathiu (1999) the opposition politicians and matatu operators versus central or local government is where the conflict arises because when opposition leaders come out in support of matatu operators to show their solidarity with the operators to challenge actions taken by the government it results in disagreements. These actions are perceived as unfavourable to the matatu means of transport (Muune, 1998). A past example of such a conflict was in May 1999 when seven opposition members of parliament led matatu operators in a protest march to the City Hall in Nairobi to challenge the alleged allocation of a matatu stage to a private developer (Luchebeleli, 1999).

2.2.4 Following the “My Way Code.”
The behaviour of matatu drivers is a matter of concern to other road users and to the Government of Kenya. These drivers violate traffic rules with impunity. The typical behaviour of matatu drivers in Nairobi and generally in Kenya endangers the lives of other road users due to the fact that matatus do not follow the Highway Code, but the “My Way Code” (Kimani, 2004). They dawdle while touting for passengers and then make up for the delay by driving at breakneck speed between stops regularly breaking all speed limits. They pull up in front of traffic to get ahead and stop in the middle of the road to pick passengers instead of pulling to the side. In fact, they stop anywhere in order to pick up or set down passengers, especially at roundabouts (Khayesi, 1993). Matatus usually give no signals. They often overtake on the inside and in many instances use the verge instead of the road itself. They weave in and out of traffic, overtaking on hills and corners, ignoring right of way at roundabouts and road junctions, and violating the “Keep Left” rule at traffic islands. They race other matatus, sometimes forming a line abreast the road (Khayesi, 1998).
The behaviour explains to a large extent the increasing number of matatu accidents in Kenya (Khayesi, 1998). Compounding the problem is the overloading of passengers in matatus partly due to lack of passenger vehicles at peak periods and also a desire by the operators to maximize profits. The high speeds at which these vehicles are driven is meant to make more trips and the overloading of passengers is aimed at augmenting the financial gains (Opala, 1998). However, over speeding and overloading exposes the passengers, operators and other road users to great road traffic accident risks. It is this kind of behaviour that often results in matatus initiating and causing considerable accidents and traffic conflicts (Kimani, 2004). A study of road traffic accidents and conflicts on selected T-junctions in Nairobi revealed that matatus initiated more conflicts than any other vehicle type. Tunbridge (1998) clearly brings out the disregard for safety by matatus by observing that racing for time and battling against stiff competition, safety is invariably thrown to the wind. Pity the pedestrian who is in the way as a matatu tries to skip the queue of traffic by speeding along the pavement (Tunbridge, 1998).

According to Luchebeleli (2009) the dangers facing passengers in this means of transport is intensified by the fact that passenger protection is very inadequate as seen in the easily detachable seats used, poor vehicle maintenance, excessive and reckless driving. In an attempt to regulate the speed of public transport vehicles, the Government of Kenya required that these vehicles should be fitted with speed governors by March 1996 (Daily Nation, 9/2/1996; Kenya Times, 28/2/1996). There was a strong protest from the matatu operators who made a strong presentation arguing that the speed gadget, locally nicknamed blackbox, was very expensive (The East African, February 26-March 2 1996; The People, March 22-28 1996; Daily Nation, 18/3/1996). The matatu operators led a delegation to the Minister for Transport and Communication. Not satisfied with the outcome, the operators went in a delegation to see the head of state himself. The government requirement has, as a result, been shelved and there is no public transport vehicle that has been fitted with the black box (Mathiu, 1999).

2.3 The Benefits gained in regulation of the matatu transport industry

Globally, creation of productive and sustainable employment opportunities is part and parcel of basic policies on economic growth, poverty reduction and development (Chitere, 2004). The same has been the central policy priority of the Kenya government since attaining political independence in 1963 (Omolo, 2010). Long term trends and dynamics of employment in Kenya reveal a declining number of jobs being created in the formal sector as compared to those in the informal sector. Total employment in Kenya increased from 0.804 million workers in 1972 to 11.48 million
2011 (Omolo, 2013). The importance of the informal sector to employment creation is manifested in the phenomenal growth in informal sector employment. Contribution of informal sector to employment increased from 10.4 per cent of total employment in 1972 to 80.8 per cent of total employment in 2011. Over the last three decades to 2011, formal sector employment grew at an average of 2.8 per cent per annum as compared to 14.1 per cent for the informal sector (Opala, 1998).

2.3.1 Contribution of the sector to the Increase in Employment
The significance of transport and communications sector in employment creation cannot be gainsaid (Omolo, 2010). The sector is the fifth largest contributor of formal employment and the fourth largest contributor of informal sector jobs in Kenya (Republic of Kenya, 2011a). In year 2010, the sector contributed 5.5 per cent of the total formal employment in Kenya. This is compared to 40.5 per cent for community, social and personal services; 16.7 per cent for agriculture and forestry; 13 per cent for manufacturing; and 8.8 per cent for wholesale and retail trades, restaurants and hotels. The transport and communications sector accounted for 3.1 per cent of the total informal sector jobs in 2010. The wholesale and retail trades, restaurants and hotels was the largest contributor of the informal sector jobs at 59.6 per cent, followed by manufacturing at 20.4 per cent, and community, social and personal services at 9.7 per cent (Omolo, 2013).

The matatu industry has a huge employment creation potential arising from both direct and indirect avenues for employment generation. The employment capacity of the industry is poised to increase with the reforms that are being implemented in the industry. These include institutionalization of the industry through formation of SACCOS and companies to manage the industry, and streamlining the employment relationships. Kenya operates a number of labour laws and labour related regulations that govern operations within the country’s labour market. Key among the legislations is the Constitution. Chapter four of the Constitution on the Bill of Rights provides for various rights and fundamental freedoms. Article 36 grants every person the right to freedom of association. This, according to the Constitution, includes the right to form, join or participate in the activities of an association of any kind, including trade unions (Luchebeleli, 2009).

2.3.2 Fair labour practices; fair remuneration and reasonable working conditions
According to the International Labour Organisation (2011), Article 37 accords every person the right to freedom of assembly, demonstration, picketing and petition. Article 41 of the Constitution
on Labour Relations grants all persons the right to fair labour practices. It also guarantees every worker the right to: fair remuneration; reasonable working conditions; form, join or participate in trade union activities and programmes; and undertake strike action. Similar rights are also accorded to employers. Article 43 of the Constitution provides for economic and social rights, which includes the right to social security (Omolo, 2013). The Constitution also provides for equality in access to employment opportunities. The Constitution, therefore, advocate for decent work, where freely chosen productive employment is promoted simultaneously with fundamental rights at work, adequate income from work, representation and security of social protection (Omolo, 2012).

Kenya has five core labour laws that regulate employment relationships; (International Labour Organisation, 2011). The Employment Act (2007) declares and defines the fundamental rights of employees, provides basic conditions of employment, and regulates on employment of children. It sets minimum terms and conditions of employment, prohibits forced labour, outlaws child labour, sexual harassment and discrimination in employment (Mathiu, 1999). The Act also puts a capping on casual employment, provides for 21 days’ annual leave for all employees; three (3) months’ maternity leave for female employees and 2 weeks’ paternity leave for male employees. It safeguards workers’ dues in the event of employer’s insolvency, and ensures that workers whose employers do not contribute to provident funds do not lose their benefits for years worked, among other salient provisions (Luchebeleli, 2009).

The Labour Relations Act (2007) consolidates the law relating to trade unions and trade disputes. It also provides for the registration, regulation, management and democratisation of trade unions and employer’s organisations or federations, and seeks to promote sound labour relations through the protection and promotion of freedom of association (Chitere, 2004). The Labour Relations Act (2007) similarly provides the legislative framework for reinforcement of effective collective bargaining and promotion of orderly and expeditious dispute settlement, conducive to social justice and economic development. The Labour Institutions Act (2007) provides for establishment of labour institutions, outlines their functions, powers and duties and other related matters. The institutions of social dialogue established under the Labour Institutions Act (2007) are the National Labour Board (NLB), Industrial Court and Committee of Inquiry. Others are Labour Administration and Inspection, Wages Councils (WCs) and Employment Agencies (Omolo, 2010).
2.3.3 Work Injury Benefits and Occupational Safety and Health


According to McCormick (1997), Occupational Safety and Health Act (2007) provide for the safety, health and welfare of workers and all persons lawfully present at workplaces. The Occupational Safety and Health Act (2007) sets out the duties of employers and employees in promoting safety and health in workplaces; provides framework for enforcement of the Act; and registration of workplaces (Mathiu, 1999). It also legislates on health general provisions in terms of cleanliness, over-crowding, ventilation, lighting, drainage of floors, and sanitary conveniences. The Occupational Safety and Health Act (2007) also set out the health, safety and welfare provisions. Besides the five core labour laws, Kenya also enforces other labour related legislations that impact directly on the matatu industry. These are the National Social Security Fund Act (Cap. 258), the National Hospital Insurance Fund Act (Cap. 255), the Traffic Act (Cap. 403) and the Transport Licensing Act (Cap. 404). The National Social Security Fund Act (Cap. 258) establishes the National Social Security Fund (NSSF). It sets framework for membership and contributions; regulation of benefits; finance, administration and legal proceedings; and miscellaneous provisions. The National Hospital Insurance Fund Act (Cap. 255) establishes the National Hospital Insurance Fund (NHIF). It sets framework for membership and contributions; regulation of payment of benefits; and finance, administration and legal proceedings. It also establishes the National Hospital Insurance Advisory Council. (Omolo, 2013).

The Traffic Act (Cap. 403) consolidates the law relating to traffic on the roads. Section 33(1) (c) sets out the minimum age of employment of a driver while Section 66A (1) regulates the working hours of a PSV driver. The Legal Notice No. 161 of 2003 provides for employment of all PSV drivers and conductors on a monthly contract. Section 103A (6) of the Traffic (Amendment) Act No. 37 of 2012 requires vetted conductors and drivers of PSVs to be paid a permanently monthly salary by the owner of the PSV. The Transport Licensing Act (Cap. 404) provides for the co-
ordination and control of means of and facilities for transport. The Act establishes the Transport Licensing Board (TLB).

