

**MATATU OPERATORS RESPONSES TO CHANGING
GOVERNMENT REGULATION IN KENYA: A CASE
STUDY OF MATATU OWNERS IN NAIROBI**

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By

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**A RESEARCH PROJECT SUBMITTED IN PARTIAL
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DECLARATION

This project is my original work and it has not been presented for a degree in any other university.

Signed:  Date: 8th Dec. 2004.

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This Strategic Management project has been submitted for examination with my approval as the University Supervisor

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DEDICATION

To my parents : Sheldon and Florah Muchilwa who offered a great deal to start me out in life with an education that laid the foundation and a desire in my heart to be a great achiever.

To my brothers David and Alfred, and my sister Loice for their immense support which was a source of inspiration for everything I set out to achieve.

To God Almighty : whose Grace made completion of this project possible.

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Let all who contributed to the successful completion of this work share the credit, but I alone take full responsibility for errors of omission and commission.

Table of contents

Declaration.....	i
Dedication	ii
Acknowledgement	iii
Table of contents.....	iv
Chapter 1: Introduction.....	1
1.1 Background.....	1
1.2 Research problem.....	4
1.3 Objectives of study.....	7
Chapter 2 : Literature review.....	8
2.1 Environmental and environmental conditions.....	8
2.2 Political and environmental factors.....	9
2.3 Strategy.....	9
2.4 Internal capability.....	10
2.5 Competitive conditions in the environment.....	11
2.6 Strategic and operational responses.....	12
Chapter 3: Research methodology.....	15
3.1 Research design.....	15
-Population and Sampling frame.....	15
3.2 Data collection method.....	15
3.3 Data analysis.....	15
Chapter 4: Data Findings and Analysis.....	16
4.1 Findings.....	16
4.2 Analysis and discussions.....	26
Chapter 5:Conclusion.....	28
5.1 Summary, discussions and conclusion.....	28
5.2 Limitations of study.....	29
5.3 Recommendations for further research.....	30
5.4 Recommendations for policy and practice.....	31

References.....32

Appendix 1: Questionnaire.....33

Appendix 2: Traffic act amendments- Attachments

CHAPTER 1

INTRODUCTION

1.1 Background

Matatus spontaneously originated in Nairobi since the 1950s, used by residents of the African residential zones to move people to and from nearby sub-urban areas to their residence in the city (Aduwo 1990). The then existing bus transport system didn't go to these residential areas. The emergence of the matatus filled this transport vacuum. The matatus increased in number especially with the influx of migrants into Nairobi upon the attainment of independence in 1963. At the start of matatu operations, a standard fare of thirty cents was charged and the term matatu was derived from the Kikuyu phrase "mangotore matatu" which means thirty cents. Today, matatu refers to a major transport enterprise comprising of institutions involved in transport service provision, repair, ownership, importation, licensing driver training and a complex of business relationships and linkages. The Matatu mode of public transport has since its official recognition in 1973, grown in importance. It competes with transport companies not only within towns, but also in medium- and long distance. Passenger traffic throughout Kenya is dominated by the matatu operator services (Ogonda 1992) A major empirical and concern on existing studies on the matatu industry in Kenya is that the strong and contending socio-economic interests have been The emergence of the matatu mode of transport in Nairobi faced restrictions as they posed a challenge to the monopoly of the Bus Company in passenger transport. In the 1930s the need for

public bus service was recognized in Nairobi and to fill this need a contract was made with the city authorities and a British Transport Company to provide urban transportation services in Nairobi. Kenya Bus Services Ltd. was given the exclusive franchise of carrying fare paying passengers in the municipality of Nairobi (Aduwo 1990). When matatus emerged they were seen as illegal competitors by the Kenya Bus Services Ltd. management and the local authorities. This largely explains the harassment the matatu operators faced from the KBS and the local authorities especially in the 1960s and early 1970s. It took the lobbying and a presidential intervention for matatu operators to break into the public transport niche in Nairobi. Following a visit by a group of businessmen from Kiambu to the late Mzee Jomo Kenyatta, the matatus addressed. The following questions have been inadequately answered. What are the underlying economic and social forces in the matatu industry? How is the formal policy, regulatory and framework, internalized in the matatu industry? What rules, norms and organization guide the operation of the matatu industry presents room for field research on the matatu industry in Kenya? The purpose of this paper is to answer the question on how matatu operators have responded to recent regulations in the industry.

The formal organization of the matatu industry attracted the attention of both government and opposition political groups. The political groups saw this association as an important ally to advance political interests. Apart from the political interests, the economic interests pursued by the owners and the operators

continued. The matatu is not just for the low income and self-employed workers. It's a big time business enterprise now involving the affluent in the society. There are other businesses also linked to the matatu industry for example, insurance firms, vehicle body builders, vehicle assemblers, importers, garages, petrol stations, driving and commercial banks. The sector also employs drivers, conductors and stage workers. This array of individuals and groups generates a number of conflicting interests that lead to an intense struggle for an economic niche and sphere of control in the matatu industry. Matatu owners often complain of high operating costs. To meet these costs they are forced to increase the fares. The matatu eventually becomes the source of most of the money to satisfy the economic goals of the owners and other stakeholders.

