

**CRITICAL SUCCESS FACTORS IN THE MOTORCYCLE**

**BODABODA BUSINESS IN NAIROBI, KENYA**

**BY**

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**A MANAGEMENT RESEARCH PROJECT SUBMITTED IN  
PARTIAL FULFILMENT OF THE REQUIREMENT FOR THE  
AWARD OF MASTER OF BUSINESS ADMINISTRATION  
DEGREE, SCHOOL OF BUSINESS, UNIVERSITY OF NAIROBI**

**OCTOBER 2011.**

## **DEDICATION**

I dedicate this research to my brother Solomon and Family for their selfishless support, my Mum Rosetta, Late Dad, Godfrey and Aunt Teresa for their parental care and support (hey have shown me all through my life.

## DECLARATION

I declare to the best of my knowledge that this is my original work and has not been presented for a degree in any other university. No part of this Research may be reproduced without prior permission of the author and / or The University of Nairobi

Signature.  Date.. '9.3. h \ 1<sup>7</sup> o n

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This Management Project has been submitted for Examination with my approval as the University Supervisor.

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## **ACKNOWLEDGEMENT**

First I would like to express deepest and sincere appreciation to my supervisor Florence Muindi for her invaluable and insightful support and guidance throughout this project writing. Special thanks to my moderator, Mr. Kagwe, Professor Aosa, Dr Maalu for their valuable comments, feedbacks and suggestions during the lectures for the coursework.

Profound thanks and appreciation to all members of Mwobobia's Family for their unfailing support, patience and sacrifice, without which this study would not have been possible.

To my colleagues at work, I value your unfailing support especially Daniel, Miano, Misheck, Humphrey and Ann for their encouragement throughout the study. To Mr. Muthaura, I sincerely thank you.

Big thanks to my fellow MBA students especially Collins, Gathua, Wasigala, Hillary and all my respondents, Assumpta and Aquinas for helping me on data collection. Last but not least, I thank God for the good health.

## **ABSTRACT**

Organizations are today operating in a very volatile environment. Competition is intense than even before. Organizations are globalizing in quest for new markets and to expand their market share. In order to survive and result into growth, development and profitability to sustainable levels, these organizations needs to identify critical areas which they can compete on in this competitive environment.

This study sought to identify critical success factors in the motor cycle Boda Boda business operators in Nairobi, Kenya. A cross-sectional survey design was used to enable the researcher gather relevant data for this academic undertaking. The target respondents included all operators of Boda boda in the 4 region of Nairobi identified by the researcher. Cluster sampling was applied in drawing the sample size of 100 respondents. The structured questionnaires were used to collect the primary data where the respondent rate was 75 % which was considered adequate for the study. The analysis of data was by use of descriptive statistics and the results were presented in charts, graphs and tables.

The findings were that amongst the highly rated critical success factors in the motor cycle Boda boda business is convenience with a mean score of 4.37 followed by flexibility, accessibility and reliability with mean of 3.88 and then followed by the call for job creation by the government at a mean score of 3.76.

These findings correlated well with similar study in Uganda which showed that speed was critical in Boda boda use although this was done on both bicycle and motorcycle boda bodas in Kampala and its surroundings.

## **ABBREVIATIONS AND ACRONYMS**

CSFs	Critical Success Factors
KSFs	Key Success Factors
CEO	Chief Executive Officer



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## **CHAPTER ONE**

### **INTRODUCTION**

#### **I.1 Background of the Study**

Organizations exist in the context of complex commercial, political, economic, social, technological, environmental and legal world. The organizations are 'globalizing' in quest for new markets that will bring new opportunities for growth and prosperity. The resources and competences of the organization make up its strategic capability which defines their strengths and weaknesses. Critical Success Factors (CSFs) aids organization to achieve their vision, remain competitive and succeed in the industry. Different organizations within the same industry perform differently even when they have matching resources in terms of manpower and technology. Some excellent scholars provide a different viewpoint as to why companies perform differently. Peters and Waterman, (1982) in their study "in search of excellence" point out that successful companies got where they are because of a unique set of cultural attributes that distinguish them from the rest. Strategy guides how organization operates and eventually performs (Pearce and Robinson, 1982).

#### **II.1 Critical Success Factors (CSF's)**

The concept of critical success factors was first introduced by Rochart (1971) as reported in Chen (1999) as a mechanism to identify the information needs of Chief Executive Unicers. The concept of 'success factors' was developed by Daniel (1961) and refined by Rockart (1981). Johnson and Fresen (1995) applied the concept of 'success factors' to

other sector settings including health. An industry's key success factors (KSFs) are those competitive factors that most affect industry members' ability to prosper in the market place the particular strategy elements, product attributes, resources, competencies, competitive capabilities and market achievements that spell the difference between a strong competitor and a weak competitor to avoid the firm being ran ( Thomson et al,2007).

The importance of critical success factors is to identify the niche market thus resulting in growth, development and profitability of the firm. The industry's key success factors can be deduced from the analysis of the industry and competitive environment. Which factors are the most important to future competitive, success flow directly from the industry's dominant characteristics, nature of competition, impacts of driving forces, comparative market positions of industry members, and the likely next moves of key rival. The critical success factors are not useful when used in isolation since it does not present a critical strategic thinking. However when used in conjunction with a planning process, the identification keeps people focused.

Rokart (1981) has identified four basic types of CSFs that is the industry CSFs resulting from specific industry characteristics, strategy CSFs from a chosen competitive strategy of business, environmental CSFs from economic or technological changes and temporal CSFs from the internal organizational needs and changes. CSFs are strongly related to the mission, vision and strategic goals of business, organization or project. Mission and vision providing scope and direction for the firms activities and the critical success

factors focusing on the most important areas and get to the heart of what is to be achieved and how to achieve it. CEO's can use them in developing company strategies. This involves the identification and analysis of a limited number of areas in which high performance will ensure successful competitive position (Pearce and Robinson, 2002). Thompson argues that rarely are there more than 5 or 6 key success factors for future competitive success. Even among these, 2 or 3 usually outrank the others in importance hence the need for the managers identify correctly the key success factors. Firms excelling on a particular CSF are likely to enjoy a stronger market position and being distinctively better than rivals on 1 or 2 key success factors tend to translate into competitive advantage.

### **1.1.2 The Road Transport in Kenya**

Transport in Kenya compares well with other East African Countries. Kenya has an extensive network of paved and unpaved roads. According to the Kenya Roads Board, Kenya has 160,886 kilometers of roads with all but 11,189 Km unpaved classified into categories A, B, C,D,E, SPR and U or unclassified for all public roads and streets. The country has about 25,000 Matatus (minibuses constituting the bulk of country's public road transport system) with Boda bodas' and Tuktuks' also having its niche market share. The introduction of compulsory safety belts and speed governors in 2004 by the Ministry of Transport was a milestone in transport sector in ensuring safety of passengers and other road users.



In Kenya, Matatu is the most popular mode of passenger road transport. It was officially recognized in 1973. According to the Economic Survey (2010), urban centre Motor and Auto cycle have supplemented Passenger vehicles and mail delivery. These include bus transport companies, taxis and Tuktuks. The short -distance passenger traffic in Kenya is dominated by the Matatu operator services (Ogonda 1992). The Matatu spontaneously originated in Nairobi in the 1950's but was used mainly by residents of the African residential zones to move goods and people from nearby rural areas to their residence in the city (Aduwo, 1990.) The existing bus transport system did not cater for these residential areas adequately. The passenger transport industry is unique from its setting, which involves the commuters, owners and manager; and the operators.

According to the Economic Review (2010), much of the road reform review were experienced in the road transport sector in 2007. The Kenya Roads Acts 2007 established 3 semi-Autonomous road Agencies which had the overall objective of improving the efficiency in the management of roads, hence promoting competitiveness and value of money. Kenya National Highway Authority (KeNHA), Kenya Rural Roads Authority (KeRRA), and Kenya Urban Roads Authority (KURA) has the objective of developing and maintenance of National, District and Urban road network.