The Act requires PSV operators to be members of a matatu SACCO or company prior to applying for a PSV license. This legal requirement seeks to institutionalize the industry in terms of operation of the vehicles and employment of drivers and conductors (Mathiu, 1999). A common thread of the labour laws and labour related regulations is that they are applicable, without discrimination, to workers and employers in all sectors of the country’s economy. The provision on conversion of casual employment to term contract is critical to operations of the matatu industry (Thuku, 1998). The MSME Survey of the matatu industry conducted in 2012 established that about 85 per cent of the 2,069 matatu industry employees interviewed were on casual contracts of service. About 80 per cent of the casuals were on daily contracts of service while an estimated 17 per cent were squads. However, given the nature of the matatu industry, it is possible that such employees on daily contracts can serve for a period which is higher than the threshold level of at least one month required for conversion into term contract (Thuku, 1998).

Equally, the baseline survey put the useful life of a matatu at three to six years. This means that a matatu employee performs work which cannot reasonably be expected to be completed within a period, or a number of working days amounting in the aggregate to the equivalent of three months or more (Thuku, 1998).

According to the International Labour Organisation (2011), majority of the matatu industry employees who are serving on casual contracts of service are eligible for conversion into term contract. This, according to the Act, would also entitle the employees to termination notice as per Section 35(1) of the Employment Act (Mathiu, 1999). Application of the requirement of Section 37(1) would essentially have the contracts of almost all the industry employees serving on casual contracts of service converted into term contracts with the attendant termination notices. Section 40(1) of the Employment Act (2007) regulates on termination on account of redundancy. The Employment Act (Section 2) defines redundancy as the loss of employment, occupation, job or career by involuntary means through no fault of an employee, involving termination of employment at the initiative of the employer, where services of an employee are superfluous and the practices commonly known as abolition of office, job or occupation and loss of employment (McCormick, 1997).

According to Section 40(1) of the Act, an employer is required to notify the trade union to which the employee is a member and the area labour officer of the reasons for and the extent of the
intended redundancy at least a month before the date of termination on account of redundancy. Where an employee is not a member of a trade union, the employer is required to notify the employee personally in writing and the area labour officer. Section 40(1) also requires that the employee(s) declared redundant are not placed at a disadvantage during payment of terminal benefits due to their union status (Thuku, 1998). The employer is also required to pay such employees for any leave due, a notice of at least one month or payment in lieu of notice and severance pay of at least 15 days per completed year of service. Section 74(1) requires employers to keep and maintain a written record of all employees employed by him and with whom he has entered into a contract.

The employment records is expected to contain a breakdown of all the terms and conditions of employment, a record of warning letters or other evidence of misconduct of an employee, and any other particulars required to be kept under any written law or as may be prescribed by the Minister (Mathiu, 1999). The Work Injury Benefits Act (2007) is an Act of Parliament to provide for compensation to employees for work linked injuries and diseases contracted in the course of their employment. The matatu industry players identified insurance policy, registration of employers, requirement by employers to keep records and the right to compensation as some of the provisions of the Act that inhibit business growth and creation of decent jobs (Mutongi, 2005).

### 2.3.4 Savings through the matatu Co-operative society

Section 7(1) of the Act requires every employer to obtain and maintain an insurance policy in respect of any liability that the employer may incur to any of his employees. This provision cannot be discussed exhaustively as it is still a subject of a court dispute (Mutongi, 2005). The matatu industry players, however, observed that implementation or enforcement of the provision would increase the cost of doing business, inhibit growth and development of the matatu industry and undermine employment creation. Section 8(1) of the Work Injury Benefits Act (2007) obliges every employer carrying on business in Kenya to register with the Director of Occupational Safety and Health Services. It also requires the employers to furnish the Director with the prescribed particulars of the business, any changes in the particulars, and any other additional particulars as may be required. Section 10 of the Work Injury Benefits Act (2007) grants employees the right to compensation. It accords the employees the right to compensation for accidents resulting in disablement or death; and injuries suffered in the course of work (Thuku, 1998).
2.4 The Challenges affecting regulation of the matatu transport industry

Most stakeholders believe that the lack political will and political champions is the reason the matatu industry is disorganized, as the lack of political champions is a major obstacle in developing a progressive plan for matatus (Mutongi, 2005). Thousands of people are operating matatus independently and competing against each other. The relevant ministries and organizations are considered corrupt or weak. Without a governmental umbrella organization to guide transport the whole system has become fractured, allowing cartels to thrive as they offer a type of organization, albeit exploitive (Chitere, 2004). Related, the lack of political will to organize the matatu industry is detrimental to the overall image of Nairobi. Nairobi is the country’s capital and one of the most important cities in East Africa. The city demands a transportation system that provides mobility and fosters economic activity (Thuku, 1998).

Although the community has been vocal by writing articles in daily newspapers and posting responses on blogs regarding the need for a champion, the government continues to ignore public demand. An added possible obstacle to change is also that allegedly many politicians are currently absentee owners and profit from matatus. Poor driving behaviour seems to impact all the stakeholders in the matatu industry. Matatu drivers tend to drive recklessly, as their income and job security is dependent upon daily passenger loads yielding the daily profit mark set by the matatu owners (Lee-Smith, 1999). To achieve this, they break traffic laws, weave in and out of traffic, cut off other vehicles, use sidewalks to bypass traffic jams, putting pedestrians at risk in many instances. As the congestion worsens, people spend more time on the road but at a standstill, creating opportunities for crimes to be committed. There are also crime concerns at the matatu staging areas and terminals. The matatu industry is considered an “open” sector and as such, there are many unemployed youth who loiter, creating havens for anti-social activities such as drug use, petty theft, prostitution and violence (Khayesi, 1999).

2.4.1 The presence of cartels

Security issues due to the presence of cartels, specifically the Mungiki, affect the entire matatu industry. Clashes for control of routes and termini threaten innocent bystanders, commuters, crews and stage workers and Mungiki’s tight control over the industry, maintained through the threat of violence, creates a dangerous working environment (Chitere, 2004). In interviews ranging from to matatu owners to academic experts, many believe that politicians and the Mungiki are working together for illicit financial gains at the expense of the matatu industry (Lee-Smith, 1999). Job security is a major concern particularly for matatu crews and support staff. This concern arises
from their casual employment status and verbal employment contracts. Poor job security precipitates reckless driving and overcrowded matatus as drivers and conductors must meet the daily revenue marks or risk being fired. Pointedly basic employment policy in Kenya does not cover matatu workers. Specifically, the government’s desire to phase out 14-seat matatus has owners and crews of these matatus concerned as a majority of matatus in Nairobi are 14-seat matatus. This means that a majority of the crews are operating a vehicle that is expected to be phased out in the future (Mutongi, 2005).

### 2.4.2 Corruption and bribery

Matatu owners and matatu drivers repeatedly complain that the police harass them and pull them over and yet they have not done anything illegal. Instead of pulling the vehicle off the road, the crew pays off the traffic police officer (Ndungu, 2004). The police are often believed to be working with the Mungiki as well. The police officers receive weekly bribes from the Mungiki on certain routes, and this supposedly permits the Mungiki to conduct their business with impunity. The cost of procuring a matatu and thereafter recovering the initial costs is the main concern for owners. This can be difficult at first but the general expectation is that a sizable profit can be realized in a reasonably short time period (Mutongi, 2005). Prospective owners know new vehicles are produced and available locally but they are too expensive to purchase therefore they purchase as second hand from overseas. Owners must also consider the basic cost of operations, which automatically includes expenditures to cover corruption and as well as bribery. Fuel, salaries and insurance are the most expensive costs for owners so to ensure that costs are recovered, owners set a target for daily profit thus encouraging matatus crews to overcrowd and speed (Thuku, 1998).

### 2.4.3 Congestion at the Transport licencing Board

According to Kimani (2004), the push to phase out 14-seat matatus is becoming an increasingly important topic. For the matatu owners and drivers, there are two main concerns: the pace at which the 14-seat matatu will be phased out and their ability to upgrade to a higher capacity vehicle with little to no compensation or assistance. The phasing out of the 14-seat matatus poses concerns for some commuters as well as the 14-seaters fill up faster, allowing for quicker departure times and navigating congestion better than bigger buses (Ndungu, 2004). Also there have been numerous master plans and transport studies for Nairobi conducted by various organizations as well as the Government of Kenya over the past fifty years but few if any of the recommendations from these master plans and studies have been considered or implemented. Recently, the Ministry of Nairobi Metropolitan Development unveiled its Metro 2030 Vision, and while it is only a vision of a plan, it
is meeting great resistance from surrounding municipalities (Mutongi, 2005). This lack of vision for the matatu industry has allowed the matatu industry to grow and operate in a way that benefits the provider, rather than the community and city (Lee-Smith, 1999).

2.4.4 Lack of consistent data available regarding matatus

It is problematic that there is no consistent data available regarding matatus. Either there is no central database or there is extremely limited access to the database that tracks the various characteristics of matatus operating in Nairobi. The best way to obtain this information is through the SACCOs but not all the SACCOs are registered and overall information is scarce (Chitere, 2004). The lack of data makes it difficult to comprehend the complexity of the transport system. Some studies have attempted to do so, but contradictory findings between these studies are common. For example, one study states that matatus employ up to four people (Kimani, 2004). However a matatu that employs four people will most likely be unable to cover operating costs and generate a profit. In developed countries a majority of people use public transport service that is overseen by a government body, which we do not find in Kenya (Lee-Smith, 1999).

When the Michuki Rules were gazetted in the year 2004, too many of the stakeholders and specifically to the commuters, it was a positive step for the matatu industry. As a result, many believed that Mr Michuki could become the political champion that was desperately needed to reform the matatu industry and the transport system (Kimani, 2004). However others were opposed to the Michuki Rules, specifically the matatu owners, operators and the MOA (Ndungu, 2004). The owners and drivers were so angry with the new rules that nationwide matatu strikes were organized, shutting cities down for days. According to the Institute of Policy Analysis and Research, the provisions mandated by the Michuki Rules were quite costly for owners, sparking the outrage. Commuters, taxi drivers and bus drivers believe that the behaviour of the matatu driver creates a dangerous driving environment. Complaints of rude and unprofessional crews, loud music and erratic driving persist (Lee-Smith, 1999).