There are also social concerns in the matatu industry. The matatu has attracted a number of unemployed youth (Khayesi 1997) which resulted in a general outcry that the matatu industry is the breeding ground for anti social activities such as drug taking, pick-pocketing and immorality which has implications for the spread of HIV/AIDS, violence and thuggery. The behavior of matatu drivers has been of concern to other road users and the Government of Kenya. They violate traffic rules with impunity (Shorter and Khayesi 1999). This partly explains the increased number of matatu related road traffic injuries (Odero Khayesi, Heda and Muli-Musiime 2001)

Re-organization in the Matatu Industry, 1989-2001.

The struggle for control and regulation continued despite the official banning of the national matatu organization. Their emerged rout based matatu associations. In terms of organization a national group known as Matatu Welfare Association was formed and officially registered in August 2001. Its aim was to represent the needs and interests of the matatu industry. In summary, the 1990s witnessed an increasing number of business and political groups in the matatu industry

1.2 Research Problem

The field of strategic management is replete with studies of firm responses to changes affecting industries. Kandie (2001) investigated strategic responses by Telkom Kenya to challenges of competitive environment. He then concluded that lack of sufficient funds and managerial autonomy to make strategic decisions rendered strategic responses insignificant. Mwanthi (2003) studied strategic responses of British American Tobacco (BAT) Kenya Ltd. to environmental changes and ultimately concluded that societal responsibility needed to be incorporated in the strategic responses. Mwarania, (2003) researched on responses by re-insurance companies in Kenya to changes in the environment. Through the case of Kenya Re-insurance, she concluded that there was room for further study for other insurance firms and that they could adopt the responses observed in this study. Nyawara (2003) undertook a survey on the responsiveness of doctors to the different elements of the promotional mix used within Kenya Pharmaceutical

Industry. He concluded further studies should be conducted in addition to assess the impact on buying behavior from the promotional mix. Musembi, (2003) studied the responsiveness of customers to value proposition in influencing purchase behavior of selected tyre brands and concluded that there is room for further research from which dealers of other car accessories and tyres can benefit from. Mutuku, (2003) did a survey on manager's attitudes and response to workforce diversity in the Telecommunications sector in Nairobi. He concluded that more research could be carried out on diversity and its management in other sectors. In addition, there should be clear policies to solve any injustices existing in organizations. Kiptugen, (2003) studied strategic responses to a changing competitive environment with focus on Kenya Commercial Bank. The study focused on four responses therefore concluded more research could be done to incorporate other responses and banks. Goro (2003) looked at strategic responses of commercial banks to the threat of substitute products and concluded banks need to grapple with the ever-changing societal factors and monitor the trends of substitutes. Muraah (2003) did a survey on strategic responses on Kenyan Pharmaceutical firms to the challenge of HIV/AIDS pandemic and concluded that non discriminative human resource should be maintained and the ARV drugs made more available. Amurle, (2003) studied the response of the Family Planning Association of Kenya to changes in its operating environment. Muturi, (2003) looked at strategic responses of Christian churches in Kenya to changes in the external environment with reference to Evangelical Churches in Kenya. He

highlighted the flaw of the study as being limited to Nairobi and exclusive of non-evangelical churches. Further research could be done on strategic management in churches as there isn't much attention in this field. Cheluget (2003) studied responses of Milk Processing firms to increased turbulence in the macro-environment of Dairy Industry in Kenya. Migude, (2003) looked at strategic responses by Kenya Broadcasting Corporation (KBC) to increased competition. They (KBC) responded by realizing the need for sources of finance to accrue modern equipment and to incorporate strategic thinking in their policies. Mokaya, (2003) carried out a study on responses of inter-urban Bus companies in Kenya to environmental changes and concluded that mergers and acquisitions were least important in responding to environmental changes and recommended determination of competencies required for competitive advantage and introduction of use of management practices. Mugambi, (2003) studied strategic responses of Tourist hotels to changes in the environment with focus on tourist hotels in Nairobi. He concluded that a longitudinal study should be carried out to establish how other players in the tourism sector have been responding to changes in the environment and the constraints they are facing. Also the premise of security threats should be incorporated and responded to. Chepkwony (2001) looked at strategic responses of Petroleum firms to challenges of increased competition in the industry. She concluded that in the face of aggressive turbulence, to remain afloat proper strategic responses have to be incorporated and adhered to. Muturi, (2000) studied strategic responses by firms facing competitive

conditions with regard to East Africa Breweries (EAB) Ltd. He concluded that more studies and aggressive marketing strategies were required to maintain and retain EAB Ltd market share. Kombo, (1995) researched on strategic responses by firms facing changed environmental conditions and studied the motor vehicle franchise holders in Kenya. As seen from the foregoing studies, response studies have focused on industries other than the matatu industry. Yet this is a highly volatile industry to the extent that what has been found in other industries may not quite apply in this industry. The current study will therefore look at how the matatu industry has responded to changing government regulation regarding the industry.