Although the beginning of the automobiles are lost in the midst of un-recorded events of early history, man's concern all over the world with transport led to attempts by many individuals to develop self propelled road vehicle (Omondi,1988). The Lancaster four-wheel was ready in 1895 and Rolls Royce Silver Ghost in 1907 in Britain as a result of an

impetus given to the development of automobiles. It was Henry Ford with his 'T' model, the producer of some fifteen million cars in the seventeenth years, who really set the scene for expansion of the automobile for the twentieth century (Canar, 1979). The increase of the passenger transport has increased exponentially over the years in Kenya especially in the urban areas. Many routes have been manned by vigilant groups controlling those routes in extortion of money.

However in the year 2010 the government has moved fast to tackle these menace by introducing Saccos as a way of the industry self- regulation. We are however yet to see the success of these Sacco's on the industry. Apart from Matatus, passenger transport is also dominated by Boda bodas and Tuktuks targeting a particular market segment.

### **1.1.3 Boda Boda Operators in Kenya**

**The** Boda Boda transport services are a Ugandan innovation that has grown from small beginning in the 1960s in the Busia border region with Kenya (Malmberg- Calvo 1994).

**The** term Boda Boda is a corrupted English word from 'border border.' Which were initially used to smuggle goods at the Kenyan Ugandan border. Boda boda provide passenger taxi services and move goods where the original services were provided on a man's bicycle, equipped with a padded cushion fitted over the rear carrier. During times of matatu strikes in certain routes around Nairobi, Boda bodas are commonly used. At the local estates, conversations with Mama Mbogas (vegetable vendors) have shown that **they** use motorcycle Boda bodas to get their foodstuffs from the market especially during

the early morning hours. This shows that Boda boda services enable small scale traders gain greater and flexible mobility and enhance their incomes.

In the 1990's bicycle - based carriers have been complemented by, and compete with light motorcycles/ motorbikes thus greatly extending the range and load carriage of services. Confusingly both bicycle and motorcycle services are known by the same name Boda boda (Leyland, 1999). Our Research study uses the term Boda boda to refer to the motorcycle service. The motorcycle Boda boda business upsurge is a recent Kenyan phenomenon. This was as a result of the government of Kenya waver of tax on imported motorcycles in 2008. This was meant to promote job creation in the transport sector to the youth. The number of motorbikes leaped from 3757 units in 2005 to 91151 in 2009 (Economic Survey, 2010). The Daily Nation of 3/10/2010 reported that the Boda boda riders have increased their earnings on average of 50%. The motorcycles models range in size from 50cc, 80cc, and 125cc and 250cc engine capacity. Initial visits to various motorcycle Boda boda stages by the researcher have encountered common models including China TVS of 110cc, Keweseki, Boxers and Tiger brands used to ferry passengers. Operators show a preference for smaller sizes, especially 50 cc Yamaha Mate model over those of larger engine capacity whose market price is around Kshs 65,600 for 50 cc and kshs 80,000 for 80 cc.

In Kenya, the motorcycle Boda bodas provides 3 types of services. Firstly, the short distance service within main urban areas competing with conventional taxis and Tuktuks. Secondly as feeders to urban areas with low density demand, or rough terrain where taxis

and Tuktuk are non attractive and thirdly as feeders to main roads competing and supplementing taxis and larger capacity matatus (Howe, 1997). Most Boda Boda motorcycles area of operation is called 'stage' where each stage has a 'stage master' elected by the members offering services on that stage. In city and peri-urban areas, Boda boda services have changed the people's lifestyles by enhancing punctuality and convenience. During the June 1<sup>st</sup> 2011 Madaraka Day speech, President Kibaki praised the role of Motorcycle Boda Boda operators in improving the livelihood of Kenyans and job creation to the youth. There are two mechanisms which the poor benefit from the operation of both bicycle and motorcycle Boda boda from employment created. Through the use of services provided and through backward linkages to industry e.g., the mechanic and food and drink suppliers (Howe, 2001).

## **1.2 Statement of the Problem**

The need to address various Critical Success Factors in the transport industry to maintain sustainability and competitiveness is important. By ignoring or failure to identify critical success factors, the management will fail to know their organization strengths hence unable to match their resources to their strengths. When making decisions, managers make rational choices among alternatives (Garrison 1991).The understanding of Critical Success Factors is of importance as it drives strategy for any firm. This is particularly critical in the identification of the threshold resources and unique resources suitable in particular market segments, the view also held by Johnson and Scholes (2008).

Motorcycle Boda boda business is generally a small-scale business which is growing exponentially in the Kenyan market. According to Aduwo (1990) the passenger and goods service providers in the transport industry in Kenya has been dominated by Matatus and buses in the major routes leaving a transportation gap in the minor routes joining residential areas and the major stages. These routes were ignored or considered less lucrative because of the infrastructural rough terrines or population considerations. In the town centres, at least the 3 wheeled Tuktuks and taxis served the 'might' although their costs are higher than the reach of the majority poor. In a competitive market place, the understanding of critical success factors is key. Articulating the customers' needs in a timely manner is critical. Boda Boda operators presently have realized the importance of differentiating their services from without and within their competitors to gain competitive advantage in building on critical success factors for superior performance like of better customer service, superior comfortable rear cushions, location, discounts location, image, and turnaround on time.

Some of the related research work done touching on CSFs includes Mbugua (2005), who studied the critical success factors in petroleum products retailing in Nairobi and factors limiting the petroleum product dealer's ability to implement the CSFs and found out that Critical Success Factors includes; location, use of effective financial controls and assessment of periodic returns, competitive product pricing and monitoring managers ability to perform across the CSFs. Maina (2006) also studied Critical Success Factors in the banking industry examining major commercial banks in Kenya and found out reasonable charges, Customer service, International affiliations, modern technology and

improved location as being CSFs. Muli (2008) found out that some critical success factors in banking industry are quality, service distribution, Human Resource, Finance, Pricing and research and development. The researcher is not aware of any published or otherwise that has been conducted and that focus on the Critical Success Factors of Motorcycle Boda boda business in Nairobi region. The researcher hence seeks to collect data that will help answer the question, what are the critical success factors in the Motorcycle Bodaboda business in Nairobi?

### **1.3 Research Objective**

The objective of this study was to determine the critical success factors in the motorcycle Boda boda business in Nairobi.

### **1.4 Value of Study**

The study highlighted on how Boda boda operators may use critical success factors in their strategies in pursuit of their business operation in their jurisdictions and remain relevant in the highly competitive market.

The study would aid managers of various organizations in determining the key critical success factors needed for a sustainable competitive advantage thus contributing to organizational success.

The policy makers will obtain knowledge of the CSFs adopted by the motorcycle Boda boda operators in Kenya. They will therefore obtain guidance from the study in designing relevant policies that will regulate the transport industry in general.

This study will also expand the knowledge gap on critical success factors in motorcycle Boda boda business operations in Kenya and it will suggest areas of future research by the academicians.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

The understanding of Critical success factors in an industry setup is of importance as they drive the strategy for any firm. Critical success factors are considered as an integral component of strategic planning and a means of organization to focus and validate important activities, initiatives and projects and implement the strategic choice made by the company. Various scholars agree that the Critical success factors provide a basis for collecting and validating the information. Since different customer groups value different products / services features, organizations will need to compete on different bases and through different resources and competences (Johnson and scholes, 2008). These vary by market segment. Organizations need to identify threshold and unique resources which make them able to meet Critical success factors in a particular market segment.

