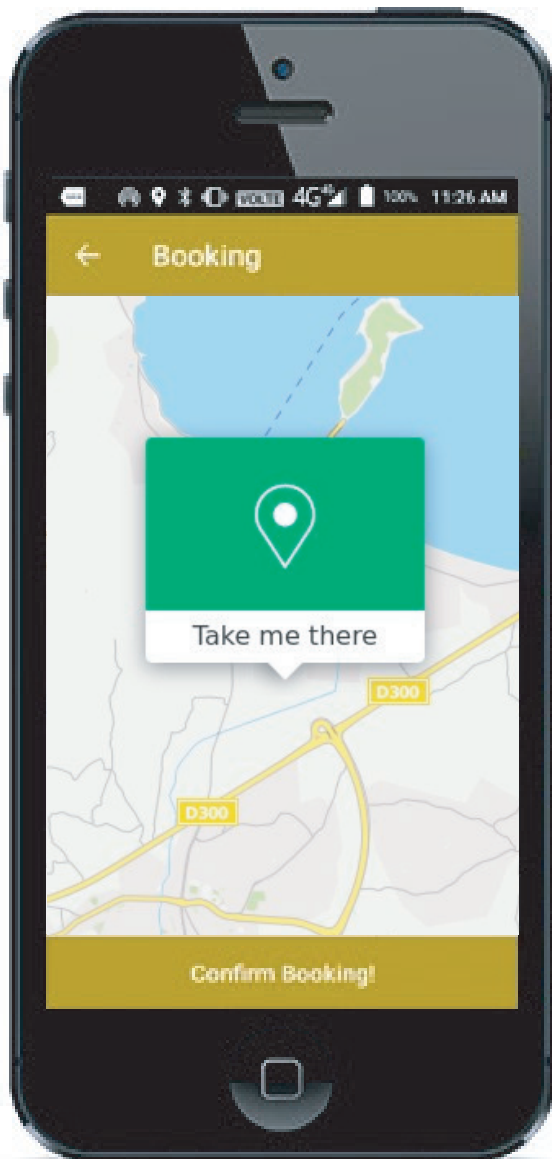


Digital Taxi and The future of Employment in Kenya



Prepared By:



Viffa Consult



Digital Taxi and The 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.

The digital taxi sub sector has seen tremendous changes in the last five years from digital taxi drivers strikes due to price wars among taxi hailing Apps, Introduction of motor cycle hailing, formation of sub sector associations and growth underpinned on an increase in ecommerce activities which is correlated to COVID 19.

Further the introduction of the digital services tax is set to introduce a new dynamic to the sector especially on pricing.

Viffa is conducting its second edition survey to establish the state of digital taxi drivers in Kenya as well as the unique challenges they face in the transport sector. Specific objective of the survey is to establish

1. Most preferred taxi hailing APP by digital taxi drivers
2. Taxi ownership status
3. Nature of engagement with APP
4. Challenges faced

Study Methodology


Study tool

Sample Size

Sample Design


Online & Telephone Survey

123

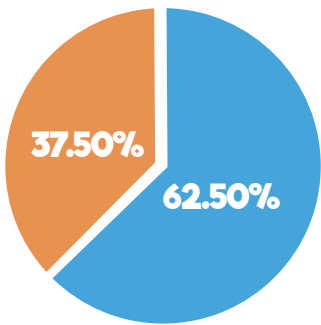
Purposive
{Counties; Nairobi, Kisumu, Machakos, Kiambu, Eldoret, Mombasa, Nakuru}
Random {Within counties}

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Results

Type of Ride Distribution



■ M.Vehicle ■ M.Cycle

Insight

Taxi drivers with motor vehicles were more open to partnering or registering with taxi hailing Apps as compared to drivers who owned Motor cycles who complained that the rates offered to customers were too little to sustain their day to day operations.