1.3 RESEARCH OBJECTIVES

This study seeks to address the following objectives:

- To identify aspects of the new regulation governing matatu operations.
- To find out how the matatu owners have responded to various aspects of the new regulation in the matatu industry.

CHAPTER 2

LITERATURE REVIEW

Response involves change in a firm's strategic behaviour to assure success in transforming future environment. Strategic diagnosis identifies whether there is need to carry such a change (Ansoff, 1999). Specific action is selected and executed to bring the firms' aggressiveness and responsiveness in line with the future environment. A change in turbulence in a firm's current operating environment will require it to adapt by changing its current responses and internal capacity through its strategic and capability transformation, thus using new strategic responses and a changed internal capability. In so doing, the firm maintains equilibrium both of its critical success factors and core competencies to match the external environment in which it is.

2.1 Environment and environmental conditions

This is the pattern of all external conditions and influences that affects organization life and development (Porter 1998). The most general layer of the environment is often referred to as the macro-environment. It consists of broad environmental factors that generally fall into the *PESTEL* framework; i.e. political, economical, social, technological and legal factors. Structural drivers of change are forces likely to affect the structure of industry, sector or market within which

an organization operates. With regard to the study of this research, the political and legal aspects bear more focus since the responses are reactions to them.

2.2 Political and legal factors

They basically comprise of monopoly legislation, employment law, health and safety and product/service safety. In this case, there are institutions that the matatu industry would ideally fall for such roles as handling labor related matters and road welfare of workers. These institutions include: the Ministry Labor and Manpower Development, Ministry of Transport, Local Government, the National Hospital Insurance Fund, the Industrial court of Kenya, Central Organization of Trade Unions amongst others.(Khayesi ,1997). There is also the Employment Act, Regulations of Wages and conditions of Employment Act (Laws of Kenya, Chapter229), Traffic Act, and Transport Licensing Act (Chapter 404). Within this framework there have been recent changes which this study seeks to look at the responses it elicited.

2.3 Strategy

Strategic response often involves a change in the competitive position a firm holds in the competitive industry (Porter, 1998). A change in competitive position will require a company to decide on which generic strategy to adopt. The choice involves focus, differentiation and cost strategies. The choice is essential in the strategic planning process since it determines the superiority of total organization

performance. All the strategic planning variables will fall in place once a clear choice of basic generic strategy has been arrived at. Other response variables include generic competitive strategies to match changes in the environment, value chain transformation within the current strategy to enable a new strategy that will match the new environment. This will also include changes in the strategy, marketing, production and R&D strategies. Finally, a change in general management will create a new organizational capability compatible with the new environment and new strategy, thus bringing about a strategic fit to a new organizational position.

2.4 Internal Capability

This is the ability to perform at the level required for success. Its underpinned by the resources and competences of the organization, which are basically threshold resources that keep the firm in business and unique resources that create competitive advantage and are difficult to imitate. Subsequently, threshold competencies are activities that underpin the meeting of threshold of product/service feature, while core competences are activities that ensure the meeting of critical success factors thus gives a competitive advantage. Critical success factors are those product features that are particularly valued by a group of customers and therefore where the organization must excel to out perform competition. Thus changes in other environmental factors ultimately affect the

capability of a firm's performance thus prompting adaptive measures internally so as to fit and remain competitive or risk business failure. Typical internal responses could include repositioning, creating new opportunities, exploiting other opportunities among others.

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2.5 Competitive conditions in the environment

They are similar to those identified by Porter (1990). According to him these competitive forces facing an organization can be classified into five major categories: Threat of new entrants. This may be especially so when the environment is conducive for/and attract new investors into the market who will undoubtedly vie for a niche in the existing market. Rivalry between firms; this may arise through changes in the current market sector for either market share or product superiority and availability. Bargaining power of suppliers and buyers; Changes that inadvertently affect suppliers and how they procure their raw materials (e.g. new regulations on the item of trade, logistics etc.) may cause suppliers to renege on earlier contracts made and impose new conditions for the delivery of the goods of trade to the firm. Buyers too have a bargaining chip by being in a position to accept or reject the kind, quality and standard of goods offered to them. This affects the demand and supply cycle of a product in any given market. And finally, substitute products are a competitive force in the market since they provide an alternative to the consumer and tend to be cheaper than the dominant products on the market. In a market dominated by consumers

with a poor consumer index and low propensity to spend, this substitute becomes their choice product.