Many businesses stop growing, then decline and fail, because they define their mission too narrowly. The Railway, for example, which thrived for years, stopped growing primarily because their managers imagined themselves to be in the railroad business, rather than the transportation business. The key to answering the question well lies in being Market-Oriented rather than Product -Oriented (Hax and Majluf, 1988). Managers should not only ask how they can do what they are doing better, but a more outward-looking question as well: "How should we be changing in response to the needs of today's and tomorrows 'consumers. Tomorrow's business geniuses will be those who exploit the swift pace of technology to create new goods and services.



## **2.2 Critical success factors**

The concept of critical success factors is closely related to the concept of key success factor. Rockart (1979) had based the Critical Success Factors concept of the idea of "success factors" discussed in management literature by D. Ronald Daniel of McKinsey and Company in 1961. He argued that a company's Information System must be descriptive and selective, focusing on "Success Factors" which in turn must be tied to organizational goals thus forming the basis of management control. Key success factor is a qualification or resource that a company can invest in, which in turn, accounts for a significant part of the observable differences in perceived value and/or relative costs in the company's relevant markets. Anthony et al. (1972) further emphasized the need to tailor CSF to both a company's particular strategic objectives and its particular managers. In literature, the terms CSF and KSF are often used alternately.

According to Thompson (1993), the identification of key success factors is a top priority strategic consideration. He however holds that the management needs to know the industry well enough to conclude what is more important. Rockart (1979), consequently stressed that these particular areas of activity should be constantly and carefully managed by a company or a firm. Within the field of strategic management, Key success factors highlight the specific outcomes crucial to success in the market place and the competences and capabilities with the most bearing on profitability. Thompson (1989), Concurrs with Omicon view that key success factors defined areas of possible competitive advantage. Importantly, increasing the product's value to the customer and also

promoting cost - effectiveness. These two factors according to Omicon explain why a customer would buy a product or is willing to pay more for it or both.

An alternative approach to the key success factors was developed by Kenichi Ohmae (1982). He evaluates a business using four categories; First, by Competing wisely. According to Ohmae, this is enhanced by applying Old existing strategy which is a key factor to success and using new creative strategy which involves using aggressive initiatives. The other category is by avoiding head on competition. This is also enhanced by using both Old existing strategy and new creative strategy focusing on the strategic degree of freedom. According to Ohmae, a firm can strengthen its competitive position through focusing its resources in areas where the firm can improve its competitive advantage and challenge the accepted assumptions by using aggressive initiatives, exploiting the relative superiority rather than competing across the board and by searching for areas untouched by competitors and vigorously exploiting them. Rockart (1979) asserts various benefits of Critical Success Factors when managers use CSF approach; It helps managers to determine those significant factors that will receive careful and continuous management scrutiny, ensures development of good measures and seek management report and also the amount of information gathered.

Daniel (1961) research on success factors focused on industry -related Critical Success Factors relevant for any company in a particular industry. The study by Anthony et al. (1972) went a step further by emphasizing the need to tailor Critical Success Factor to both a company's particular strategic objectives and its particular managers. Management

planning and control systems are responsible for reporting those Critical Success Factors perceived by managers as relevant for a particular job and industry. Rokart (1979) was able to identify analogies between the Critical Success Factor lists of the three organizations: "It is noticeable that the first four factors on the mature clinic's list also appear on the other two lists (...) these, it can be suggested, are the all encompassing industry- based factors. The remaining considerations, which are particular to one or the other of the practices but not to all, are generated by differences in environmental situation, temporal factors, geographic locations or strategic situation." (Rokart, 1979, p.87), In line with his study, (Rokart (1982) indicated that executives share a limited number of CSF. Each Executive (...) lists some, but not all, of the Critical Success Factor gathered from the sample as a whole. 190). Fear of competitors to imitate and outshine their competitors can explain why executives do not exercise full disclosure of CSF's within their organizations.

### **2.2.1 Managerial Infrastructure**

Various businesses enjoy a competitive advantage due to better planning and control systems, and a more appropriate global organizational structure (Barney, 2007). Initial visit to the field by Researcher in the transport industry has found out gross mismanagement in the transport industry. This is due to the vigilant groups manning various bus terminuses. The levels of management are either unclear or undefined. To enhance competency and avoid confusion in the management of transport industry, the management structures should be made clear. This is a critical success factor in any organization as stressed by Barney

Many people dream of running their own business thus becoming entrepreneurs. Most entrepreneurs start by offering something they themselves need (Greene, 2006). To go into business and be successful, you need to develop a positive attitude of business, gather relevant information about the business and consult with successful business people, listening to their stories (Ncebere, 1999). The identification of relevant Critical Success Factors to enhance sustainable competitive advantage is key to success of any business setting. In business as well as in general life, success comes from serving others. How well we serve the society determines the reward awarded. The management should consider the industry he intends to venture into business and craft appropriate strategies because some are more attractive and competitive than others.

Crafting a strategy is an analysis - driven task, not an exercise where managers can depend solely upon their creativity to come up with something clever or unique (Thompson, 1989). The strategy should be well matched to the full range of situational considerations. These include the industry and competitive conditions, the company's business own internal situation and competitive position. Not all industries offer equally attractive prospects for long- term profitability since some industries are beset with more problems and tougher competitive conditions than others. However, a firm in a very attractive industry may not do well if it is in a poor competitive position; conversely, a firm in a strong competitive position maybe in such unattractive industry that its performance is weak (Porter, 1985). Therefore the identification of Critical Success Factors in a firm in crafting a competitive strategy to enhance competitiveness is

important. The managerial wit is of key importance in bringing all the stake holders into their rightful positions to enhance participation.

### **2.2.2 Human Resource**

Human Resource is a key Factor in transport industry. According to Johnson and Scholes (2008), people influence strategy through their competence and through their collective behavior (culture). He holds that many problems of managing change results from failure to understand, address and change culture. The day to day actions of managers' shape and change the behaviour of front line staff. He holds that ability of staff and management to build networks of personal contacts can lead to leading an edge of knowledge, through mentoring and reward. The knowledge and experience of people can be critical in influencing the success of strategies in boda boda business. Creating a climate where people strive to achieve success is also a crucial role of any manager. It is important to view people in terms of resources, behavior and the need to organize people. Much of Human Resource management is concerned with issues of performance management. Pearce and Robinson (1990), holds that for a successful strategy needs, flexibility in staffing and training new management, the existence of employees with key skills in new products/services or market is critical.

According to Lynch (2003), Human Resource is an important area transcending all activities in organization which is concerned with recruiting, managing, training, developing and rewarding. Human Resource is a Critical Success Factor and it is continuously improved through continuance in training to achieve quality and quantity

thus improving profitability. Pearce, Robinson, Scholes and Lynch all agree that the leadership of organizations should fill relevant positions with qualified people committed to change effort (Campbell et al. 2004). In the Boda boda Motor cycle business, Employing competent drivers and support staff is important since they understand and reinforce road safety rules for their passengers. They also understand their customer special needs better thus offering value to their valued customers.

### **2.2.3 Technology and product innovation**

Johnson and Scholes (2008), urges that technology itself may be easy to acquire by competitors hence it is not necessarily a source of advantage. The way in which the technology is exploited is where advantage may be created. The Porter's five framework model was used as checklist for understanding the competitive position of different organizations. According to Porter (1985), differentiated strategies are appropriate in mature markets. The product and service improvements are achieved by using existing technology to address a known customer requirements especially on quality especially in automobiles.

Technology extends to the product innovation capability (Market Intelligence, 2003). Thomson and Strickland (1995) and Harker, Frei and Hunter (1995) argue that a firm's performance is "strongly influenced by the predisposition of management to not only develop innovative solutions for the future, but also to create the Milieu for their successful implementation. Businesses offering personalized services to their clients have an upper hand in maintaining clients at the time they require their services. Customers

and motorcycle Boda boda riders use mobile phones to communicate to their clients any time they require services. This enhances efficiency and reliability in delivery of services. Technology can change the way business firms compete or do business (Mcfarlan, 1991). Technology match is a critical success factor and those organizations which will be able to match to their needs will be able to survive in the future due to the turbulence nature of the environment.