Taxi drivers who owned motor cycles preferred parcel deliver Apps whose rates were better than taxi hailing apps

Top Hailing App used



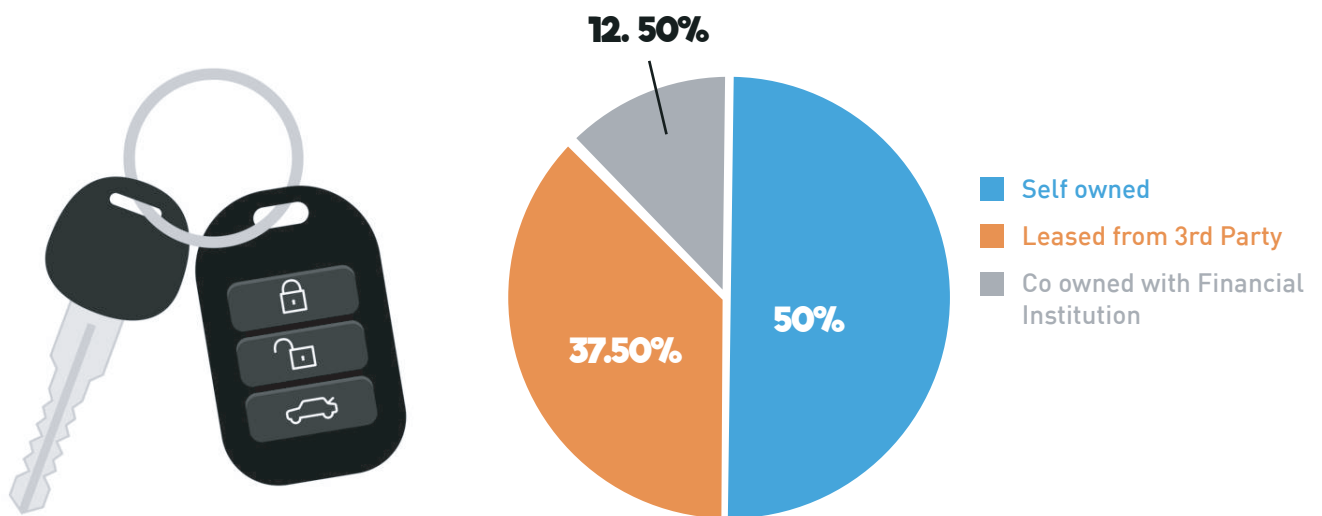
Uber



The top five Taxi Hailing Apps are mostly used in Nairobi and other major counties with other regional Apps such as Wasili being used prominently used in Nakuru county

There is a growing usage of motor vehicle and motor cycle for parcel and food item deliver especially for motor cycle drivers.

Motor Vehicle/Cycle ownership status



Top Revenue Drivers



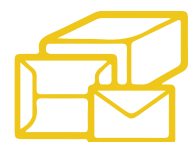
Transporting Individuals on weekdays



Foodstuff & personal effects delivery



Transporting individuals over the weekend & holidays

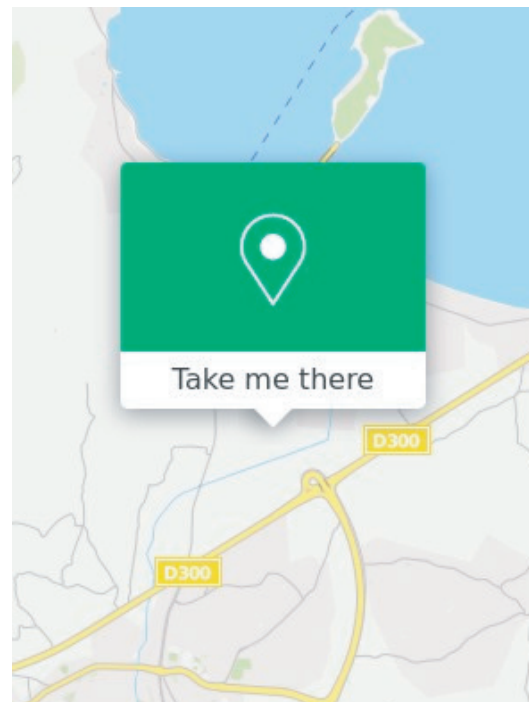
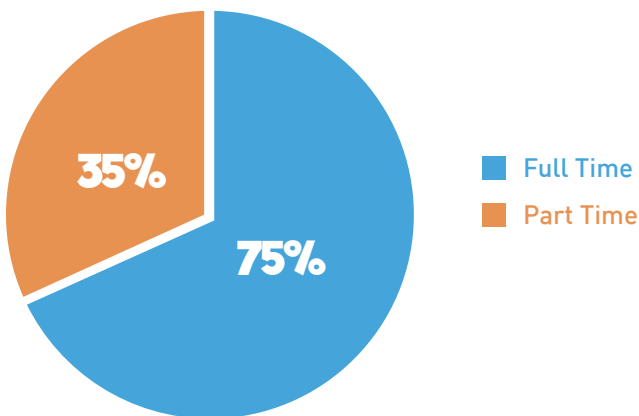


Parcels and Letters

Insight

There is an ever growing demand for parcel, foodstuff and other deliveries underpinned on a growing ecommerce that may be related to reactions of businesses towards COVID 19 effects on people working from home, restricted movement among others.