2.6 Strategic and Operational responses

As indicated in the studies mentioned earlier, previous studies have shown various firms responding to changes by implementing change strategies both internally to meet external conditions so as to survive. Chepkwony (2001) studied the strategic responses of petroleum firms to challenges of increased competition in the industry. Kiptugen (2003) studied strategic responses to a changing competitive environment with focus on Kenya Commercial Bank. In both cases the firms operationalized their responses to match the environmental turbulence in which they operated. From the academic view, scholars on management observed and derived the following; that firms are social entities that are goal directed deliberately structured activity systems with identifiable boundaries (Bedeian 1980). A firm itself as a system is in escapable found in variety of interrelationships to the larger systems that comprise the external environment. A firm as an open system must interact with the environment to survive. It both consumes resources, which it transforms into outputs and then export outputs to consumers. Hofer and Schendel (1978) observed that for firms to be effective and hence successful, they should respond appropriately to changes that occur in their respective environments. Major escalation of environmental turbulence means a

change from a familiar world of marketing and production and provision of services to an unfamiliar world of new technologies, competitor's new consumer attitudes, dimensions of social control, and above all unprecedented questioning of the firm's role in society (Ansoff and McDonna 1990). Government system in developing countries regulated economic aspects of a firm's behavior, which hampered competition. The practice encouraged existence of unprofitable and inefficient firms while at the same time, blocking new entrants. This restrictive trade practices resulted in benefits accruing to protected firms due to manipulation from the system rather than from innovation and adaptation of new technologies (World Bank Report, 1994). However the economies of less developed countries including Kenya continued to perform poorly. In a move to reverse the poor state of the Kenyan economy, the Brettonwoods Institutions i.e. World Bank and the IMF recommended far reaching social and economic reforms. Kenya was forced to adapt/accept the demands of these institutions as a condition for disbursement of aid, which was suspended in 1991. (Ishrat and Faruqee, 1994). This action saw re-introduction of multiparty politics in 1992 and the much-talked about liberalization accompanied by economic uncertainty (Economic Survey, 1993).

Liberalization primarily involves a movement towards less control of factor markets, financial markets and commodity markets. Less participation of governments in economic activities together with lower public expenditures is advocated. It has led to stiff competition in many sectors of the economy and has

made firms change their activities in order to survive. The Matatu sector has not been spared the turbulence brought about by liberalization hence increased competition, which has created a fundamental shift in the economic environment. No proprietor/operator can hope to stay afloat if he fails to come up with proper strategic responses. It's all a question of coming up with new strategies or risk being a dinosaur.

CHAPTER 3

RESEARCH METHODOLOGY

3.1 Research design

Population and sampling frame:

The population of interest is the matatu owners and the matatu owners association subsequently forms the sampling frame from which the sample for study is derived from. The sample to be used will be probability sampling. The sample size of 40 members of the population will be taken using a list of members of the Matatu Welfare Association.

3.2 Data Collection Method

This will be through personal interviews. The questionnaire will have open-ended questions and the researcher will collect the data. The questionnaire is in the appendix 1.

3.3 Data Analysis Method

The arithmetic mean will be used for data analysis on the responses by the matatu owners to determine the most common responses.

CHAPTER FOUR

DATA FINDINGS AND DISCUSSIONS

4.1 Findings And Analysis

The completed questionnaires were analyzed using descriptive statistics, which included the mean, to discern the extent of the challenge, and also the standard deviation in order to find out where the greatest challenges were and the respective responses to them. The challenges were divided into nine groups ranging on a scale of one to five, whereby one denoted “no challenge at all” and five signifying “very challenging”. Respectively the responses were rated on percentages to show to what extent the challenges were acted upon to meet the new regulations.

The challenges under study were nine and the proceeding table and narration presents the final analysis. The following are the tabulated results that matatu owners found challenging. (See next page)

Table1. Responses found challenging by matatu owners

Challenges	MEAN	STANDARD DEVIATION
Seat belts	3.93	2.45
Speed governors	3.70	2.15
Yellow bands	1.38	4.54
Photographs	1.38	4.54
Seating capacity	3.48	2.03
Uniforms	1.65	3.95
Certificate of Good conduct	2.10	2.94
Substantive appointments	3.18	2.30
Working < 8 Hrs	4.15	2.98

The figures in the table 1 above have been calculated for their mean values and standard deviation to determine where the greatest challenges were in the following graph in figure 1, as shown on page 23.

From the graph it is clear as indicated by the means, that particular changes of the regulations were viewed as very challenging and others not. Challenges that directly

affected income generation to the matatu owners ranked highest as very challenging starting with working hours not exceeding 8 at 4.15, mandatory seat belts at 3.93, speed governors at 3.7 and seating capacity at 3.48. Regulations that were not directly tied to income generation but a prerequisite of the law were found least challenging as shown by Uniforms at 1.65, mandatory Yellow bands and Photographs at 1.38, and certificates of good conduct at 2.1. Similarly, the highest standard deviations were recorded against challenges that matatu owners found least demanding. Likewise small deviations for challenges found taxing.