According to Rowe (1994), Product innovation can broaden the customer base, rejuvenate industry growth while widening the degree of product differentiation among competing service providers. A study by Howe (2001) has shown that in Uganda, Motorcycle dealers have broadened the motorcycle structural composition to accommodate both passengers and carrying load capacity while maintaining comfort. Helmets, wind breaker screens, and other protective gadgets are meant to protect the passenger incase of accidents. They are fixed with radios to entertain passengers. Use of reflective garment for easier recognition by motorist and other road users is a common occurrence in our roads.

#### **2.2.4 Service Distribution**

This refers to the geographical positioning of the services facilities (Thompson, Strickland and Gamble, 2007). The importance of service distribution depends on the nature of the service. Most motorcycle Boda boda operates from the main bus stop/stages which connect to the residential areas mostly poorly served by other mean of transport. The location issue is determined by flexibility of consumption and flexibility of

production. Flexibility of production refers to how ease service faculties can be moved to serve customers whenever they are. Where production is inflexible, then the customer/passenger must go to the family which has implications in pricing and timing (Johnson, scholes and Whittington, 2008).

According to Porter (1990), a good starting point in identifying buyer behaviour is to look for buyer differences along three broad and observable dimensions: The buyer type, buyer geographic location and distribution channel employed. In the transportation industry, geographic location plays a major part in affecting the buyer needs and the costs of serving buyers. Geographic location frequently serves as a proof for desired product attributes due to differences in weather, customs and government regulation. This is evidenced by common use of different modes of transport in various terrains enjoining residential nodes and feeder roads. An industry's business and economic characteristics tell only part of the story about industry condition. The industry conditions change because the driving forces of change are in motion thus creating incentives or pressure for change (Thompson, 1989). In the transport industry, the yester years statistics show Boda boda business was dominated by Bicycle peddle driven but currently motorcycle Boda Boda are slowly taking over due to various market driving forces (Howe, 2001).

### **2.2.5 Finance/Budgets**

According to Pearce and Robinson (1991), a budget is a resource allocation plan that helps managers coordinate operations and facilitate managerial control of performance. Standards are set against which actions can be measured. They also provide a basis for



negotiating short term resource requirements to implement strategy at the operating level. Most firms employ a budgeting system rather than a singular budget which incorporates a series of different budgets fitting the organizations unique characteristics.

Most firms employ some form of revenue budget to monitor their sales/income projections because sales are a key objective of a chosen strategy (Pearce and Robinson, 1991). Critical information on daily management of financial resources and feedback on whether the strategy is working is provided by revenue budget. Capital budgets on the other hand plans for the timing of acquisition and expenditure of funds. Expenditure budget is crucial in budgetary control in various operating units. Scholes (2008), agree with Robinson (1991), that timing is often a key factor in the success of a strategy. Scheduling is a planning tool for allocating, time constrained resources or sequencing interdependent activities. Investments in efficient processes, human resource training and development, redesigning of Customer Service areas together with management on inbound and outbound Logistics in value Chain should be geared towards making service delivery efficient and effective (Quinen, Doorley and Paquette 1991, Porter, 1985).

Managing operational fundamentals which involve Scheduling, organization, and planning ensure operational soundness leading to high levels of service (Denton, 1989, KPMG, 1998; Frei, Harker and Hunter, 1995). Convenience is a value perceived by the customer. According to Frei, Harker and Hunter (1995) the success of an organization depends on how well it identifies and satisfies the convenience of different customers. The need to know peak and off-peak times for passengers is crucial for Boda boda

operators. Budgeting, scheduling and monitoring key success factors are important means of controlling strategy implementation at the operational level (Pearce And Robinson, 1991).

### **2.2.6 Government directives**

I '

The regulatory and government policy changes have significantly encouraged the motorcycle Bodaboda business in the country. The government of Kenya waver of tax on imported motorcycles in 2008 has increased their usage in the country rising from 3757 units in 2005 to 91151 in 2009 (KNBS, 2010). Government agencies can limit or bar entry by instituting over licenses and permits. The government can further give directives aimed at creating more job opportunities to the youths and its citizens. If these directives are utilized for the purposes they are meant for, they can be a source of business opportunity.

The government can also encourage businesses by offering tax incentives to certain business in the economy. It should however be noted that same business are able to thrive in the informal sector by evading taxes. Such firms are able to diversify their investments further hence able to compete with firm paying taxes on an added advantage platform. However it should be noted that once the law catches them, then the consequences are enormous. According to Howe (2001), one of the reasons for the original attempts to form an association in Kampala was to ward off the attempts by council officials and police to extract fees from Boda boda operators.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter gives the details regarding the procedures that were used in conducting data collection and analysis.

#### **3.2 Research Design**

The research was conducted using a cross section survey design. Mugenda and Mugenda (1999), notes that this survey research attempts to collect data from members of a population and describe existing phenomena by asking individuals about their perception, attitude behavior or values. This descriptive research enhances a systematic description that is accurate, valid and reliable as possible regarding responses on critical success factors from the operators.

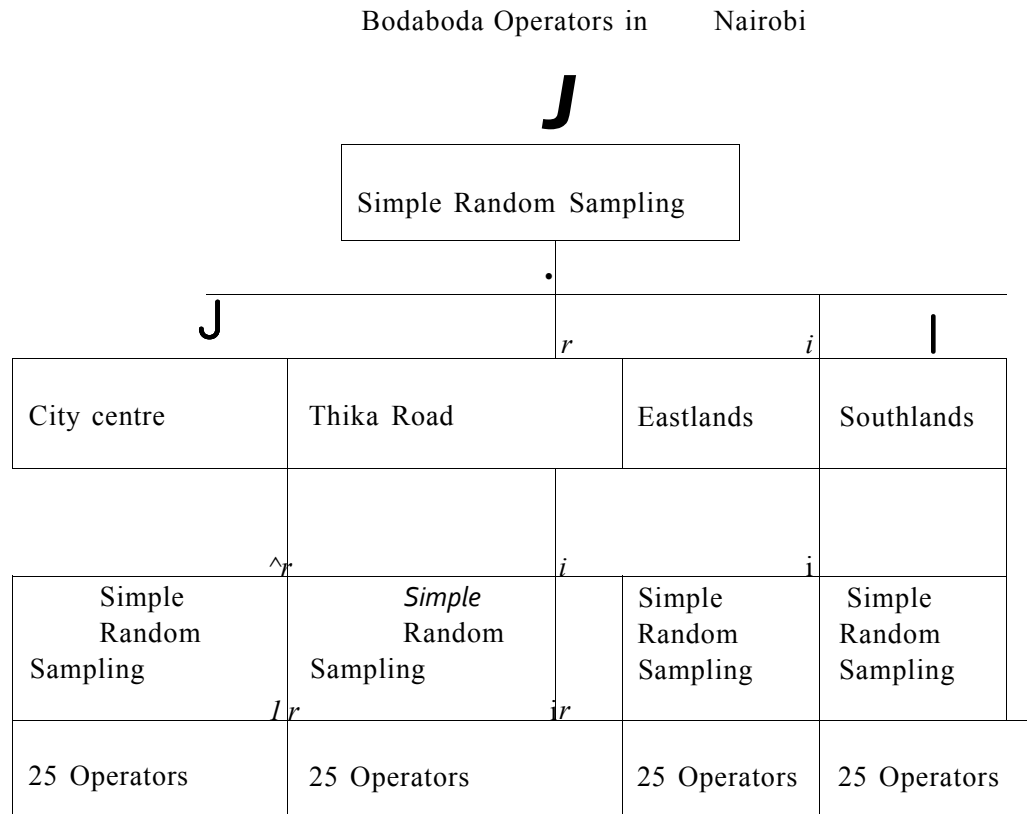
#### **3.3 Population of the study**

The population of the study targeted all the motorcycle Boda boda businesses operating in the Nairobi region. Of important to note is that the researcher found no official statistics on the exact number of motorcycles boda boda operating in Nairobi. However based on the researcher experience and observations on various routes commonly operated by Boda bodas, a sample of 100 motorcycle respondents in Nairobi was used.