Some believe matatus should be abolished completely. There is an alternative viewpoint, however, arguing that the commuter is not an innocent bystander and that matatu crews are unfairly characterized. In one recent article, a matatu operator stated that he believes that matatus have become the scapegoat for everything that is wrong in Nairobi (Mutongi, 2006). The absence of a proper regulatory framework and the relaxing of the Michuki Rules have also led the matatu crews and the police to practice collusion (Kimani, 2004). Industry behaviour fosters a negative image of
transport in Nairobi and reflects poorly on the Nairobi community in general. For the commuters and operators, congestion is a core issue as it takes an unreasonable amount of time to access the city. Congestion can directly lead to increased security issues for commuters stuck in traffic, exposing them to potential crime risks and creating serious problems regarding health emergencies. One study estimated that time spent on travel due to increasing congestion is approximately Ksh 1.89 billion per year (Lee-Smith, 1999).

According to Chitere (2004), many blame the TLB for the congestion in Nairobi, believing that the Board continues allocating PSV licenses, simply to ensure revenue for the government. As a result, the roads are saturated with public service vehicles. It is important to note that it is the mandate of the TLB to issue licenses (Kimani, 2004). The TLB has no power to change the current licensing policies. The United Nations Environmental Program (UNEP), states that over 90% of air pollution in developing countries is due to vehicle emissions caused by the high number of older vehicles, poor road conditions in Nairobi are a significant problem, presenting an increased vehicular maintenance. As not all owners can afford to maintain their vehicles when necessary and considering the vehicles can be quite old, greater levels of toxins are emitted, which increase health problems associated with air pollution (Ogonda, 1992).

The commuter is an under-represented stakeholder in the industry. A representative from the Commuters Welfare Association, stated that the main issues for commuters are the amount of time spent on the road, fares and accessibility (Chitere, 2004). Casualization of jobs and other contemporary forms of employment more often than not, do not facilitate the workers to enjoy the fundamental rights at work. Such rights include freedom of association and collective bargaining, right to paid leave, and the right to social protection as provided under the National Social Security Fund (NSSF) and the National Hospital Insurance Fund (NHIF). Even though the NSSF and NHIF have expanded their membership base to include casuasls and other workers, only a few of the workers may have joined the schemes. Such forms of employment if not well checked, impair labour relations and erode worker protection. They also transfer additional responsibilities, such as social and trade union protection, job security, and wage negotiations to the worker. This may, however, be at the expense of productivity, national competitiveness and employment creation (Ogonda, 1992).
2.5 The milestones gained in regulation of the matatu transport industry

According to Luchebeleli (2009) the matatu sector in Kenya has undergone immense transformation, from the unregulated, chaotic 1990s to a more client focused and fairly safe industry (Ogonda, 1992). There has been remarkable achievement and attainment of decency in a field which was ruled by cartels and gangs only a few years back through extortions. The matatu business was synonymous with recklessness, death and violence. Government efforts to introduce an alternative transport system through public funded Nyayo buses failed because of corruption and mismanagement. The transport sector was characterised by lack of observation of traffic regulations, resulting in a large number of fatal road accidents and serious injuries. There were times when the public at large could not figure out whether public transport was a blessing or a curse. Passengers were mistreated at will across the country. They were verbally abused and physically assaulted. Theft, hijacking, sexual harassment, beatings were rampant (Ogonda, 1992).

2.5.1 The Michuki rules

Today, thanks to the efforts the stakeholders, especially the public transport vehicle owners and the government, policy measures have been put in place to make Public Service Vehicles (PSV) a sober industry that woos many investors yearly (Lee-Smith, 1999). PSV operators are now required to join independent, Government-registered transport companies or Savings and Credit Cooperatives. There is now a vibrant Matatu Owners Association, which imposes checks and balances on its members (Kimani, 2004). These associations have developed terms of service and codes of conduct for their owners and workers and now they are transforming the industry in its entirety. PSVs are now fitted with seatbelts and speed governors. In 2004, a phenomenal transformation swept the country (Ogonda, 1992).

The then Transport and Communications minister, the late John Michuki, single-handedly restored sanity in Kenya’s troubled public transport sector through the so-called Michuki rules. All PSVs were to operate on clearly designated routes under Saccos, they were required to carry a specified number of passengers and matatu crew were required to have a clean security record. Fatalities reduced significantly as carrying excess passengers was banned (Luchebeleli, 2009). Disrespect, which could lead to a jail term, saw the matatu crew embrace discipline. Thus the implementation of the regulations led to a drastic reduction in the number of people killed or injured in road accidents. Notably, many Saccos have deployed digital tracking and fleet management systems to support business operations and prevent criminal activity (Kimani, 2004). MOA is confident that a bold new era of cashless fare payment system (using a card to pay fares) would improve efficiency.
Noteworthy, the National Transport and Safety Authority (NTSA) has a rule that slaps a blanket suspension on all public service vehicles attached to a Sacco when one of them commits a traffic offence. This is geared towards ensuring matatu Sacco’s and all their staff comply with traffic rules (Ogonda, 1992).

2.5.2 Accountability of matatus through the respective Saccos

MOA has made a welcoming proposal to have drivers and conductors paid regular salaries. This proposal is aimed at ensuring PSV drivers and conductors get standard salaries to enable them pay income taxes and also contribute to the National Social Security Fund and the National Hospital Insurance Fund (Macharia, 1998). Recently through a proposal, requested the Government to allow the National Youth Service to train matatu drivers as a way of having qualified drivers on the roads (Luchebeleli, 2009). This was informed by the need to have them (drivers) well equipped to observe traffic rules to the fullest. It is through these milestones that MOA, University of Nairobi and other stakeholders have organised several sessions which deliberated on issues of road safety including cross border operations and the challenges and opportunities being experienced. Delegates deliberated on safety regulations and controls enforced in the region. MOA acknowledges the genuine and mounting need to harmonise safety regulations and controls. The association also hopes that discussions at different levels will generate solutions that Kenyans in particular and people of East Africa at large will be proud of for generations to come (Macharia, 1998).

MOA has taken the obligation to draw together the various national and regional Public Service Vehicle (PSV) bodies to unite and work together (Ogonda, 1992). These are geared towards forming a regional secretariat to articulate, lobby and speak with one voice in effectively addressing pertinent issues in the transport sector (Grava, 2003). New ideas and technologies being explored for introduction into the transport sector will also be discussed. This includes the Bus Rapid Transport (BRT) concept which has been recommended as one of possible solutions. This system is expected to decongest the city of Nairobi, which has suffered many challenges to business due to persistent traffic jams (Ogonda, 1992).

Education campaigns, workshops and seminars that engage and educate the public about different transport systems and models around the world have helped to empower all stakeholders to demand improvement of the matatu industry and transport system (Grava, 2003). Through enhanced and concentrated community involvement and through community boards and neighbourhood
associations, communities could help persuade the government to take a more active role in Nairobi’s transport future. A major effort should be focused on data and information gathering in an attempt to finally garner a more concrete understanding of the number, specification and operating route of the matatus on the road. This will help in understanding exactly how many people will be impacted by a change in the industry (Lee-Smith, 1999).

2.5.3 Compilation of data on the matatu sector
The TLB is currently computerizing its data so there can be more information on certain characteristics of the entire PSV industry, and not just matatus. If possible, the Ministry of Transport could mandate a temporary freeze on new PSV applications for over serviced routes and 14-seaters, while the TLB is collecting information on the current PSV system. The TLB could continue to consider renewed applications for PSVs but accurate information is necessary to determine the next steps to be taken and how to transition the existing workforce (Aduwo, 1990).

The Ministry of Transport could also create policies emphasizing increased responsibility for matatu owners if they wish to legally operate a matatu. Change can begin with the owners through eliminating conflict of interest ownership scenarios, owners should be literate and aware of transport policies, updates and notices. Potentially owners could be tested when re-applying for PSV licenses, owners should not engage in price fixing but should have a set amount of net income based on calculations considering operation costs (Ogonda, 1992). This could be included as part of their PSV application; and owners should be encouraged to join their local Matatu Owners Association or Matatu Welfare Association branch (Ogonda, 1992).

There is also an opportunity for SACCOs to play leading roles in the transition process. The saccos should promote themselves as professional transport firms acting as key stakeholders in the transition process. They can act as the liaison between the members of their sacco and the other stakeholders, including the Government. One key stakeholder could be the MOA, whose chairman, Simon Kimutai is advocating for a more organized matatu industry which he claims will lead to a more profitable industry, through higher capacity vehicles (Grava, 2003).

2.5.4 Dismantling of cartels
The democratically elected officials of each sacco should embrace the role of organizing matatu owners of 14-seat matatus into groups that can purchase capacity vehicles. There is a program offered from General Motor East Africa (GMEA) to finance higher capacity vehicles and the saccos should work with GMEA directly, possibly through workshops to guide the investors along the way (Ogonda, 1992). The saccos could also look to the MOA for assistance and advice, as there
are examples within the MOA of how to make such a transition. It is worth noting that not all routes may need to make this shift to higher occupancy vehicles. In areas where it is difficult for bulkier and larger vehicles to navigate, it may be appropriate to have smaller vehicles operate the route. Through these two shifts, the matatus can begin to position themselves so that they can be a strong and organized industry seen as a necessary component to a larger more comprehensive mass transit system that can service the entire metropolitan area, including satellite cities (Aduwo, 1990). According to Aduwo (1990), it could benefit the industry and their stakeholders to better utilize the civic associations, specifically the MOA. These associations have the ability to unify the industry and strengthen the voice of stakeholders within it, which is an important incentive. To bring sanity to public transport, matatu and bus operators had to organize themselves into cooperatives in the form of saccos or companies for ease of management and enforcement of discipline.