Comparisons of challenges faced by Matatu Owners

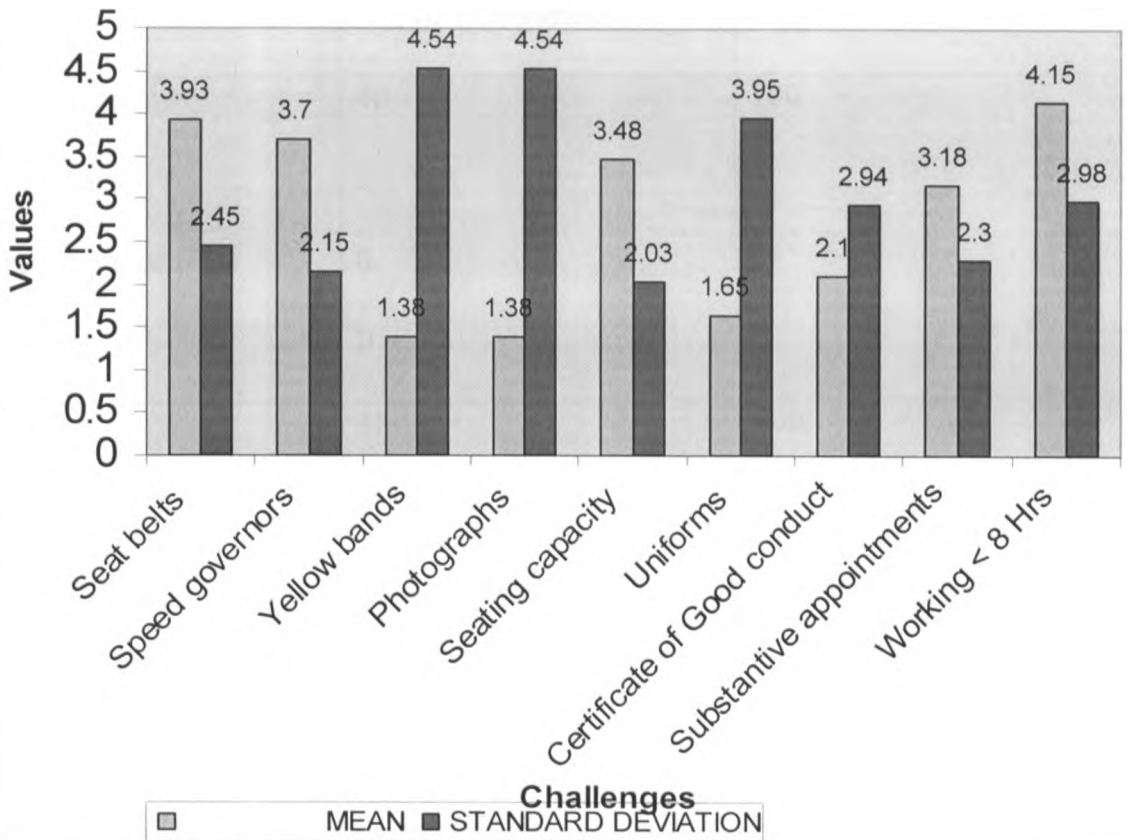


Fig 1

The chart gives a graphic image of the results.

The following tables give the results to the second part of the questionnaire, on how matatu owners adapted to the challenges through various responses. It can also be seen clearly from the graph plotted from the given figures of the table in figure 2.

The third section of the questionnaire establishes how the matatu owners adopted to the challenges through various responses.

Table 2: Responses to seat belts

Response	No. of respondents	Proportion (100%)
Increase fares	40	100
Reduce staff	0	0
Increase no. of trips	0	0
Others	0	0
Total	40	100

From table 2 it's clear that all matatu owners responded by increasing fares to cope with the challenge of mandatory seat belts.

Table 3: Responses to Speed governors

Response	No. of respondents	Proportion (100%)
Longer working hrs	35	87.5
Ply longer routes	4	10
Reduce staff	1	2.5
Others	0	0
Total	40	100

In table 3, a majority of the owners (87.5%) opted to have longer working hours, 10% ply longer routes and 2.5% reduce their staff. This is the response to having compulsory speed governors.

Table 4: Responses to Yellow Bands

Response	No. of respondents	Proportion (100%)
Indicate alternative multiple routes	5	12.5
Specify single route only	35	87.5
Total	40	100

Table 4 shows that 12.5% of the matatu owners chose to indicate alternative multiple route destinations on the yellow bands on the vehicles, while 87.5% indicate specific single route.

Table 5: Responses to Seating Capacity

Response	No. of respondents	Proportion (100%)
Increase fares	32	80
Change of route	0	0
Increase no. of trips	8	20
Others		
Total	40	100

Results in table 5 show that the challenge of a specific seating capacity saw an increase of fares by the matatu owners (80%), while 20% increased the number of trips made.

Table 6: Responses to Uniforms

Response	No. of respondents	Proportion (100%)
Buy own uniform	38	95
Reduce staff	2	5
Others	0	0
Total	40	100

Table 6. The use of uniforms by the staff employed; owners passed this cost to their employees with 95% of them buying their own whereas 5% choose to reduce the staff.

Table 7: Responses to Certificate of Good Conduct

Response	No. of respondents	Proportion (100%)
Genuine papers	28	70
Paste warning notices	3	7.5
Give contact numbers of mgmt.	9	22.5
Total	40	100

In table 7, results show that 70% of the owners put value on the genuinity of the papers, 7.5% on warning notices and 22.5% opted to give their contact numbers so as to get complaints of any misconduct. This is with regard to certificates of good conduct.