### **3.4 Sampling Design**

The study splited Nairobi into 4 regions according to Kenya National Bureau of Statistics, Economic Review (2008) and personal experience of the researcher. These are City centre, Thika Road, Eastlands and Southlands routes. The categorization was based on similarities and differences in regard to fare pricing competition dynamics, environmental terrain and social economic status of majority of passengers. The researcher adopted Cluster random Sampling technique. Dane (1990) argues that when sampling frame list is unavailable, researchers use Cluster Sampling-randomly selecting hierarchical groups from the sampling frame. The key advantage of this sampling technique is that it substantially increases the likelihood of locating a desired characteristic in the population (Mugenda and Mugenda, 1999).

**Table3.1: Sampling Frame:**



**Source:** Author, (2011).

### 3.5 Data collection

The study used primary source of data. Data was collected using a semi- structured survey questionnaires divided into two sections, that is part A and B. The questionnaire incorporated various variables identified in the Literature review model. On a 5-level likert scale ranging from 1 (Not important) to 5 (Critical) the list of the CSFs was presented to the respondent for their evaluation. For the data validity purposes, the questionnaire was piloted with 10 operators and final revisions affected. This has been successful in other surveys. (Mbugua, 2005; Muli, 2008).

### **3.6 Data Analysis**

The data was analyzed using descriptive statistics. The frequency tables, mean, Standard deviation, charts and percentages were used to identify the main Critical Success Factors. However before analysis, the sample data from the field was screened for any error and omissions and tested for normality and outliers.

## **CHAPTER FOUR**

### **DATA ANALYSIS AND INTERPRETATION OF RESULTS**

#### **4.1 Introduction**

This chapter presents the analysis, findings and discussion guided by the objective of the study. The researcher investigated the critical success factors in the motorcycle Boda boda business in Nairobi. Data was collected from all areas in Nairobi where a total of 100 questionnaires were distributed. However 9 questionnaires got spoilt and 16 questionnaires was considered unusable at the editing stage. This represents a response rate of 75% which is considered adequate for the study.

#### **4.2 Demographic data.**

This section sought response on location, level of education of operators, age, gender, and years of operation. Of the 25 operators who received the questionnaires in each of the 4 regions, 16 responded from city centre, 22 from Thika Road, 20 from Eastlands and 17 from Southlands making a total of 75 respondents.

##### **4.2.1 Location of operators**

The respondents were asked to indicate the location of their business in respect to various business regions. Four alternatives regions were provided. They were; City centre, Eastlands, Southlands and Thika Road.

**Table 4.1: Location of operators.**

No.	Region	No. of responses	Percentage (%)
1.	City centre	16	21.3
2	Thika Road	22	29.3
3.	Eastlands	20	26.7
4.	Southlands	17	22.7
	<b>Total</b>	75	<b>100.0</b>

**Source: Author, (2011)**

From the above analysis on table 4.1, the respondents' rate was fairly distributed across the regions. Out of the total number of 75 respondents, 16(21%) were from city Centre, 22(29.3%) Thika Road, 20(26.7%) Eastlands and 17(22.7%) from Southlands. This was considered adequate for the study. City centre received the lowest response rate possibly because the respondents were attentively busy scrambling for clients hence having less time for interviews.

#### **4.2.2 Level of Education.**

The respondents were asked to indicate the level of education of the operators. Options of primary, secondary, college and university levels were provided where the respondents were to tick one.



**Table 4.2: Respondents level of education.**

<b>Level of education</b>	<b>Frequency</b>	<b>Percentage</b>
Primary	41	55
Secondary	<b>26</b>	35
College	8	10
University degree	0	0
<b>Total</b>	<b>75</b>	<b>100</b>

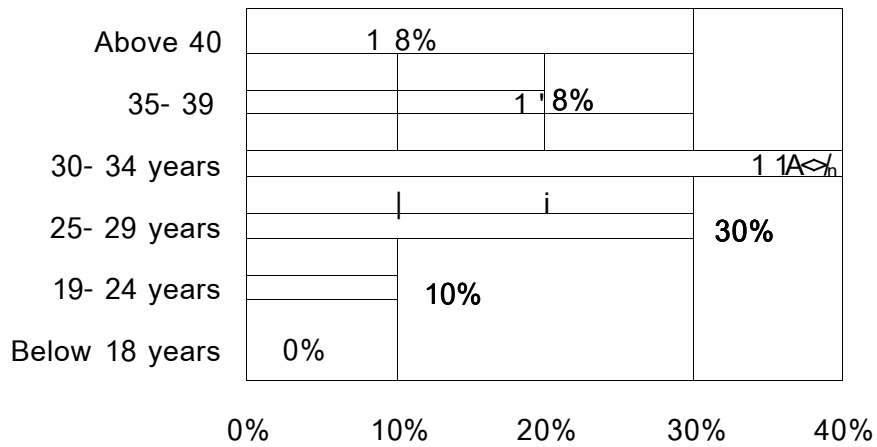
**Source: Author, (2011).**

The results in table 4.2 above revealed that 41(55%) respondents had only primary and 26(35%) secondary level of education, with just 8(10%) with college levels. There were no graduates. These results show that the Boda boda business is mostly operated by persons of secondary school and below who constitutes 90%, where the majority has only primary education. This is possibly because the primary school dropouts have fewer employable options compared to higher level holders.

#### **4.2.3 The age of the respondents**

The respondents were asked to tick the age bracket in which they fall from a given range of below 18 years, 19-24years, 25-29years, 30-34years, and 35-39years and above 40years.

**Figure 4.1: Age of Respondents**



**Source: Author, (2011).**

From the above analysis on figure 4.1, the majority of motorcycle operators were in the age group between 30 - 34 years and 25- 29 years who account for 34 % and 30 % respectively. The age group of operators above 40 years stood at 8 % possibly attributed to harsh weather condition in riding motorcycles. Of importance to note is that there are no operators below the age of 18 years. This is because in Kenya, persons below 18 years are not eligible for licensing to operate the motorcycle business.

#### 4.2.4: Gender of the Respondents

The respondents were asked to state their gender. The researcher sought to know the sex of the respondents, if they were male or female.

**Table 4.3 Gender of the respondents.**

	<b>Frequency</b>	<b>Percentage</b>
Male	75	100.0
Female	0	0
<b>Total</b>	<b>75</b>	<b>100.0</b>

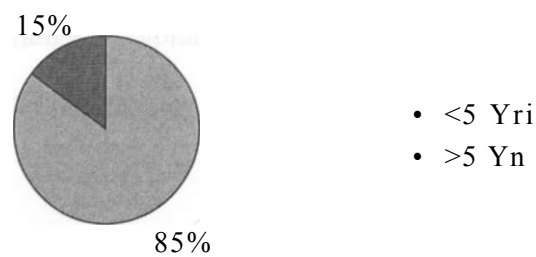
**Source: Author, (2011).**

From the above analysis on table 4.3, the study revealed that the operators of Boda boda business in Nairobi is an exclusively male preserve with the surveyed respondents being 100% male. This could be attributed to the nature of the business. Considering this is a high risk business to the riders, and women are low risk takers, this could have deterred the women from the business.

#### 4.2.5: Years of operation.

The respondents were asked to state the number of years they have been in operation. The respondents were offered two options that is (below 5years or Above 5years).

**Figure 4.2: Number of years of operation**



**Source: Author, (2011).**

The analysis on figure 4.2 above shows that **85 %** of respondents have been in operation for **5** years and below while **15%** had been in operation for **5** years and above. This can be attributed to the fact that the motorcycle Boda boda business is a relatively new business venture in Kenya and people are trying to embrace it as a commercial entity.