It was compulsory for all those seeking a Transport Licensing Board (TLB) certificate to be members of a matatu sacco. About 1,000 matatu Saccos have been registered. Matatu operators constitute 80 per cent of the public transport system in Kenya. While the saccos are important as well, they find themselves in competition with each other, rather than working collaboratively. This competition helps create the dangerous and stressful work environment. Greater involvement in civic associations could possibly balance out this competitive environment. There could also be some benefit in the creation of unions for many of the stakeholders who are not represented in the matatu industry. While owners are recognized, crew operators and stage workers are not. Although they have a civic association, the commuter is one stakeholder that is sorely under-represented in the transport system, especially regarding the matatu industry. Networking with major cities in Africa also reforming their transport systems may be helpful in Nairobi’s own transport transformation. It could be helpful for the government, civic associations, and other stakeholders to create a dialogue with key individuals and counterparts in Tanzania or in South Africa and learn from their transition process (Ogonda, 1992).

For matatus owners, as well as other stakeholders, to be able to talk to their counterparts in other countries where transition is occurring could be helpful in facilitating a smooth transition in Nairobi. To belong to a sacco, the operator has to pay an entry fee and contribute shares in the sacco. The entry fee includes route and goodwill charges that vary according to saccos. There also exist other informal charges levied by the informal groupings. Finally, the entrepreneur has to obtain and maintain an insurance cover (Ogonda, 1992). This is paid for at an average rate of Ksh. 8,000 per month depending on the nature and age of the vehicle. To include the driver in the insurance cover, the operator could add between Ksh. 1000 and Ksh. 2,000 depending on the
insurance company. Awareness and knowledge of the existence of the labour laws are important in facilitating enjoyment of the fundamental rights and freedoms at work. However, knowledge the provisions of the law are crucial in deepening the enjoyment of the rights, and promoting accountability and democracy within the work place (Aduwo, 1990).

The democratically elected officials of each sacco should embrace the role of organizing matatu owners of 14-seat matatus into groups that can purchase capacity vehicles. There is a program offered from General Motor East Africa (GMEA) to finance higher capacity vehicles and the saccos should work with GMEA directly, possibly through workshops to guide the investors along the way. The saccos could also look to the MOA for assistance and advice, as there are examples within the MOA of how to make such a transition. It is worth noting that not all routes may need to make this shift to higher occupancy vehicles. In areas where it is difficult for bulkier and larger vehicles to navigate, it may be appropriate to have smaller vehicles operate the route. Through these two shifts, the matatus can begin to position themselves so that they can be a strong and organized industry seen as a necessary component to a larger more comprehensive mass transit system that can service the entire metropolitan area, including satellite cities. It could benefit the industry and their stakeholders to better utilize the civic associations, specifically the MOA and MWA (Ogonda, 1992).

These associations have the ability to unify the industry and strengthen the voice of stakeholders within it, which is an important incentive (Obudho, 1992). While the saccos are important as well, they find themselves in competition with each other, rather than working collaboratively. This competition helps create the dangerous and stressful work environment. Greater involvement in civic associations could possibly balance out this competitive environment. There could also be some benefit in the creation of unions for many of the stakeholders who are not represented in the matatu industry (Thuku, 1998).

According to Aduwo (1990) while owners are recognized, crew operators and stage workers are not. Although they have a civic association, the commuter is one stakeholder that is sorely under-represented in the transport system, especially regarding the matatu industry (Obudho, 1992). Networking with major cities in Africa also reforming their transport systems may be helpful in Nairobi’s own transport transformation. It could be helpful for the government, civic associations, and other stakeholders to create a dialogue with key individuals and counterparts in Tanzania or in South Africa and learn from their transition process. For matatus owners, as well as other
stakeholders, to be able to talk to their counterparts in other countries where transition is occurring could be helpful in facilitating a smooth transition in Nairobi (Thuku, 1998).

2.6 Chapter Summary
In this chapter, an introduction of the literature review was given. This included the review of literature on the regulatory and economic sphere of influence and concern in the matatu means of transport, the impact of the labour law and labour related regulations on the matatu industry, the stakeholders in the matatu industry and factors affecting regulation of the sector and considerations for integration of matatus into the road transport regulation and economic systems.
CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction

This chapter outlines the research methodology that was used in the study including the design, the population of the study, sample size, sample frame, data collection methods, research procedures and data analysis and presentation of the research findings.

3.2 Research Design

The research design method used in this study was descriptive. Descriptive design was adopted since it helped to establish the pertinent facts that the research intends to establish without necessarily manipulating the variables of the study. According to Yin (2013), Descriptive design seeks to find out who, what, which and how of a population thus giving the reader a picture of the people, events or objects to which they relate (Baxter, 2011). The process of relating an empirical test to affirm or refute a knowledge claim involves making decisions on the type of data required, where that data was found, techniques used during data collection, analysis of the collected data and interpretation. This was appropriate for this study which sought to establish the effects of regulation in the matatu transport industry.

3.3 Population and Sampling Design

3.3.1 Population

Coopers (2014) proposes that a population is the total collection of elements about which we wish to make some references. The target population of the study consisted of the matatu saccos which encompassed the matatu operators made up of drivers, touts and stage managers. Due to the various factors affecting the matatus industry the number of matatu operators keeps varying but the environment remains the same.

3.3.2 Sampling Design

This section describes the sampling frame and technique that was used for the study and the actual sample size drawn from the target population. According to Baxter (2011), a sample is a subset of the population.
3.3.2.1 Sampling Frame
Suitable sampling frame was required for the selection of the sampling units. According to Cooper (2014), a sampling frame is a list of elements from which sample is actually drawn and is closely related to the population. The target population of the study consisted of the transport saccos in any of the routes in Nairobi. The sampling frame consisted of the matatu Saccos in Nairobi. The Saccos sampled was obtained from the Matatu Owners Association with matatus.

3.3.2.2 Sampling Technique
According to Beissel-Durrant (2014), sampling techniques is the process of selecting some elements from a population to represent that population. The sampling technique for this study was stratified sampling technique because we targeted a specific sub-group or demographic. Simple random sampling was used to draw the samples across the strata.

3.3.2.3 Sample Size
In any research, selected sample enables the researcher to make a generalization about a given population. A sample is a subset of a population (Blumberg, 2014). This is however useful only if it accurately represents the larger population. To ascertain that the selected sample is representative of a given population, a researcher needs to clearly define the characteristics of the population, establish the required sample size, and choose the appropriate method for selecting members from the population. For this study, the sample size was selected using the rule of thumb for determining the sample size i.e. where a given population is beyond a certain point (N=200), the population size is almost irrelevant and a sample size of 30 may be adequate. Distribution of the respondents is as detailed below:

Table 3.1: Distribution of Respondents

<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>Population</th>
<th>% Sample size</th>
<th>Sample Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Matatu Saccos</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Respondents</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

3.4 Data Collection Method
Data collection instrument used by the researcher for this study was a questionnaire which was developed and organized on the basis of the research questions to ensure relevance to the research problem. Likert measurement scale was used. Based on the four research questions, the questionnaire was divided into five sections, section A, B, C, D and E where section A captured the
demographic information of the respondent while section B, C, D and E captured information relating to the four variables under the study.

3.5 Research Procedures

The questionnaire was developed by the researcher and was tested for validity and reliability. Reliability of the questionnaire was tested through piloting using 10 questionnaires which will be submitted to randomly selected matatu Saccos and whom their responses were not included in the final study sample. Validity was tested by submitting the questionnaire to the supervisor of this project to confirm whether the questions captured the objectives of the research.

The researcher sought consent from the university prior to the research. The researcher also requested permission from National Transport and Safety Authority and Matatus Owners Association to carry out a research and select those who participated in the study. The researcher collected the data through the use of research assistants, who used the ‘drop and pick method’. The assistants then made follow up on the fully completed questionnaires.

3.6 Data Analysis Methods

Cooper and Schindler (2014), define data analysis as the process of editing and reducing accumulated data to a manageable size, developing summaries, looking for patterns and applying statistical techniques. The data collected was reviewed to detect any possible errors and omissions. In the instances where the provided data was deemed incomplete or errors noted, the respondents re-contacted over the telephone for further clarification. Data was then be prepared in readiness for analysis using the statistical package for social sciences (SPSS) computer software. SPSS generated descriptive statistics.

Data collected was analysed using descriptive statistics. Descriptive statistical analysis included tabulated description and graphical description methods for organizing, summarizing and presenting data such as tables, graphs and charts. Descriptive values such as the average score will be used to summarize the data. Descriptive statistical analysis included making valid conclusions from the data. This helped describe the large group of the population from the information taken from a part of the group. For this study, the data analysis tool to be used was statistical package for social sciences (SPSS) computer software.

3.7 Chapter Summary

This chapter included the research design, sampling design and sample size that were used in the research. It also outlines the data collection method, which was primary data, and the data analysis techniques that were used to draw information that can be used to determine the findings.
CHAPTER FOUR

4.0 RESULTS AND FINDINGS

4.1 Introduction
This chapter is a presentation of results and findings obtained from field responses and data, broken into two parts. The first section deals with the background information, while the other section presents findings of the analysis, based on the objectives of the study as explored by the questionnaires where descriptive statistics have been employed.

4.2 Response Rate
It was noted from the data collected, out of the 30 questionnaires administered to the drivers, touts and stage managers in the matatu Sacco, 20 questionnaires were filled and returned. This represented a 67% response rate, which is considered satisfactory to make conclusions for the study. According to Mugenda and Mugenda (2003) a 50% response rate is adequate, 60% response rate is good and above 70% rate is very good. This also collaborates Bailey (2000) whose assertion is that a response rate of 50% is adequate, while a response rate greater than 70% is very good. This implies that based on this assertion; the response rate which was calculated in this case was according to Mugenda and Mugenda and Bailey good.