Table 8: Responses to Photographs

Response	No. of respondents	Proportion (100%)
Clear	25	62.5
Recent	10	25
Genuine	5	12.5
Others	0	0
Total	40	100

Table 8 gives results on how owners adapted to inclusion of photographs of the drivers of the matatu. 62.5% want clear photos, 25% recent and 12.5% insisted on genuineness.

Table 9: Responses to Substantive Appointments

Response	No. of respondents	Proportion (100%)
Flexible	10	25
Contract	30	75
Others	0	0
Total	40	100

In table 9, substantive appointments. 25% of Owners choose to offer flexible employment terms, and 75% settled for contracts to their employees.

Table 10: Responses to Filling Tax Returns

Response	No. of respondents	Proportion (100%)
Pay taxes	25	62.5
Others(soon start paying)	15	37.5
Total	40	100

Table 10 shows that 62.5% of the owners of Matatus plying in Nairobi file their tax returns, while 37.5% indicated that they intend to start soon.

Table 11: Responses to Hours of work not more than 8hrs

Response	No. of respondents	Proportion (100%)
Flexible	38	95
Contract/shifts	2	5
Others	0	0
Total	40	100

Table 11; results indicate that most matatu owners were flexible about the hours of work (95%), while 5% opted for working shifts with regard to the challenge of working not more than 8 hours.

The final section of the questionnaire was to evaluate whether and to what extent the owners of Matatus have changed their delivery of their services

Table 12. Focus on Product delivery.

Delivery of service	Mean	Standard deviation
Basic product/service	4.2	2.70
Urban market/sector	4.7	4.2
Sub-urban	2.0	3.20

Changes in focus of service delivery

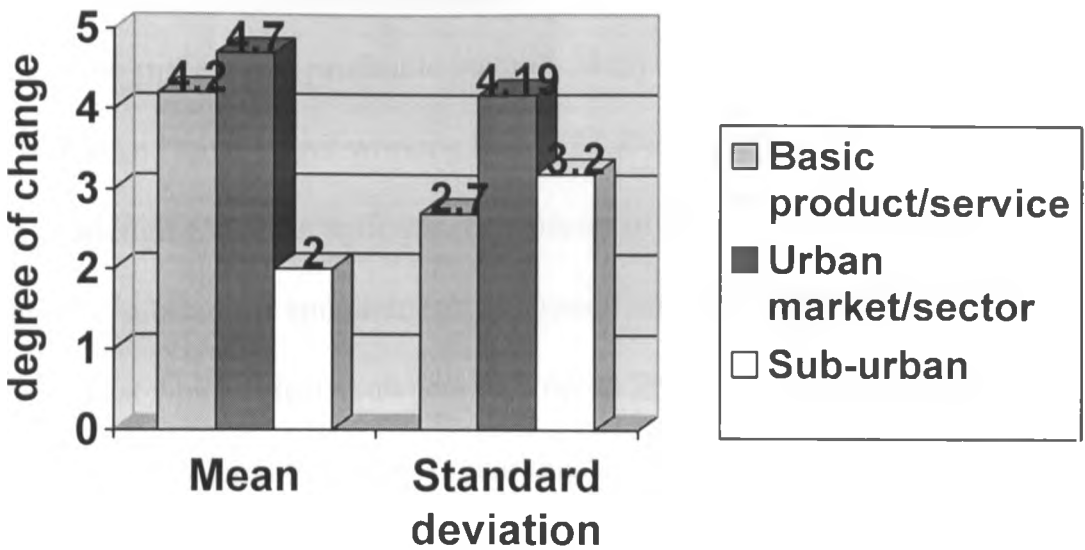


Fig 2 Changes in focus of delivery

The results depicted from the table 12 and the subsequent graph (Fig 2) indicate a definite change in the attitude of matatu owners with regard to delivery of their service with a mean of 4.2 and a standard deviation of 2.7, but still predominantly limited to the urban sector with a mean of 4.7 and a standard deviation of 4.2.

Those who serve suburban regions are still few at 2 and 3.2 respectively.

4.2 Analysis And Discussions

It is clear from the overall results of this research, that the recent changes in government regulations was well adopted to by matatu owners through various alternative responses depending on the strength of the challenge provided, with

seating capacity and speed governors were viewed as a great challenge thus necessitating a variety of alternative responses, so as to effectively adapt to the changes while still earning profitable income. Many owners opted to increase their fares (100%) and have longer working hours (87.5%). Likewise, changes viewed as least challenging such as uniforms, certificates of good conduct, mandatory photographs, substantive appointments and specified working hours posed no problems. That which affected owners they opted for contracts for substantive appointments (75%) and flexibility in working hours (95%). The rest had to be borne by the employees; uniforms (88.45) where they had to buy their own. The photographs and certificates of good conduct were similarly acquired by the employees.

An amicable working environment was thus attained by the owners to fit into the changes imposed by the government.

CHAPTER FIVE

CONCLUSION

5.1 Summary, Discussions And Conclusions

The first objective of the study was primarily to identify aspects of the new regulation governing matatu operations. As the results show, the seat belts, speed governors, passenger seating capacity and substantive appointments were found to be most challenging. This was because it directly affected the income generation from the transport service offered. Similarly, yellow bands, photographs, uniforms and certificate of good conduct were not particularly challenging since most owners passed this cost down to their employees.