### **4.3 Critical Success Factors**

This section sought information on Critical Success Factors which included the current capital outlay, the average daily income of the operators and the performance of the business over the period covering one year.

### 4.3.1 Current capital outlay

The respondents were asked to state their current capital outlay in their business operations. The range of capital outlay was provided as; less than ksh 100,000, 100,000-300,000, 400,000-600,000 and more than 600,000. The respondents were expected to tick only one option.

**Table 4.4: Current capital outlay in Ksh**

	<b>Frequency</b>	<b>Percentage</b>
Less than 100,000	44	58.7
100, 000- 300, 000	23	30.7
400, 000- 600, 000	7	9.3
More than 600, 000	1	1.3
<b>Total</b>	<b>75</b>	<b>100.0</b>

**Source: Survey data (2011).**

Majority (58.7%) of the respondents indicated that their current capital outlay stands at less than Kshs. 100, 000 as shown in table 4.4 above. Further to the above findings, 30.7%, 9.3% and 1.3% of the respondents indicated that their current capital outlay stands at 100, 000- 300, 000, 400, 000- 600, 000, and more than 60, 000 respectively. These findings show that price is a critical factor to consider in motorcycle business. The majority of the respondents (89.4%) had their capital outlay of Ksh300, 000 and below.

### 4.3.2 Daily Income of operators

The respondents were asked to state their average daily income from the motorcycle bodaboda business. Their responses are analyzed as in the table below.

**Table 4.5: Daily income in Ksh.**

Ksh	Frequency	Percentage
Less than 500	8	10.7
500- 900	18	24.0
1000- 1400	37	49.3
More than 1, 500	12	16.0
<b>Total</b>	<b>75</b>	<b>100.0</b>

**Source: Author (2011).**

The table 4.5 shows that 37 respondents have their daily income of between Ksh. 1,000 and 1,400, 18 respondents at between Ksh 500-900, 12 respondents at more than Ksh. 1,500 and 8 respondents earning less than Ksh. 500. These figures represent percentages of 49.3%, 24.0%, 16.0% and 10.7% respectively. From the above analysis, the majority (65.3%) of motorcycle business operators' daily income stands at Kshs. 1,000 and above compared to 34.7% daily income of below Kshs. 900. The business is gaining popularity among the less educated population gaining higher incomes with low capital injections.

### 4.3.3 Business Performance.

On this question, the respondents were asked to describe their success in their business for the period covering the last one year.

**Table 4.6: Success in the business for the period covering the last one year.**

	<b>Frequency</b>	<b>Percentage</b>
Poor	16	21.3
Average	48	64.0
Above average	11	14.7
<b>Total</b>	<b>75</b>	<b>100.0</b>

**Source: Author, (2011).**

From the above analysis on table 4.6, the study revealed that the majority 48(64%) of the respondents for the period covering the year 2010 were of the view that their business performance was average. 16(21.3%) felt it was poor while 11(14.7%) felt that their business was above average. These findings are an indicator that the Boda Boda business is a very competitive business since the performance margins were average. This cut throat competition calls on the players to identify critical success factors so as to remain competitive.

### **4.4 The extent to which various CSFs influence motorcycle Boda boda use.**

This section sought information on the extent to which various CSFs influence motorcycle use. The respondents were to give their independent opinion on the extent to which

the identified CSFs influenced the use of motorcycle Boda bodas. The range was 'Critical' (5) to 'Not important' (1). The scores 'not important' had been taken to represent a variable with a mean score of 0 to 1.4 on the continuous liker scale; ( $0 < NI < 1.4$ ). The scores of 'Slightly Important' have been taken to represent a variable with a mean score of 1.5 to 2.4 on the continuous liker scale; ( $1.5 < S.I < 2.4$ ). The score of 'Important' have been taken to represent a variable which had a mean score of 2.5 to 3.4 on a continuous liker scale; ( $2.5 < I < 3.4$ ). The score of 'Very Important' have been taken to represent a variable which had a mean score of 3.5 to 4.4 on the continuous liker scale; ( $3.5 < VI < 4.4$ ). The score of 'Critical' have been taken to represent a variable which had a mean score of 4.5 to 5.0 on a continuous liker scale; ( $4.5 < C < 5.0$ ). A standard deviation of  $> 1.2$  implies a significant difference on the impact of the variable among respondents.

**Table 4.7: The extent to which various CSFs influence motorcycle Boda boda use.**

<b>Critical Success factors</b>	<b>Mean</b>	<b>St. deviation</b>
<b>MANAGERIAL INFRASTRUCTURE</b>		
Recognizing commercial opportunity	2.4533	0.394429
Decision on routes	3.3067	0.376335
Discipline	2.5067	0.3890
<b>HUMAN RESOURCE</b>		
Maintaining good employee relation	3.5067	0.390780
Recruiting riders with matching	3.5600	0.395378



skills

Viewing other modes as partners 2.5200 0.38820

and not rival competitors

Reward and Recognition 3.3733 0.37998

### **TECHNOLOGY**

Embracing technology 3.7067 0.411005

Cell phone and M-Pesa use 3.7467 0.416103

Anti-theft device use 3.08 0.36819

### **SERVICE DISTRIBUTION**

Location (strategic locations) 3.5867 0.398310

Convenience 4.3733 0.51049

Flexibility, accessibility and reliability 3.8800 0.43296

### **FINANCE AND BUDGETS**

Consistency and competitive fare pricing 3.3333 0.37748

Cost control on operational costs 3.2667 0.37425

### **GOVERNMENT DIRECTIVES**

Tax relaxation on imports 3.6933 0.410174

Job creation 3.7600 0.42235

Accident prevalence 1.8667 0.46572

Police Harassment 2.1867 0.422348

**Source: Author, (2011).**

#### **4.4.1 Managerial Infrastructure**

This section sought respondents view on the extent to which the various critical success factors on managerial infrastructure influenced the use of Boda bodas. They were sought on Recognizing business opportunity, Decision on routes and Discipline. Under Managerial Infrastructure, the findings in table 4.7 indicate that decision on routes is the highly rated specific critical success factor in boda boda business with a mean score of 3.3067 followed by Discipline (2.5067) and recognizing commercial opportunity (2.4533). In terms of variability, decision on routes had a standard deviation of 0.376335, discipline (0.3890) and recognizing commercial opportunity (0.394429). The findings further indicate that there is low variability in all the three factors under managerial infrastructure with a standard deviation range of 0.018094.

The decision on route scored highly in the managerial infrastructure possibly because some routes are more lucrative and busy throughout the day than others. Routes with higher economic activities are major target for any business hence the need to indentify correctly the area to operate and locate your business. On average, managerial infrastructure scored an average mean score of 2.75 with an average standard deviation of 0.38658 in respect to the other six critical success factors identified by the researcher.

#### **4.4.2 Human Resource**

This section sought respondents view on the extent to which the various critical success factors on Human Resource influenced the use of boda bodas. The views were sought from four success factors which included; maintaining good employee relation, recruiting

right riders with matching skills, viewing other modes as partners and not competitors and reward and recognition. From the analysis on table 4.7, recruiting right riders with matching skills was rated highest with a mean score of 3.56, followed by maintaining good employee relations (3.5067). Reward and Recognition came third with a mean score of 3.3733 and viewing other modes as partners and not competitors came a distant fourth with a mean score of 2.52

In terms of variability of the variables, recruiting right riders with matching skills had a standard deviation of 0.395378, maintaining good employee relations had a standard deviation of 0.39078, Reward and Recognition with standard deviation of 0.37998 and lastly viewing other modes as partners and not competitors with a standard deviation of 0.38820. The standard deviation range was 0.015398 which implies low variability. In the overall ranking, Human Resource had an average mean score of 3.24 implying that the respondents felt that this factor was important. Recruiting the right riders with matching skills was rated highly in this section because inexperienced and poorly trained motorcycle riders have been accused of causing many accidents in our roads. Maintaining good employee relations is considered important to uphold good rapport with clients using the service.