This high response rate can be attributed to the data collection procedures, where the researcher pre-notified the potential participants and applied the drop and pick method where the questionnaires were picked at a later date to allow the respondents ample time to fill the questionnaires.
To establish validity, the research instrument was given to experts who were experienced on how to evaluate the relevance of each item in the instrument in relation to the objectives. The same were rated on the scale of 1 (very relevant) to 4 (not very relevant). Validity was determined by use of content validity index (CVI). CVI was obtained by adding up the items rated 3 and 4 and dividing this sum by the total number of items in the questionnaire. A CVI of 0.894 was obtained. Oso and Onen (2009) state that a validity coefficient of at least 0.70 is acceptable as a valid research hence the adoption of the research instrument as valid for this study.

The questionnaires used had Likert scale items that were to be responded to. For reliability analysis Cronbach’s alpha was calculated by application of SPSS. The value of the alpha coefficient ranges from 0 to 1 and may be used to describe the reliability of factors extracted from dichotomous (that is, questions with two possible answers) and/or multi-point formatted questionnaires or scales (i.e., rating scale: 1 = poor, 4 = excellent). A higher value shows a more reliable generated scale. Cooper & Schindler (2008) indicated 0.7 to be an acceptable reliability coefficient. Since, the alpha coefficients were all greater than 0.7, a conclusion was drawn that the instruments had an acceptable reliability coefficient and were appropriate for the study. The result from the pilot study will not be included in the final findings.

Figure 4.1: Response Rate
4.4 Demographic information
The demographic data seeks to establish the general information of the respondents. From the questionnaire, the following demographic statistics were established; the year the sacco was formed, the number of members, the route the respondents plied and the type of vehicles the results from the analysis of findings are illustrated in the following subsections as shown.

4.4.1 Year the Sacco was formed
The study sought to establish the years the Matatu saccos were formed. The results from the analysis are illustrated the figure below as shown.

![Year of establishment](image)

**Figure 4.2: Year of establishment**

From the analysis of findings, majority of the respondents (13, 65%) indicated that their Sacco was established between 2011 and 2013. Closely after were respondents (5, 25%) who indicated that their Saccos were formed between 2007 and 2010. 5% of the respondents indicated that the Saccos they worked for were established between 2003 and 2006. A similar percentage (5%) was established between the years 2014 - 2017.

4.4.2: Estimate number of members
The study sought to establish an Estimation of the number of members from the respondents. The results from the analysis are illustrated as shown in the figure 4.3 below.
From the analysis of findings, majority of the respondents (11, 55%) indicated that their Saccos had 201 to 300 members. Closely after were respondents (5, 25%) who indicated that they had 301 to 500 members. 20% of the respondents indicated that they had about 100 to 200 members. None of the respondents indicated that they had more than 500 respondents.

**4.4.3: Route plied**

The study sought to establish the route plied by the respondents; the results from the analysis of findings are illustrated as shown in figure 4.4 below.

![Figure 4.4: Route Plied](image-url)
From the analysis of findings, majority of the respondents (8, 40%) indicated that they operated in the west area. Closely after were respondents who indicated that they worked in the East Area. 25% of the respondents indicated that they operated in the North area while the least response (5%) of the respondents indicated that they plied in the South area.

4.4.4: Vehicle Type

The study also sought to establish from the respondents the type of vehicle used. The results from the analysis of findings are illustrated as shown in the figure 4.5 below.

![Figure 4.5: Type of vehicle](image)

From the analysis of findings, majority of the respondents (70%) indicated that they worked with minibuses. Closely after were respondents (20%) who indicated that the Sacco mostly used 14 seater vehicles while the least response was of respondents (10%) who indicated that their Saccos had Buses.

4.5: Factors affecting regulation of the Matatu sector

The study required the respondents to indicate the extent at which they agreed with the statement listed in the table 4.1 on factors affecting regulation of the Matatu sector on a three point scale.
Table 4.1: Factors affecting regulation of the Matatu sector

<table>
<thead>
<tr>
<th>Factor</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Collection of fares covers the maintenance and operating cost</td>
<td>1.02</td>
<td>0.4345</td>
</tr>
<tr>
<td>Employment contracts are issued to the Matatu operators</td>
<td>2.15</td>
<td>0.2253</td>
</tr>
<tr>
<td>There is a record and identification of the Matatu operators</td>
<td>1.25</td>
<td>0.7984</td>
</tr>
<tr>
<td>There are anti-social activities and cartels around Matatu termini</td>
<td>1.49</td>
<td>0.2621</td>
</tr>
<tr>
<td>Matatu drivers work more than 9 hours in a day</td>
<td>1.07</td>
<td>0.4112</td>
</tr>
<tr>
<td>Matatu operators prefer daily wage instead of monthly wage</td>
<td>1.09</td>
<td>0.2621</td>
</tr>
<tr>
<td>Drivers have other benefits offered in addition to lunch allowa</td>
<td>2.87</td>
<td>0.4232</td>
</tr>
</tbody>
</table>

The analysis in table 4.3 shows that the respondents agree that collection of fares covers the maintenance and operating cost. This response scored a high mean of (4.49). A small standard deviation of 0.4345 was noted after the analysis indicating high cohesion amongst the response collected. It was also noted that employment contracts are issued to the Matatu operators, with a mean of 2.15 meaning that majority of the respondents neutral about the statement. A small standard deviation of 0.2253 indicates that there was uniformity of the responses made by respondents. The respondents also agreed that there is a record and identification of the Matatu operators as shown by a mean of 1.25 and small standard deviation of 0.7984 which implies that the responses were homogenous. Furthermore the respondents agreed that there are anti-social activities and cartels around Matatu termini as represented by a mean of 1.07 and a high standard deviation of 0.4112 indicating that the responses had little variation. In addition the respondents agreed Matatu operators prefer daily wage instead of monthly wage as shown by calculated mean of 1.09 and standard deviation of 0.2621. Generally it was noted that majority of the respondents were affected by the regulations in the Matatu sector.

The study established that the Matatu industry requires heavy investment, is risky but with less durable and sustainable ventures. The industry stakeholders have revealed that most of the industry employees prefer casual or temporary contracts of service to fixed term or permanent contracts of service (Khayesi, 1998). According to MOA, the matatu industry employees “get tired working for
one employer for a long time”. This means that the employees opt to remain on casual and/or temporary contracts of service as it gives them the flexibility to move on.

4.6: Benefits of Regulations in the Matatu sector

The study also sought to establish the benefits of the regulations in the Matatu sector. The results from the analysis of findings are illustrated as shown in table 4.2 below.

Table 4.2: Benefits of Regulations of the Matatu sector

<table>
<thead>
<tr>
<th>Benefits</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Matatu operators have NHIF cards</td>
<td>1.57</td>
<td>0.2100</td>
</tr>
<tr>
<td>Matatu operators have NSSF cards</td>
<td>2.33</td>
<td>0.3248</td>
</tr>
<tr>
<td>Matatu operators take annual leave</td>
<td>1.08</td>
<td>0.1379</td>
</tr>
<tr>
<td>Matatu operators compensated for Work Injury</td>
<td>1.79</td>
<td>0.1097</td>
</tr>
<tr>
<td>All Matatu operators are registered with a sacco</td>
<td>1.98</td>
<td>0.1379</td>
</tr>
<tr>
<td>Matatu operators save regularly with the sacco</td>
<td>1.09</td>
<td>0.1097</td>
</tr>
</tbody>
</table>

The findings in table 4.2 above, shows that most respondents agreed that Matatu operators have NHIF cards. This inference was realized by the mean calculated in the SPSS analysis of 1.57. The standard deviation calculated of 0.2100 indicated an insignificant variance in the responses from the respondents. It was established from the analysis that most respondents took a neutral stand on the statement Matatu operators have NSSF cards. This was established true by the mean calculated of 2.33. The standard deviation (0.3248) which was less than 0.5 indicated uniformity in the responses of most respondents. The study also noted that majority of the respondents agreed that Matatu operators take annual leave. This inference was deduced from the mean calculated in the SPSS analysis of 1.08. The small standard deviation of 0.3248 indicated uniformity in the responses from the respondents. The study also established that most respondents also took a neutral stand on the statement that all Matatu operators are registered with a Sacco as shown by a mean of 1.98. A calculated standard deviation of 0.1379 indicated uniformity of the responses made. Most respondents also agreed that Matatu operators save regularly with the Sacco. This was noted true from the mean calculated of 1.09. The standard deviation indicated uniformity in the
responses from the respondents. It was generally established that the regulation of the Matatu sector did in fact yield some benefits.

4.7: Challenges affecting regulations of Matatu sector

The study sought also to establish the challenges affecting regulations in the Matatu sector. The results from the analysis are illustrated as shown in table 4.3 below.

4.3 Challenges affecting regulations of Matatu sector

<table>
<thead>
<tr>
<th>Challenges</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Matatu sector has full support from ministry of transport</td>
<td>1.579</td>
<td>.453</td>
</tr>
<tr>
<td>There are politicians who own matatus</td>
<td>1.695</td>
<td>.898</td>
</tr>
<tr>
<td>There are police officers who own matatus</td>
<td>1.205</td>
<td>.756</td>
</tr>
<tr>
<td>There are instances of police harassment</td>
<td>1.010</td>
<td>.091</td>
</tr>
<tr>
<td>We support the phasing out of 14 seater matatus</td>
<td>1.521</td>
<td>.361</td>
</tr>
<tr>
<td>Good services are received from TLB</td>
<td>1.071</td>
<td>.566</td>
</tr>
</tbody>
</table>

From the findings, majority of the respondents agreed that the Matatu sector has full support from ministry of transport; this was noted true by the mean 1.579 and a standard deviation of 0.4530. In addition the most of the respondents agreed that there are politicians who own matatus as shown by the mean of 1.695 and a small standard deviation of 0.898 which implies that there was homogeneity in responses made. It was also noted that most respondents agreed that there are police officers who own matatus as represented by a mean of 1.205 and a high standard deviation of 0.756. Majority of the respondents also agreed that there are instances of police harassment. This was seen true from the mean calculated of 1.010 and a small standard deviation of 0.091 which indicate similarity in responses made by the respondents. The study noted also that majority of the respondents supported phasing out of the 14 seater matatus. This was seen true from the mean calculated of 1.521. The standard deviation calculated of .361 indicated little deviation from the mean mark. Generally, it was noted that majority of the respondents confirmed to the challenges posed by study’s questionnaire on the challenges is the regulation of the Matatu sector.
4.8: Milestones achieved in the regulation of the Matatu sector

The study sought to establish the milestones achieved in the regulation of the matatu sector. The results from the analysis are illustrated as shown in table 4.4 below.