The second objective of the study was to find out how the matatu owners responded to various aspects of the new regulation. 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 and adapt to the changes. In response to tax returns, substantive appointments and working hours not more than 8 hours, the concept was yet to be fully grasped. Most owners were flexible on appointments and working hours. This was mainly due to lack of formal employment structures in this sector. This factor inadvertently affected their view towards filling tax returns whereby about 60% do so.

Generally most matatu owners in Nairobi conformed to the changes imposed by the government by adapting new strategies and re-organizing their internal capabilities to match the new working environment; with new laws and regulations. Notably, changes

that directly tied in with generation income were perceived as greater challenges by the owners of the Matatus. Likewise, changes that were not directly tied in generation of income but legally necessary like Yellow bands and Photographs were not considered a challenge. Others like filling tax returns is not yet fully incorporated by at least 20% and substantive appointments are basically on contract basis.

The movement of Matatus within Nairobi city (which this research focused on) is dynamic and growing due to the aggressive expansion of the city.

The study also brought out the fact that more public vehicles are plying deeper into the suburbs which are quickly being incorporated into the city municipal council, as indicated by the number of current routes (60) being plied within the city.

Management of routes through root officers and SACCO's has ensured ease of transition with the recent changes. This has also ensured a structure of management within the matatu industry where initially it was regarded as an empire of chaos through cartels, conflicts and violence. (Sirigi 2000, Mathiu 1999)

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. This has currently been seen through Safaricom (K) Ltd. this involvement has had a positive impact on owners of Matatus and their staff. A 95% positive response in the change of focus in their service indicates a change in their

attitude of their service delivery and 87.5% % positive response in the focus within the urban area.

The findings of this study indicated that matatu owners are willing to adapt to the new regulations despite the challenges posed 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

5.2 LIMITATIONS OF THE STUDY

Some of the limitations of this study are due to the method of data collection. The weaknesses of the survey research may also have been potentially limiting in the study. The use of a structured questionnaire may have defined the questions and greatly influenced the answers the respondents gave. Care was however exercised during the designing of the questionnaire to minimize this limitation.

The questionnaire was administered by **drop-pick** later and this may have affected the interpretation of questions by respondents and therefore the quality of the answers they gave. Despite regular follow-up by phone or visits, willingness to fill the questionnaires was low resulting in a longer time being required to complete collecting them all (to achieve the desired target, more questionnaires were printed). Reluctance from both the owners and managers of the matatu associations in the face of recent changes in the government may have biased some answers through fear of intimidation; a case of treading carefully.

Finally, I was operating within limited time and resources and most importantly, the changes are so recent in the dynamic and vibrant industry thus the results may not bare impact when a modicum of stability occurs in a few years.

5.3 Recommendations For Further Research

Further study could be undertaken to ensure that proper control has been maintained after the initial implementation of changes 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. The was conducted very soon after the regulations were introduced so 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.

5.4 Recommendations For Policy And Practice

From the outcome of this project, certain recommendations for policy and practice arise. The government through the use of traffic police should always ensure 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 should be imposed on those breaking the traffic laws. Continuous assessment of the working conditions of the seat belts and speed governors, to ensure that they are always in good working condition. Likewise, there should be a zero tolerance on transgression and corruption from the traffic police especially on bribes from the drivers, conductors and owners of the matatus.

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APPENDIX I

QUESTIONNAIRE

TO BE ANSWERED BY MATATU OWNERS IN NAIROBI

SECTION 1: PERSONAL DETAILS

1. Ownership: Single () Partnership ()
2. Route plied: ()
3. Years of operating a “matatu” business 0-5() 5-10() OVER 10() (tick)
4. Number of matatus owned ()

SECTION TWO: REGULATORY CHANGES IN THE INDUSTRY

To what extent do you find each of the following aspects of the new regulation challenging, indicate the extent on a five point scale where 5 =Very challenging and 1 = Not challenging at all.

	5	4	3	2	1
1. SEAT BELTS	()	()	()	()	()
2. SPEED GOVERNORS	()	()	()	()	()
3. YELLOW BANDS	()	()	()	()	()
PHOTOGRAPHS	()	()	()	()	()
5. SEATING CAPACITY	()	()	()	()	()
6. UNIFORMS	()	()	()	()	()
7. CERTIFICATE OF	()	()	()	()	()
. GOOD CONDUCT					

3. Give contact numbers of management ()

7. Photographs

1. Clear ()

2. Recent ()

3. Genuine ()

Please indicate whether your company (matatus) have changed focus in the following. Indicate the extent on a five point scale where 5=Complete change and

1=no change (tick)

	5	4	3	2	1
a) Basic Product/Service	()	()	()	()	()
b) Urban market /Sector	()	()	()	()	()
c) Sub-urban market	()	()	()	()	()

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LEGAL NOTICE NO. 161

THE TRAFFIC ACT

(Cap. 403)