Engagement level



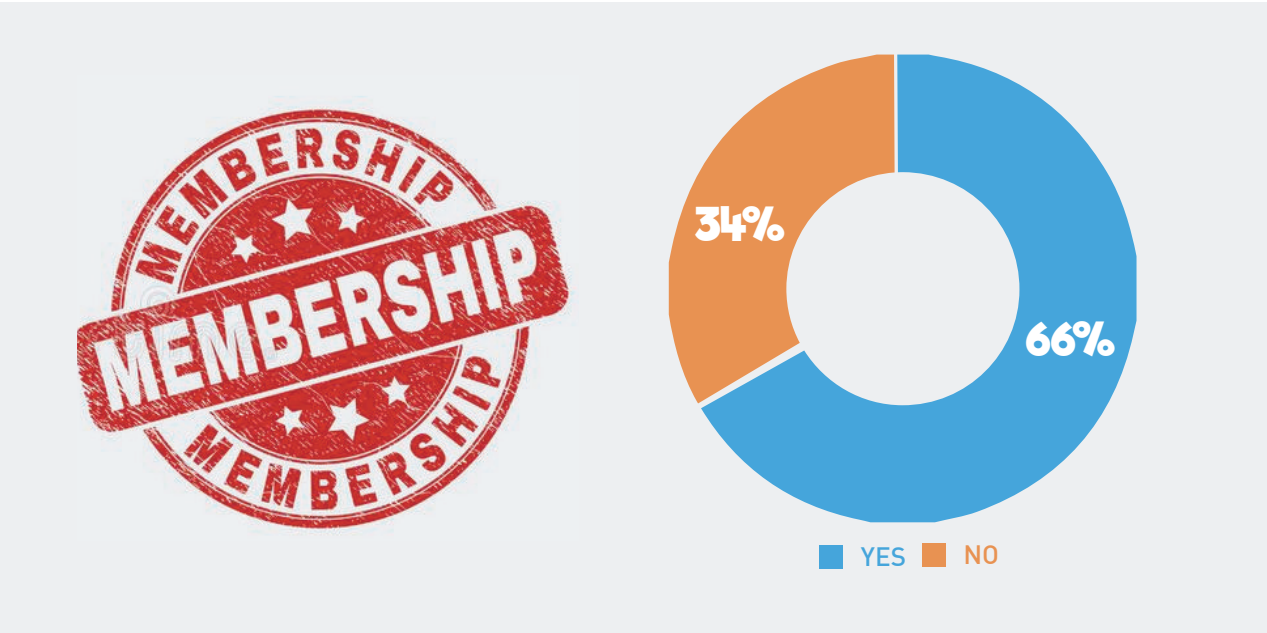
Insight

75 percent of respondents indicated they are full time taxi drivers while 35% indicated they are part time taxi drivers.

Over 90 percent of drivers who are part time were male while female constituted less than 10 percent of full time drivers

