

DIGITAL TAXI

**AND FUTURE OF EMPLOYMENT
IN KENYA**

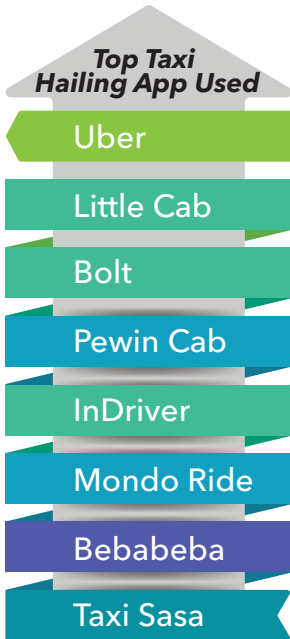


Kenya has seen the rapid rise in the Gig economy also called the sharing economy over the last decade. Although ride hailing apps such as uber, Bolt and Littlecab have led in terms of prominence; there has been a steady rise of digital platforms affording workers opportunities for short term contracts and freelance work.

Viffa conducted a survey between 8th and 21st August 2019 to establish the state of digital taxi drivers in Kenya as well as the unique challenges they face in the transport sector.



Survey Results

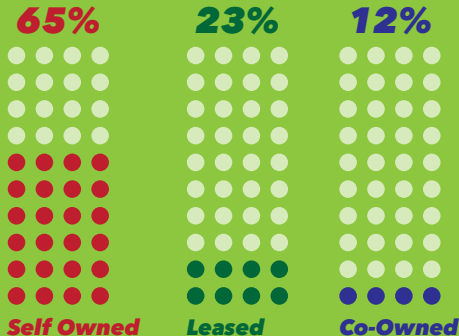


Taxi App Insight

- i. InDriver has deployed a model in which a customer and driver bargain and agree on fare beforehand. The customer set own fare and designated route. Drivers nearby receive ride notice and have three choices; accept fare offered, ignore offer or bargain for a higher fare.
- ii. **Potential challenges for InDriver: Time taken to hail a taxi, Lack of fare comparison by customers, the app requires payment with cash which poses security risk.**
- iii. Bebabeba allows customers to travel long distance outside Nairobi
- iv. **Drivers were leveraging on more than 2 Apps to reduce on idle time**

Taxi Ownership Status

65% of respondents indicated the taxi they drove was self owned, 23% leased from third party while 12% co owned with Taxi App Company



Level of Engagement

72% of respondents indicated they are full time taxi drivers while 28% indicated they are part time taxi drivers.



Ownership Insight

10% of locally owned Taxi hailing companies offered equity options to loyal drivers using their APP

Motivation for Being a Digital Taxi Driver

1. Flexible working hours
2. Inability to secure formal employment
3. Additional income
4. Better paying than previous job

Motivation Insight

70% of full time drivers were motivated by inability to secure formal employment while 30% were motivated by better paying than previous job.

85% of part time drivers were motivated by additional income while 15% flexible working hours

Better paying than previous job

30%



Additional income

85%



Flexible working hours

15%



Inability to secure formal employment

70%



Hours Worked per Week

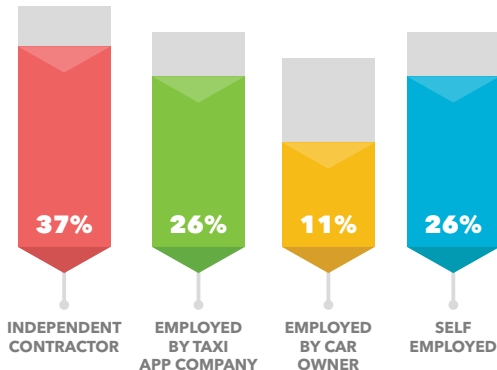
Hours Worked	Respondents Share
11 - 15 Hours	12%
16 - 20 Hours	5%
21 - 30 Hours	12%
31 - 40 Hours	5%
41 - 50 Hours	24%
Over 50 Hours	42%

Employment status

37% of respondents indicated they consider themselves to be independent contractors, 26% indicated they consider to be employed by Taxi hailing App Company, 26% indicated to be self employed while 11% were employed by car owner.

Insight

A challenge is presented by the fact that 37% of drivers consider themselves as being employed while most if not all Taxi hailing App companies recognize them as independent contractors. The situation is further aggravated by the fact that 42% of drivers work for more than 50 Hours a week against a normal working week of 45 Hours.



The question then becomes; do they understand the implication of their current contracts with either the vehicle owner or taxi hailing App Company. Is the Digital Taxi Association lobbying for a change in contract to capture this relationship or at least the benefits thereof?

Weekly Gross Turnover

Turnover (Ksh)	Respondent Rate
1 - 5,000	2%
5,001 - 6,000	2%
6,001 - 10,000	7%
10,001 - 15,000	14%
15,001 - 20,000	9%
20,001 - 30,000	33%
Over 30,000	33%

Turnover Proportion	Respondent rate (Drivers)
11 - 15%	12%
16 - 20%	9%
21 - 30%	31%
Over 30%	48%

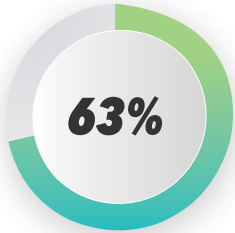
Insight

Despite 66% of drivers grossing over Ksh 20,000 a week, 52% netted less than 30% of the turnover not considering fuel, car washing and other incidental cost that are borne by the driver which further reduces their net pay. If taxation and other statutes were to be factored these drivers would be below minimum wage.

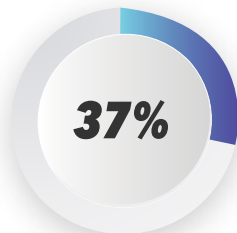
Preferred Mode of Payment by Customers

63% of customers preferred to pay through mobile money while 37% preferred cash

**Pay through
Mobile money**



**Prefer
Paying Cash**



Challenges faced

1. Underpayment by taxi App due to low fare rate
2. Personal security (Car jackers)
3. Harassment by local authorities
4. Long working hours
5. Loan repayment
6. Late payment
7. Drunken customers

Recommendations

1. Establishment of association to lobby for needs of digital taxi members to Taxi Hailing App companies and Government
2. Inclusive strategic planning by Taxi App companies that involves critical stakeholders such as drivers who are great assets in terms of customer feedback as well as strategy execution
3. Customer review capabilities by drivers on Apps to reinforce positive customer behavior
4. Motivation schemes for drivers such as extension of credit or credit guarantee for top performing drivers



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