IN EXERCISE of the powers conferred by section 119 (1) of the Traffic Act, the Minister for Transport and Communications makes the following Rules:—

THE TRAFFIC (AMENDMENT) RULES, 2003

1. These Rules may be cited as the Traffic (Amendment) Rules, 2003.

2. The Traffic Rules are amended—

Sub Leg

(a) in rule 22A—

(i) by deleting the class of vehicles and the manner of fitting of seat-belts specified in subparagraph (ii);

(ii) by inserting the following new paragraphs (6) and (7) immediately after paragraph (5)—

“(6) With effect from the 2nd November, 2003, every public service vehicle including motor omni-buses, *matatu* and private hire vehicles shall be equipped and fitted with a seat-belt in the manner specified in this paragraph—

MANNER OF FITTING

A seat-belt per seating position in the motor vehicle, and if seating accommodation is provided for more than two persons abreast, whether by means of a continuous seat commonly known as a “bench seat” or by separate seats, the seat-belts for the persons other than those seated next to the body of the car, may consist only of the cap-strap position of the seat-belt.

(7) No public service vehicle including motor omni-buses, *matatus* and private hire vehicles shall be used or driven on a road after the 2nd November, 2003, unless it is fitted and equipped with seat-belts in accordance with paragraph (6) and the owner of any vehicle driven in contravention of this paragraph shall be guilty of an offence and liable to a fine of five hundred shillings in respect of each seat-belt that is not fitted or which is fitted but is not of the proper standard or specification.”

(b) by deleting rule 41A and substituting therefor the following new rule—

“41A. (1) With effect from 1st February, 2004, the engine of—

(a) every public service vehicle except taxis and private hire vehicles;

(b) every commercial vehicle whose tare weight exceeds 3,048 kg. shall be fitted with a speed governor which—

(i) is of a type approved in writing by the Minister; and

(ii) is adjusted so that at all times and in any load condition the vehicle cannot exceed 80 kph.

(2) In this rule “governor” means a device to control the speed of the engine by any method.

(3) Every public service vehicle purchased after 31st December, 2003, shall be fitted with a speed governor before can be licensed to operate.”

(c) in rule 55 by renumbering the existing paragraphs (b) and (c) as paragraph (c) and (d) and inserting the following new paragraph (b)—

“(b) the route number the vehicle operates on;”

(d) by inserting the following new rule 65A immediately after rule 65—

“65A (1) With effect from 31st December, 2003 every driver and every conductor of a public service shall wear a special badge and uniform.

(2) The badges will be provided by the Registrar of Motor Vehicles upon payment of a prescribed fee.

(3) With effect from 1st February, 2004, every driver of a public service vehicle shall undergo compulsory testing after every two years to ascertain his or her competence.

(4) Every owner of a public service vehicle shall employ one driver and one conductor who shall be security vetted.

(5) Every conductor or driver of a public service vehicle shall only take up employment as such upon being vetted pursuant to paragraph (4) and shall be paid a permanent salary by the owner of the public service vehicle.

(e) in Part VII by deleting Part VII and substituting therefor the following new Part VII—

“PART VII—SPECIAL PROVISIONS RELATING TO TAXICABS AND MATATUS

70. (1) With effect from 1st January, 2004, every taxicab or matatu shall have painted on both sides and on the rear a continuous horizontal yellow band having a width of 150 millimetres and of a consistency sufficient to enable such band to be clearly visible by day at a distance of not less than 275 metres.

(2) If the main body-work of a taxi-cab or matatu is so coloured that the yellow band required under this rule does not contrast prominently therewith so as to be clearly visible at a distance of at least 275 metres, then the main body-work, or so much of it as runs parallel to and at a distance of not less than 75 millimetres on either side of and contiguous to the aforesaid yellow band, shall be painted a dark colour of sufficient consistency to enable the yellow band to be clearly visible at the distance aforesaid.

71. There shall be prominently exhibited in every taxicab or *matatu* a recent photograph of the head and shoulders of the driver who for the time being has charge of the taxicab or *matatu* and the photograph shall be taken full face without hat, of postcard size and such photograph shall be—

Photographs.

- (a) of such nature and so displayed as to enable any person riding in the back of the taxicab or *matatu* clearly to identify the driver thereof with the photograph; and
- (b) approved by a police officer of or above the rank of Assistance Superintendent and having endorsed on the reverse of the photograph the particulars of the driver's identity card, public service vehicle licence and taxi driver's or *matatu* driver's licence, and the signature of such police officer signifying such approval as aforesaid.

72. Any person who—

Penalties under
this Part.

- (a) contravenes or otherwise fails to comply with the provisions of this Part; or
- (b) owns, drives, causes to be driven or has charge of a taxi-cab or *matatu* other than in accordance with the provisions of this Part, shall be guilty of an offence and liable to a fine not exceeding six hundred shillings or, in default of payment, to imprisonment for a term not exceeding two months or to both."

3. Legal Notice No. 351 of 1987, is repealed.

Dated the 24th September, 2003.

JOHN MICHUKI,
Minister for Transport and Communications.