Table 4.4: Milestone achieved in the regulation of the Matatu sector

<table>
<thead>
<tr>
<th>Milestone</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Matatus fitted with the speed governors</td>
<td>1.835</td>
<td>0.823</td>
</tr>
<tr>
<td>Matatus are fitted with seat belts</td>
<td>1.321</td>
<td>0.356</td>
</tr>
<tr>
<td>Matatu accidents have reduced over the past 10 years</td>
<td>1.223</td>
<td>0.345</td>
</tr>
<tr>
<td>Saccos take responsibility for accidents on their routes</td>
<td>1.118</td>
<td>0.577</td>
</tr>
<tr>
<td>Matatu operators familiar with their Code of Conduct</td>
<td>1.072</td>
<td>0.966</td>
</tr>
<tr>
<td>Certificate of Good Conduct mandatory for employment</td>
<td>1.010</td>
<td>0.615</td>
</tr>
<tr>
<td>Cashless payment system will improve efficiency</td>
<td>1.003</td>
<td>0.215</td>
</tr>
<tr>
<td>Matatus have Comprehensive Insurance cover</td>
<td>1.003</td>
<td>0.215</td>
</tr>
</tbody>
</table>

From the findings in the SPSS analysis, majority of the respondents agreed from the mean calculated of 1.84 and the standard deviation calculated of 0.82 that matatus are fitted with the speed governors. A significant number of the respondents also agreed from the mean calculated of 1.32 and the standard deviation calculated of 0.62 that matatus are fitted with seat belts. The study also established that the respondents agreed through the mean calculated of 1.22 and the standard deviation calculated of 0.34 that Matatu accidents have reduced over the past 10 years. Also noted was that majority of the respondents agreed through the calculated mean of 1.12 and standard deviation calculated of 0.58 saccos take responsibility for accidents on their routes. From the findings it was noted that majority of the respondents agreed that Matatu operators are familiar with their Code of Conduct. This was seen true by the mean calculated of 1.072. The standard deviation calculated of 0.966 indicated uniformity in the responses from the respondents. Majority of the respondents also agreed that cashless payment system will improve efficiency. This was seen true from the mean calculated of 1.003 the standard deviation calculated of .215 indicated uniformity in the responses from the respondents. The study also noted that majority of the respondents indicated that matatus have Comprehensive Insurance cover. This was noted true from the mean calculated of 1.003. The standard deviation of .215 indicated uniformity in the responses from the respondents. Generally it was noted that there have been milestones achieved in the regulation of the matatu sector.
CHAPTER FIVE

5.0 DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction
This chapter discusses findings of the study. This was discussed based on previous literature. The chapter also presents the summary of the findings, gives conclusions, recommendations for improvement and suggestions for further studies.

5.2 Summary of Findings
The purpose of the research was to establish the importance of regulation of the Matatu industry for development of government policy makers, matatu owners, and operators in the transport sector. The research was guided by the following objectives; to determine the factors that affect regulation of the matatu transport industry, to establish the benefits that come with regulation of the matatu transport industry, to identify the challenges affecting regulation of the matatu transport industry and to establish the milestones that have been gained in regulation of the matatu transport industry. Descriptive statistics was used to answer these questions in determining the importance of regulation of the matatu industry. The study targeted 30 saccos in Nairobi out of the total of 51 saccos. Statistical Package for Social Sciences (SPSS) and excel was used to analyse the data. Quantitative techniques were used to analyse results presented in percentages, means, and standard deviation and frequencies. It was noted that, out of the 30 questionnaires issued to the respondents, 20 questionnaires were filled and returned. This represented 67% response rate and was considered adequate to make conclusions for the study.

The first objective of the study was to determine the factors that affect regulation of the matatu transport industry. The findings revealed that the collection of fares covers the maintenance and operating cost. It also established that employment contracts are issued to the matatu operators and there is a record and identification of the matatu operators. Further, the findings revealed that there is anti-social activities and cartels around matatu termini. Finally it established that matatu operators prefer daily wage instead of monthly wage.

The second objective of the study was to establish the benefits that come with regulation of the matatu transport industry. The findings revealed that matatu operators have NHIF cards, it also revealed that matatu operators take annual leave. However the findings revealed that not all matatu operators are registered with a Sacco or that the matatu operators save regularly with the sacco.
Further the respondents did not take a firm stand on the statement that matatu operators have NSSF cards.

The third objective of the study was to identify the challenges affecting regulation of the matatu transport industry. The findings revealed that the matatu sector has full support from the ministry of transport. The findings also revealed that there are politicians who own matatus and that there are also police officers who own matatus. The majority of the matatu operators supported phasing out of the 14 seater matatus.

The forth objective of the study was to establish the milestones that have been gained in regulation of the matatu transport industry. The findings revealed that matatus fitted with the speed governors, and that matatus are fitted with seat belts. The findings also revealed that matatu accidents have reduced over the past 10 years and that saccos take responsibility for accidents on their routes and have ensured that matatu operators are familiar with their Code of Conduct. In addition, the findings established that majority of the matatu operators have comprehensive insurance cover. Finally, the findings revealed that the cashless payment system will improve efficiency in operations within the sector.

5.3 Discussion

5.3.1 Factors that affect regulation of the matatu transport industry

The findings revealed that the respondents agree that collection of fares covers the maintenance and operating cost and that the cashless payment system will improve efficiency in cash collection in the sector. Thuku (1998) argues that matatu owners must also consider the basic cost of operations, which automatically includes expenditures such as fuel, salaries and insurance are the most expensive costs for owners. To ensure that these costs are recovered, owners set a target for daily profit (Kimani, 2004).

According to Khayesi (1993) the owners of the matatus often complain of high operating costs. The matatu industry requires heavy investment, is risky but with less durable and sustainable ventures. To meet capital and recurrent costs, they justify that they have to increase the fares. The matatu operators under the instruction of the matatu owners therefore vary their fares depending on the time of the day, part of the month where prices are inflated at the beginning and end of the month, the weather conditions, prevailing transport demand and fares charged by buses (Kimani, 2004).
The findings established that employment contracts are sometimes issued to the Matatu operators and that there is a record and identification of the matatu operators. Temporary employee, in this context, is someone employed for a limited period and whose job is usually expected by both sides to last for only a short time. The terms and condition of work in the matatu means of transport are below standard as a majority of the matatu workers have verbal contracts and are employed on temporary terms (Kimani, 2004). Although some are seen to have permanent terms, what this refers to is having a record of their names and national identity card numbers kept by the owners (Mathiu, 1999).

The findings also revealed that matatu operators prefer daily wage instead of monthly wage. Most of the matatu workers have long working hours in a day, ranging mainly from nine to fifteen hours per day (Mathiu, 1999). The matatu workers are mainly paid on a daily basis with only a few being paid on a weekly and monthly basis. The matatu workers have few other employment benefits offered to them in addition to their pay besides lunch allowance and leave off. Thus, the main employment benefit which these workers look forward to is their daily pay. The owners argue that they incur many costs in running their matatu businesses and this is why they cannot satisfy the expected employment benefits for their workers (International Labour Organization, 2011).

The Employment Act (2007), section 2 indicates that a casual employee is a person the terms of whose engagement provide for payment at the end of each day and who is not engaged for a longer period than 24 hours at a time (Luchebeleli, 2009). Majority of the matatu workers have verbal contracts and are employed on temporary terms. Industry stakeholders have revealed that most of the industry employees prefer casual or temporary contracts of service to fixed term or permanent contracts of service (Khayesi, 1998). According to MOA, the matatu industry employees “get tired working for one employer for a long time”. This means that the employees opt to remain on casual and/or temporary contracts of service as it gives them the flexibility to move on. Further, the matatu industry employees prefer to be on casual contracts of service and on daily payment due to job insecurity in the industry (Omolo, 2012).

The findings established that there are anti-social activities and cartels around matatu termini. There are two main groups of stage workers. The first group is made of persons who, on their own, have organised themselves into groups to beckon passengers and control the matatu stages and ranks. This group of workers has not entered into any contract with the owners, drivers and conductors. These cartels have been formed in the matatu industry to monopolise and dominate certain stages and routes (Mathiu, 1999). The second group of stage workers are those who are
employed by the owners of matatus. To counter the mafia group, matatu owners try to hire their own workers to manage the stages. The existence of strong interest groups in the matatu means of transport made of stage workers, owners and other stakeholders partly explains the regular violence and conflicts that occur in this industry (Khayesi, 1993).

There is a general decry that the matatu means of transport provides an environment for anti-social activities such as drug taking, pickpocketing, prostitution, violence and thuggery (Mathiu, 1999). The formation of labour groups or cartels and the ranks used by matatus is also one of the factors affecting regulation (Khayesi, 1993). The existence of strong interest groups in the matatu means of transport made of stage workers, owners and other stakeholders partly explains the regular violence and conflicts that occur in this industry (Khayesi, 1993).

5.3.2 Benefits that come with regulation of the matatu transport industry

The findings revealed that Matatu operators have NHIF. It was also established from the analysis that most respondents took a neutral stand on the statement Matatu operators have NSSF cards. The study also noted that majority of the respondents agreed that matatu operators take annual leave. The International Labour Organisation (2011) provides for compensation to employees for work related injuries and diseases contracted in the course of their employment, and for connected purposes. It also provides legislative framework for compensation of employees for occupational injuries, diseases, disabilities and deaths suffered while in the course of duty. The Work Injury Benefits Act (2007) also guides on the provision of medical aid by an employer (Chitere, 2004). According to McCormick (1997), Occupational Safety and Health Act (2007) provide for the safety, health and welfare of workers and all persons lawfully present at workplaces.