#### 4.4.3 Technology

The section on technology sought the views from the respondents to indicate on the liker scale '1-5', the extent to which embracing technology, use of cell phones and use of anti-theft device influenced the use of motorcycle Boda bodas. The views were sought and

from the analysis on table 4.7, use of cell phones and M-pesa was the highest rated factor in this category scoring a mean score of 3.7467. It was followed by embracing technology with a mean score of 3.7067 and lastly use of anti-theft device with a mean score of 3.08. Embracing technology and cell phone use were rated very important by the respondents (3.4<V.I<4.5) at 3.7067 and 3.7467 respectively. On average, cell phones and M-pesa use had a mean score of 3.74(very important) with a standard deviation of 0.416 as earlier shown on table 4.7. The use of mobile phone is rated highly possibly because of the ability to communicate with their familiar customers at any given time when they require the service. Use of M-pesa is also rated highly because of its easy to use concept and its low risks on theft especially at night.

Technology use is an highly ranked factor with an average mean score of 3.511 (very important) The two factors (use of cell phones and M-pesa and embracing technology) are almost tying neck to neck as analyzed in table 4.8. Technology is the way to go and the faster it is embraced, the better for the operators. The variability is low since the standard deviation is below 1.21. The range in the standard deviation on the technology critical success factors is 0.047913 (0.416103-0.36819) confirming low variability by the respondents. Use of Anti-theft is also rated Very important with a mean score of 3.08 because of the importance attached to security on the stake holders in the Boda boda business.

#### **4.4.4 Service distribution**

This section sought the views of the respondents on the liker scale '1-5', the extent to which service distribution factors on Location of Boda bodas in respect to the type of roads, convenience, Flexibility, Reliability and Accessibility influenced the motorcycle Boda boda use. The analysis on figure 4.7 affirms that service distribution was the highest rated CSF by the respondents with an average means score of 3.95 and an average standard deviation of 0.447. Further findings indicate that with a mean score of 4.37, convenience was the highest single rated CSF by the respondents in the overall ranking. It was closely followed by Flexibility, Reliability and Accessibility with a mean score of 3.88 and Location of Boda bodas in respect to the type of roads, convenience came third with a mean score of 3.59.

Explanations for the high ranking of convenience can be attributed to the fact that people need the service at the time they require them. Boda bodas are able to maneuver in places unreachable by Conventional Matatus because they have a small surface area. Speed is also of essence especially considering the unpredictable traffic jams experienced in most parts of Nairobi. Flexibility, Reliability and Accessibility was also highly rated by the respondents possibly because of the ability to communicate one on one with passengers on comfortable speed of the journey. Also a location in respect to types of roads demographics and business is important because of the ability to serve ignored passengers requiring specific services. In general service distribution outranked other Critical Success Factors in the level of importance as evidenced in table 4.7.

#### **4.4.5 Finance and budgets**

This section sought the views of the respondents on the liker scale '1-5', the extent to which CSFs on Finance and budget (consistency and competitive fare pricing and costs control on operational cost) influenced the use of Motorcycle Boda bodas. The views were sought and from the analysis on table 4.7, consistency and competitive fare pricing was rated highest with a mean score of 3.33 with cost control on operational costs coming second with a mean score of 3.27. On the overall rating of the CSFs studied, Finance and budgets, was ranked third among the six factors with an average mean score of 3.3 and an average standard deviation of 0.3758.

Consistency and competitive fare pricing was considered important by the respondents possibly because most of the operators operate low engine capacity motorcycles and they are able to charge reasonable fares to the passengers. This is evidenced by the low current capital outlays discussed earlier. In terms of operational costs, the discussion with the operators revealed that cartels on the roads are not a big issue since every stage has an association to safeguard the members' interests.

#### **4.4.6 Government Directives**

This

section sought the views of the respondents on the liker scale '1-5', the extent to which CSFs on Government directives (Tax relaxation on bike imports, job creation call, accident prevalence and police harassments) influenced the use of Motorcycle Boda bodas. The views were sought and from the analysis on table 4.7, job creation call was the highest ranked CSF by the respondents with a mean score of 3.76 with standard

deviation of 0.42235, followed by tax relaxation on bike imports 3.69 (0.410) police harassments 2.19 (0.422) and lastly accident prevalence with mean score of 1.87 and standard deviation of 0.466. All the factors studied had a low variability since the standard deviations were less than 1.2.

Further findings in table 4.7 shows that some CSFs were rated very important by the respondents (job creation call, tax relaxations on imports) while others were considered slightly important (police harassment and accident prevalence). Job creation call was highly valued by the respondents possibly because they get their daily bread from this business and have few other employment opportunities considering their levels of education. Tax element is also considered as very important by the respondents. The elimination of unnecessary government taxes on entry to the industry seems to be one of the ways to achieve short-term low operational costs on Boda boda operators and it reduces the entry barriers into the business.

The respondents rated Police harassment with a mean score of 2.186 with a variability of 0.422 (table 4.7). The police harassment is a sign of insecurity in business setup which also could be coming from some government authorities and other informal groupings trying to extract fees from the Boda boda operators. As shown in table 4.7, the majority of respondents rated accident prevalence slightly important with a mean score of 1.86 and standard deviation of 0.465. The explanation to this poor performance is probably due to problems of poor safety record and congestions created in urban areas by motorcycles.

#### **4.5 Conclusion**

From the analysis of the above set of CSFs which sought the views of the respondent on the liker scale 1-5, the respondents rated the service distribution highly with an average mean score of 3.95 and an average standard deviation of 0.447. This was followed by technology with an average mean score of 3.51 and an average standard deviation of 0.398 Finance and budget with an average mean score of 3.30 and an average standard deviation of 0.376. Human Resource, government directives and Managerial Infrastructure scored an average mean score of 3.24, 2.88, and 2.75 with a mean standard deviation of 0.388, 0.430 and 0.386 respectively. With our liker scale, it therefore follows that all the factors were either important or very important since they lie between 2.75 (important) and 3.95(very important). There was low variability since the standard deviation for all factors was less than 1.2.

On the specific CSFs, the factors considered as slightly important in the motor cycle Boda boda business among the operators were those which scored lowest, with an average mean score of less than 2.5. These CSFs included; viewing other modes as partners, discipline, recognizing commercial opportunity, police harassment and accident prevalence which scored a mean scores of 2.5, 2.5, 2.4, 2.1 and 1.8 respectively. In reference to the respondents variability in rating various CSFs, the findings reveals that they were least varied in rating the importance of the CSF of the operators in business. There was high consistency among respondents. All the success factors with a standard deviation of less than 1.2 can be classified as least variable among the respondents.



## **CHAPTER FIVE**

### **SUMMARY, CONCLUSION AND RECOMMENDATIONS**

#### **5.1 Introduction**

This chapter summarizes the findings and the conclusion gathered from the analysis of the previous chapter (chapter four). Various comments and suggestions given by the respondents in the questionnaires are also incorporated in this chapter. The findings are summarized alongside the objective of the study and the discussions are in line with the existing literature on critical success factors.

#### **5.2 Summary of Findings**

The Motorcycle Boda boda business is a relatively new business in Nairobi. According to the study findings, 85% of the respondents have been in operation for less than 5 years.

The demographic studies on CSFs also reveal that the majority of the operators are persons of secondary level of education and below. This is possibly because they have limited skills to enable them secure jobs elsewhere. The age of the operators is also important. The respondents felt that persons under the age of 18 years are not engaged in operating Boda boda business. This is possibly attributed to the inability to secure licensing to operate. The issue of gender came out very strongly. The study revealed that the business is an exclusively male preserve, possibly attributed to the nature of the business classified as high risk for women.