Kenya enforces labour related legislations that impact directly on the matatu industry. These are the National Social Security Fund Act (Cap. 258) and the National Hospital Insurance Fund Act (Cap. 255). The National Social Security Fund (NSSF) sets the framework for membership and contributions; regulation of benefits; finance, administration and legal proceedings; and miscellaneous provisions. The National Hospital Insurance Fund (NHIF) Act sets the framework for membership and contributions; regulation of payment of benefits; and finance, administration and legal proceedings (Omolo, 2013).

The findings established that matatu operators are registered with saccos. The findings established that matatu operators save regularly with the sacco. The Constitution also provides for equality in access to employment opportunities. PSV operators are now required to join independent,
Government-registered transport companies or Savings and Credit Co-operatives. There is now a vibrant Matatu Owners Association, which imposes checks and balances on its members (Kimani, 2004). These associations have developed terms of service and codes of conduct for their owners and workers and now they are transforming the industry in its entirety (Omolo, 2012).

According to the International Labour Organisation (2011), Article 37 accords every person the right to freedom of assembly, demonstration, picketing and petition. Article 41 of the Constitution on Labour Relations grants all persons the right to fair labour practices. It also guarantees every worker the right to: fair remuneration; reasonable working conditions; form, join or participate in trade union activities and programmes; and undertake strike action. Similar rights are also accorded to employers. Article 43 of the Constitution provides for economic and social rights, which includes the right to social security (Omolo, 2013). The Employment Act (2007) also puts a capping on casual employment, provides for 21 days’ annual leave for all employees. It also safeguards workers’ dues in the event of employer’s insolvency, and ensures that workers whose employers do not contribute to provident funds do not lose their benefits for years worked, among other salient provisions (Luchebeleli, 2009).

The Act now requires PSV operators to be members of a matatu sacco or company prior to applying for a PSV license. This legal requirement seeks to institutionalize the industry in terms of operation of the vehicles and employment of drivers and conductors (Mathiu, 1999). The provision on conversion employees on daily contracts can serve for a period which is higher than the threshold level of at least one month required for conversion into term contract (Thuku, 1998).

5.3.3 Challenges affecting regulation of the matatu transport industry
The findings established that the matatu sector has the full support from ministry of transport. The Constitution of Kenya advocates for fundamental rights at work, adequate income from work, representation and security of social protection (Omolo, 2012). Chapter four of the Constitution on the Bill of Rights provides for various rights and fundamental freedoms. Article 36 grants every person the right to freedom of association. This, according to the Constitution, includes the right to form, join or participate in the activities of an association of any kind, including trade unions with the full support of the government (Luchebeleli, 2009).

The matatu industry players identified insurance policy, registration of employers, requirement by employers to keep records and the right to compensation as some of the provisions of the Act that inhibit business growth and creation of decent jobs (Mutongi, 2005). Further the relevant ministries
and organizations are considered corrupt or weak (Kimani, 2004). Without a governmental umbrella organization to guide transport the whole system has become fractured, allowing cartels to thrive as they offer a type of organization, albeit exploitive. Related, the lack of political will to organize the matatu industry is detrimental to the overall image of Nairobi (Chitere, 2004).

The findings established that there are politicians who own matatus. It was also realised that there are police officers who own matatus and at the same time there are instances of police harassment. Matatu owners and matatu drivers repeatedly complain that the police harass them and pull them over and yet they have not done anything illegal. The matatu industry has a huge employment creation potential arising from both direct and indirect avenues for employment generation and Kenya operates a number of labour laws that govern operations within the country’s labour market. Key among the legislations is the Constitution in which Chapter four of the Constitution on the Bill of Rights provides for various rights and fundamental freedoms. Article 36 grants every person the right to freedom of association. This, according to the Constitution, includes the right to form, join or participate in the activities of an association of any kind, thereby permitting the police and even politicians to join the matatu sector to gain revenues (Luchebeleli, 2009).

According to Mathiu (1999) the opposition politicians and matatu operators versus central or local government is where the conflict arises because when opposition leaders come out in support of matatu operators to show their solidarity with the operators to challenge actions taken by the government it results in disagreements. These actions are perceived as unfavourable to the matatu means of transport (Muune, 1998). A past example of such a conflict was in May 1999 when seven opposition members of parliament led matatu operators in a protest march to the City Hall in Nairobi to challenge the alleged allocation of a matatu stage to a private developer. An added possible obstacle to change is also that allegedly many politicians are currently absentee owners and profit from matatus (Luchebeleli, 1999).

The findings established that majority of the respondents supported the phasing out of the 14 seater matatus. According to Luchebeleli (2009) the matatu sector in Kenya has undergone immense transformation, from the unregulated, chaotic 1990s to a more client focused and fairly safe industry (Ogonda, 1992). Today, thanks to the efforts the stakeholders, especially the public transport vehicle owners and the government, policy measures have been put in place to make Public Service Vehicles (PSV) a sober industry that woos many investors yearly. The employment capacity of the industry is poised to increase with the reforms that are being implemented in the industry (Lee-Smith, 1999).
The government’s desire to phase out 14-seat matatus has owners and crews of these matatus concerned as a majority of the matatus in Nairobi are 14-seater matatus. This means that a majority of the crew are operating a vehicle that is expected to be phased out in the future (Mutongi, 2005). According to Kimani (2004), the push to phase out 14-seat matatus is becoming an increasingly important topic. For the matatu owners and drivers, there are two main concerns; the pace at which the 14-seater matatu will be phased out and their ability to upgrade to a higher capacity vehicle with little to no compensation or assistance (Kimani, 2004).

5.3.4 Milestones gained in regulation of the matatu transport industry

The findings revealed that matatus are fitted with the speed governors and that matatus are fitted with seat belts. In an attempt to regulate the speed of public transport vehicles, the Government of Kenya required that these vehicles should be fitted with speed governors by March 1996 (Daily Nation, 9/2/1996; Kenya Times, 28/2/1996). According to Luchebeleli (2009) the dangers facing passengers in this means of transport is intensified by the fact that passenger protection is very inadequate as seen in the easily detachable seats used, poor vehicle maintenance, excessive and reckless driving. In an attempt to regulate the speed of public transport vehicles, the Government of Kenya required that these vehicles should be fitted with speed governors and indeed PSVs are now fitted with seatbelts and speed governors (Ogonda, 1992).

The high speeds at which matatus are driven is meant to make more trips and the overloading of passengers is aimed at augmenting the financial gains (Opala, 1998). However, over speeding and overloading exposes the passengers, operators and other road users to great road traffic accident risks. It is this kind of behaviour that often results in matatus initiating and causing considerable accidents and traffic conflicts (Kimani, 2004). A study of road traffic accidents and conflicts on selected T-junctions in Nairobi revealed that matatus initiated more conflicts than any other vehicle type. Tunbridge (1998) clearly brings out the disregard for safety by matatus by observing that racing for time and battling against stiff competition, safety is invariably thrown to the wind.

The findings established that matatu accidents have reduced over the past 10 years and that matatu operators are familiar with their Code of Conduct. All PSVs operate on clearly designated routes under saccos, they are also required to carry a specified number of passengers and matatu crew were required to have a clean security record. Fatalities have reduced significantly as carrying excess passengers was banned (Luchebeleli, 2009). Disrespect, which could lead to a jail term, saw the matatu crew embrace discipline. The Transport Licensing Act (Cap. 404) provides for the
coordination and control of means of and facilities for transport. The Act establishes the Transport Licensing Board (TLB). Thus the implementation of the regulations led to a drastic reduction in the number of people killed or injured in road accidents (Kimani, 2004).

The behaviour of matatu drivers has been a matter of concern to other road users and to the Government of Kenya. These drivers violate traffic rules with impunity. The typical behaviour of matatu drivers in Nairobi and generally in Kenya endangers the lives of other road users due to the fact that matatus do not follow the Highway Code, but the “My Way Code” (Kimani, 2004). They dawdle while touting for passengers and then make up for the delay by driving at breakneck speed between stops regularly breaking all speed limits. They pull up in front of traffic to get ahead and stop in the middle of the road to pick passengers instead of pulling to the side. In fact, they stop anywhere in order to pick up or set down passengers, especially at roundabouts (Khayesi, 1993). Matatus usually give no signals. They often overtake on the inside and in many instances use the verge instead of the road itself. They weave in and out of traffic, overtaking on hills and corners, ignoring right of way at roundabouts and road junctions, and violating the “Keep Left” rule at traffic islands. They race other matatus, sometimes forming a line abreast the road (Khayesi, 1998).

Compounding the problem is the overloading of passengers in matatus partly due to lack of passenger vehicles at peak periods and also a desire by the operators to maximize profits. The high speeds at which these vehicles are driven is meant to make more trips and the overloading of passengers is aimed at augmenting the financial gains (Opala, 1998).

5.4 Conclusion
5.4.1 Factors that affect regulation of the matatu transport industry
Casualization of jobs and other temporary forms of employment more often than not, do not facilitate the workers to enjoy the fundamental rights at work. Such rights include employment contracts, freedom of association and collective bargaining, right to paid leave, and the right to social protection as provided under the National Social Security Fund (NSSF) and the National Hospital Insurance Fund (NHIF). Even though the NSSF and NHIF have expanded their membership base to include casuals and other workers, only a few of the workers may have joined the schemes. The fact that traffic police continue to take bribes to overlook traffic offences in addition to the fact that they own some of the matatus continued to pose challenges in effecting regulation in the matatu transport sector.
5.4.2 Benefits that come with regulation of the matatu transport industry
The matatu industry today has a bigger social responsibility with other firms and bodies jointly in the fight for safer road discipline from them to assuage road carnage and provide a better service. Further, there has also been notable support from the government through the National Transport and Safety Authority (NTSA) and the Transport Licensing Board (TLB) to enforce regulation of laws in the matatu sector. The findings of this study indicated that matatu owners are willing to adapt to the new regulations despite the challenges paused and are flexible enough to incorporate them through various responses and strategies. This will facilitate a balance between their internal capabilities and the factors in the new working environment.

5.4.3 Challenges affecting regulation of the matatu transport industry
The government through the use of traffic police has not consistently ensured that the drivers and conductors of the matatus stringently adhere to the traffic amendment rules. This is especially so with regard to seat belts, speed governors and seating capacity. Stiffer penalties have not been imposed on those breaking the traffic laws. The continuous assessment of the working conditions of the seat belts and speed governors has not been followed through to ensure that they are always in good working condition. Likewise, there has been by the government on the laxity on transgression and corruption from the traffic police especially on bribes from the drivers, conductors and owners of the matatus to circumvent enforcement of the traffic rules.

5.4.4 Milestones gained in regulation of the matatu transport industry
As the results show, there have been significant milestones achieved in the regulation of the matatu sector. Seat belts, speed governors, passenger seating capacity, health insurance and substantive job appointments and savings through saccos were found to be some of the successful regulations incorporated in the matatu sector. It can be well noted that the challenges that directly affected income generation had owners unanimously increase their fares and ply longer routes to compensate for increased cost of operations. Most owners were flexible on job appointments and working hours.

5.5 Recommendation
5.5.1 Recommendation for Improvement
5.5.1.1 Factors that affect regulation of the matatu transport industry
The cashless payment system should be operationalized to ensure effective and efficient collection of fares covers the maintenance and operating cost to avoid the random increase in fares, over
speeding and breaking code of conduct in a bid to collect more fare in a day. The regulatory body should also ensure that permanent contracts are issued to matatu operators and monthly wages are paid rather than payment of daily wages, so that they can enjoy the employee benefits provided in the Employment Act. The saccos should also update records and identification of the matatu operators so as to curtail the anti-social activities and cartels around matatu termini.

5.5.1.2 Benefits that come with regulation of the matatu transport industry
Matatu operators are required to be members of a matatu sacco or company prior to applying for a PSV license. This legal requirement should be followed up to ensure that it has been operationalized before the employment of drivers and conductors. Further, it should be constantly established that matatu operators save regularly with the Sacco. Since there is now a vibrant Matatu Owners Association, it should be ensured that it imposes checks and balances on its members and that the terms of service and codes of conduct for their owners and workers are implemented.

5.5.1.3 Challenges affecting regulation of the matatu transport industry
Adherence to the law has been a challenge despite the fact that Kenya has five core labour laws that regulate employment relationships. The Employment Act (2007) declares and defines the fundamental rights of employees, provides basic conditions of employment and so on. The Act also puts a capping on casual employment, provides for 21 days’ annual leave for all employees; three (3) months’ maternity leave for female employees and 2 weeks’ paternity leave for male employees. It safeguards workers’ dues in the event of employer’s insolvency, and ensures that workers whose employers do not contribute to provident funds do not lose their benefits for years worked. The Labour Relations Act (2007) consolidates the law relating to trade unions and trade disputes. It also provides for the registration, regulation, management and democratisation of trade unions and employer’s organisations or federations, while seeking to promote sound labour relations through the protection and promotion of freedom of association.

5.5.1.4 Milestones gained in regulation of the matatu transport industry
The democratically elected officials of each sacco should embrace the role of organizing matatu owners of 14-seat matatus into groups that can purchase higher capacity vehicles. There is a program offered from General Motor East Africa (GMEA) to finance higher capacity vehicles and the saccos should work with GMEA directly, possibly through workshops to guide the investors along the way. The Saccos could also look to the MOA for assistance and advice, as there are examples within the MOA of how to make such a transition. Through this shift, the matatus can
begin to position themselves so that they can be a strong and organized industry seen as a necessary component to a larger more comprehensive public transport system.

5.5.2 Recommendations for Further Research

Further study could be undertaken to ensure that proper control has been maintained after the initial implementation of regulations in the matatu sector and any negative deviations curtailed and monitored. More research may also be required to establish other factors that may have been overlooked or arisen that contribute to road carnage. A repeat of the same study a few years later may establish an evolution of any strategies to address the challenges of changes in the matatu industry.
REFERENCES


APPENDICES

Appendix I: INTRODUCTION LETTER

Carol G. Macharia
P.O. BOX 12079 - 00400
Nairobi, Kenya
Email: macharia@ilo.org
10th July 2017

Dear Respondent,

RE: REQUEST FOR DATA IN RESEARCH WORK

I am a graduate student at United States International University pursuing a Master’s degree in Business Administration (MBA) with a concentration in Strategic Management. In partial fulfilment of the requirement for the degree, I am carrying out a research project on “Regulation in Transportation Industry: A case of Matatu sector.”

I will be grateful if you kindly assist me with matatu sector data. This data will help me to analyse the factors, benefits, challenges and milestones in regulation of the matatu sector. Contribution from you is very essential for the achievement of this research. I guarantee you that the information that you will present will be treated with the acute confidentiality and shall be used only for academic purposes.

In case of any queries during dissemination of this Data, please do not hesitate to contact me at any time via my contact furnished at the top of this letter. I look forward to receiving the completed questionnaire and that I would like to express my sincere gratitude for your cooperation in advance.

Thank you in advance,

Yours Sincerely,

Carol G. Macharia
Appendix II: QUESTIONNAIRE
Kindly answer the following questions. The researcher would like to assure you that the information gathered will be kept confidential and used strictly for the purpose of this research only. The usefulness of the information to the researcher will solely depend on your honesty.

Please tick [✓] where appropriate or fill the information as necessary;

SECTION A: Demographic Information

1. What is the name of the sacco (Optional)

2. Which year was this sacco formed

<table>
<thead>
<tr>
<th>Year Range</th>
<th>Count</th>
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<tbody>
<tr>
<td>2003-2006</td>
<td></td>
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<tr>
<td>2007-2010</td>
<td></td>
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<tr>
<td>2011-2013</td>
<td></td>
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<tr>
<td>2014-2017</td>
<td></td>
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</table>

3. What is the estimate numbers of members

<table>
<thead>
<tr>
<th>Numbers Range</th>
<th>Count</th>
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<tbody>
<tr>
<td>100-200</td>
<td></td>
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<tr>
<td>201-300</td>
<td></td>
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<tr>
<td>301-500</td>
<td></td>
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<tr>
<td>More than 500</td>
<td></td>
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4. Which route do you ply

<table>
<thead>
<tr>
<th>Route</th>
<th>Count</th>
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<tbody>
<tr>
<td>East area</td>
<td></td>
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<tr>
<td>West area</td>
<td></td>
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<tr>
<td>North area</td>
<td></td>
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<tr>
<td>South area</td>
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</table>

5. What is the type of vehicle

<table>
<thead>
<tr>
<th>Type</th>
<th>Count</th>
</tr>
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<tbody>
<tr>
<td>14 seater</td>
<td></td>
</tr>
<tr>
<td>Minibus</td>
<td></td>
</tr>
<tr>
<td>Bus</td>
<td></td>
</tr>
</tbody>
</table>
SECTION B: Factors affecting Regulation of the matatu sector

Please tick [✓] where appropriate;

6. Collection of fares covers the maintenance and operating cost: Agree[ ] Neutral[ ] Disagree[ ]
7. Employment contracts are issued to the matatu operators: Agree[ ] Neutral[ ] Disagree[ ]
8. There is a record and identification of the matatu operators: Agree[ ] Neutral[ ] Disagree[ ]
9. There are anti-social activities and cartels around matatu termini: Agree[ ] Neutral[ ] Disagree[ ]
10. Matatu drivers work more than 9 hours in a day: Agree[ ] Neutral[ ] Disagree[ ]
11. Matatu operators prefer daily wage instead of monthly wage: Agree[ ] Neutral[ ] Disagree[ ]
12. Drivers have other benefits offered in addition to lunch allowance: Agree[ ] Neutral[ ] Disagree[ ]

SECTION C: Benefits of regulation of the matatu sector

Please tick [✓] where appropriate;

13. Matatu operators have NHIF cards: Agree[ ] Neutral[ ] Disagree[ ]
14. Matatu operators have NSSF cards: Agree[ ] Neutral[ ] Disagree[ ]
15. Matatu operators take annual leave: Agree[ ] Neutral[ ] Disagree[ ]
16. Matatu operators compensated for Work Injury: Agree[ ] Neutral[ ] Disagree[ ]
17. All matatu operators are registered with a sacco: Agree[ ] Neutral[ ] Disagree[ ]
18. Matatu operators save regularly with the sacco: Agree[ ] Neutral[ ] Disagree[ ]

SECTION D: Challenges affecting regulation of the matatu sector

Please tick [✓] where appropriate;

19. Matatu sector has full support of transport ministry: Agree[ ] Neutral[ ] Disagree[ ]
20. There are politicians who own matatus: Agree[ ] Neutral[ ] Disagree[ ]
21. There are police officers who own matatus: Agree[ ] Neutral[ ] Disagree[ ]
22. There are instances of police harassment: Agree[ ] Neutral[ ] Disagree[ ]
23. We support the phasing out of 14 seater matatus: Agree[ ] Neutral[ ] Disagree[ ]
24. Good services are received from TLB: Agree[ ] Neutral[ ] Disagree[ ]
SECTION E: Milestones achieved in the regulation of the matatus sector

Please tick [√] where appropriate;

25. Matatus fitted with the speed governors: Agree[ ] Neutral[ ] Disagree[ ]
26. Matatus are fitted with seat belts: Agree[ ] Neutral[ ] Disagree[ ]
27. Matatu accidents have reduced over the past 10 years: Agree[ ] Neutral[ ] Disagree[ ]
28. Saccos take responsibility for accidents on their routes: Agree[ ] Neutral[ ] Disagree[ ]
29. Matatu operators familiar with their Code of Conduct: Agree[ ] Neutral[ ] Disagree[ ]
30. Certificate of Good Conduct mandatory for employment: Agree[ ] Neutral[ ] Disagree[ ]
31. Cashless payment system will improve efficiency: Agree[ ] Neutral[ ] Disagree[ ]
32. Matatus have Comprehensive Insurance cover: Agree[ ] Neutral[ ] Disagree[ ]

THANK YOU VERY MUCH FOR YOUR SUPPORT IN THIS STUDY PROJECT