The identified CSFs were scattered in the order of importance among the 6 various umbrella CSFs which included service distribution, technology, finance and budgets, human resource, government directives, and managerial infrastructure.

The specific critical success factors rated highly by the majority of the respondents were convenience; flexibility, accessibility and reliability; job creation call; use of cell phones and M-Pesa services; embracing technology; Tax relaxation on imports and location. From the literature review, Thomson, (2007) argues that among various competing critical success factors, two or three factors usually outrank the others in importance. Based on this argument, convenience; flexibility, accessibility and reliability and call for job creation were highly ranked with mean scores of 4.3733, 3.8800 and 3.7600 respectively. However, accidents prevalence and police harassments were considered to slightly important.

Mutuku (2008) did a similar study whose objective was to identify CSFs in the Banking industry in Kenya. The findings of the study (Mutuku 2008) identified service quality, service distribution and human resources as some of the key factors that must go right for the business to succeed. Mbugua (2005) did a study whose objective was to identify CSFs in the petroleum product dealers retailing in Nairobi. The findings of the study (Mbugua 2005) identified location, consistent product quality offerings as being some of the key success factors. Howe (2001) did a study on bodaboda whose objective was to identify Uganda's rural and urban low capacity transport services. The findings of the

study (Howe 2001) identified Speed and convenience of motorcycles as highly rated for their continued use.

The identification of the critical success factors in the motorcycle business is important because it enhances competitiveness and sustainability of the business in a competitive environment. It can be explained that a key factor in aiding this exponential use of Boda bodas in Nairobi is the constant traffic jams experienced in most parts of the city, especially during the rush hours to and from work. There were also isolated cases of the bodaboda operators being sent to pick petty errands. These included forgotten keys in offices, lunch, and office supplies by known customers. Motorcycles wave through the traffic at speed thus reducing journey times. Comments on the use of the Boda boda service by the new to town persons were also high from the respondents. Fear of getting lost was a high priority. Once you know your destination, the Motorcyclist will navigate you to the destination while conversing one on one. The passenger is also able to dictate the speed he is comfortable being driven in.

### **5.3 Limitation of the study**

The study was constrained by various limitations. A respondent's 'perception' which is a reflection of the situation in which he finds himself in, may change even over short periods of time. It was also difficult to identify the real owners of the boda boda businesses hence the researcher relied on the operators. Informal conversations with the operators revealed that the real owners of motorcycles work from offices multi-tasking jobs. The study was carried only in Nairobi area on specific routes. The operators in this

area may differ in opinions with those in other parts of the city considering the difference in culture, levels of income and social class. Time and financial constraints affected the sample size and the scope of the study.

#### **5.4 Recommendations**

From this study, it is evident that the most important factor for Boda boda motorcycle businesses is the service distribution where convenience and flexibility, reliability and accessibility outranked other factors. This shows that speed is of essence in the motorcycle Boda boda business. Sendee distribution is critical in delivering value services to the customers. It is crucial that the sustainability of these competitive critical success factors is maintained.

#### **5.5. Suggestions for Further Research**

This research suggests that more studies be done to establish whether critical success factors identified in Nairobi are still applicable in other urban centres and also in rural areas. The study concentrated on identifying CSFs in the motorcycle business in Nairobi. These findings cannot be generalized because other sectors and regions may have different CSFs they use to gain sustainable competitive advantage hence need to get a broader view. The findings from such research work will serve as an eye opener to other sectors of the economy.

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## Appendix i: Questionnaire

I am carrying out a research on the Critical Success Factors of Motorcycle Boda boda business operators in Nairobi .You have been chosen as one of the respondents. Kindly help answer all the following questions.

### Part A: Demographic profile of respondents

1. Location (Tick)

i.) City centre ( )      iii.) Eastlands ( )      iv.) Southlands ( )

ii.) ThikaRoad ( )

2. Level of education of operators.

i) Primary ( )      ii) Secondary ( )      iii) College ( )

iv) University Degree ( )

3. Please tick the age bracket in which you fall.

i) Below 18 years ( )      v) 35 - 39 years ( )

ii) 19-24 years ( )      vi) Above 40 years ( )

iii) 25 - 29 years ( )

iv) 30 - 34 years ( )

4. Gender    male ( )      Female ( )

5. Number of years of operation?      Below 5yrs      Above 5 yrs

### PART B: CSF's

1. What is your current capital outlay?

Less than 100,000 ( )      100,000-300,000 ( )  
 400,000-600,000 ( )      More than 600,000 ( )

2. Daily income in KSH.

Less than 500 ( )      500-900 ( )      1000- 1,400 ( )  
 More than 1,500 ( )

3. How would you describe your success in the business for the period covering the last one year?

Poor ( )      Average ( )      above average ( )

**Read this section first and then allocate weight accordingly**

The statements below concern CSFs in motorcycle BodaBoda business on a scale of 1 - 5, with 1 indicating not important and 5 critical. Please indicate by ticking to what extent you feel each of them influenced use of motorcycle BodaBodas.

1-Not important      2-Slightly important      3-Important  
 4-Very important      5-Critical

2      3      4      5

**A. Managerial Infrastructure**

1.) Recognizing commercial      ( )      ( )      ( )      ( )      ( )  
     Business opportunity.  
 2.) Decision on routes      ( )      ( )      ( )      ( )      ( )  
 3.) Discipline      ( )      ( )      ( )      ( )      ( )

**B. Human Resource**

- 1.) Maintain good employee relations ( ) ( ) ( ) ( ) ( )
- 2.) Recruiting riders with matching skills ( ) ( ) ( ) ( ) ( )
- 3.) Viewing other transport modes as partner ( ) ( ) ( ) ( ) ( )

And not as fierce competitors

- 4.) Reward and recognition ( ) ( ) ( ) ( ) ( )

**C. Technology**

- 1.) Embracing technology in transport ( ) ( ) ( ) ( ) ( )
- 2.) Use of cell phones & M-pesa in settling bills ( ) ( ) ( ) ( ) ( )
- 3.) Ant-theft devices usage ( ) ( ) ( ) ( ) ( )

**D. Service distribution**

- 1.) Location of Boda bodas in respect to the ( ) ( ) ( ) ( ) ( )  
Type of roads, demographics and businesses
- 2.) Convenience ( ) ( ) ( ) ( ) ( )
- 3.) Flexibility, accessibility and Reliability ( ) ( ) ( ) ( ) ( )

**E. Finance and budgets**

- 1.) Consistency and Competitive fare pricing ( ) ( ) ( ) ( ) ( )
- 2.) Cost control on operational costs ( ) ( ) ( ) ( ) ( )

**F. Government directives**

- 1.) Tax relaxation on bike imports ( ) ( ) ( ) ( ) ( )
- 2.) Job creation call ( ) ( ) ( ) ( ) ( )
- 3.) Accident prevalence ( ) ( ) ( ) ( ) ( )

4.) Police harassments

< > ( ) ( ) ( ) ( )

**G.)** List and rank on scale 1 - 5, any other factors you feel are critical **and may have been** omitted in the list above.

**THANK YOU FOR YOUR COOPERATION.**



**UNIVERSITY OF NAIROBI**  
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**MBA PROGRAMME**

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PO Box 30197  
Nairobi, Kenya

DATE.....1

**TO WHOM IT MAY CONCERN**

The bearer of this letter... &PF/.FA

Registration No. . . M t f a / A p z h e ? . ? .

is a bona fide continuing student in the Master of Business Administration (MBA) degree program in this University.

He/she is required to submit as part of his/her coursework assessment a research project report on a management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate your assistance to enable him/her collect data in your organization.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organizations on request.

Thank you.

**JUSTINE MAGUTU**  
**ASSISTANT REGISTRAR**  
**MBA OFFICE, AMBANK HOUSE**