Membership to an association

{Digital taxi or simply taxi/boda boda driver association or chama group}



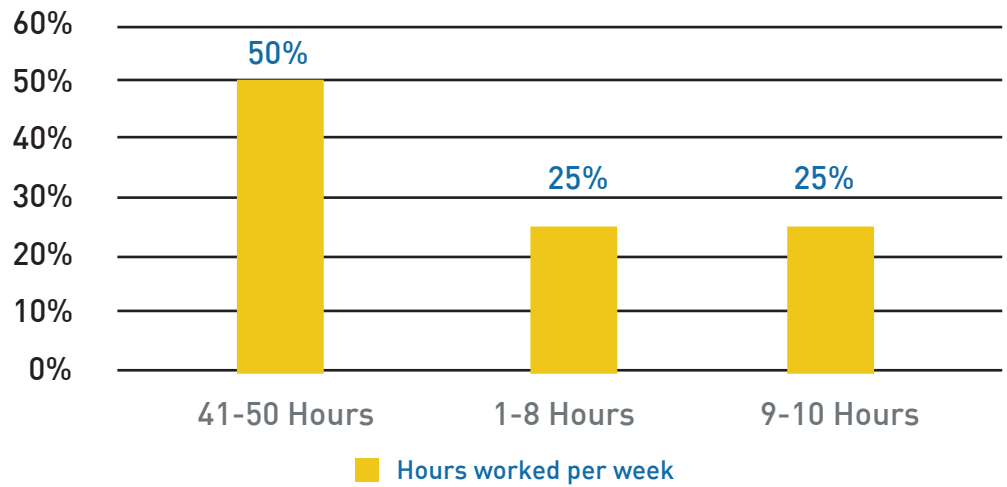
Top motivation to be a taxi driver

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

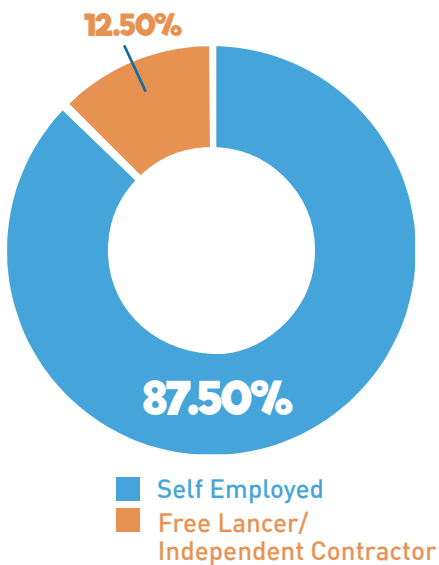
Insight

Entrepreneurship is still viewed from the lenses of being inferior to formal employment. This trend is backed by the survey where a majority of the taxi drivers who responded to the survey indicated inability to secure formal employment as a top motivator and look forward to securing formal employment despite currently running successful ventures.

Hours worked per week



Taxi Driver Employment Status



Insight

87.5 percent of respondents indicated that they considered themselves self-employed despite most not owning the cars or motor bicycle they use while 12.5 percent considered themselves independent contractors.

The UK's Supreme Court on the 19th February 2021 ruled that Uber drivers are workers hence drivers are entitled to a minimum wage, paid holiday, and other legal protections plus a further clarification that working time isn't limited to time spent driving passengers, but also "includes any period when a driver is logged into the app and ready and willing to accept trips."

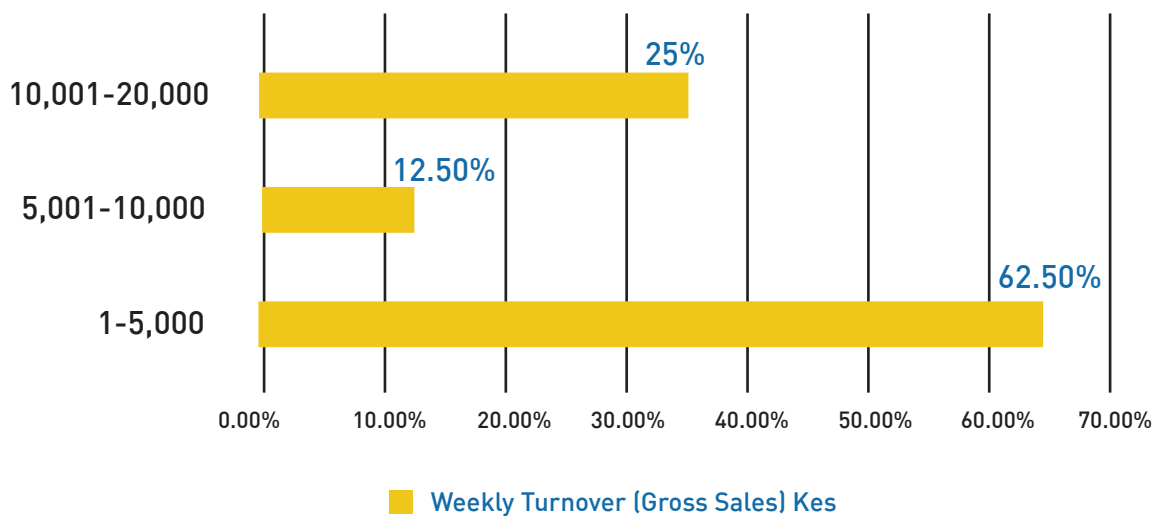
The said ruling may have set precedence for Kenya where drivers would want to have their engagement shift from the independent contractor to employer-employee which will have a knock on effect on ride hailing company's profitability as well as business model

Personal responsible for statutory remittances

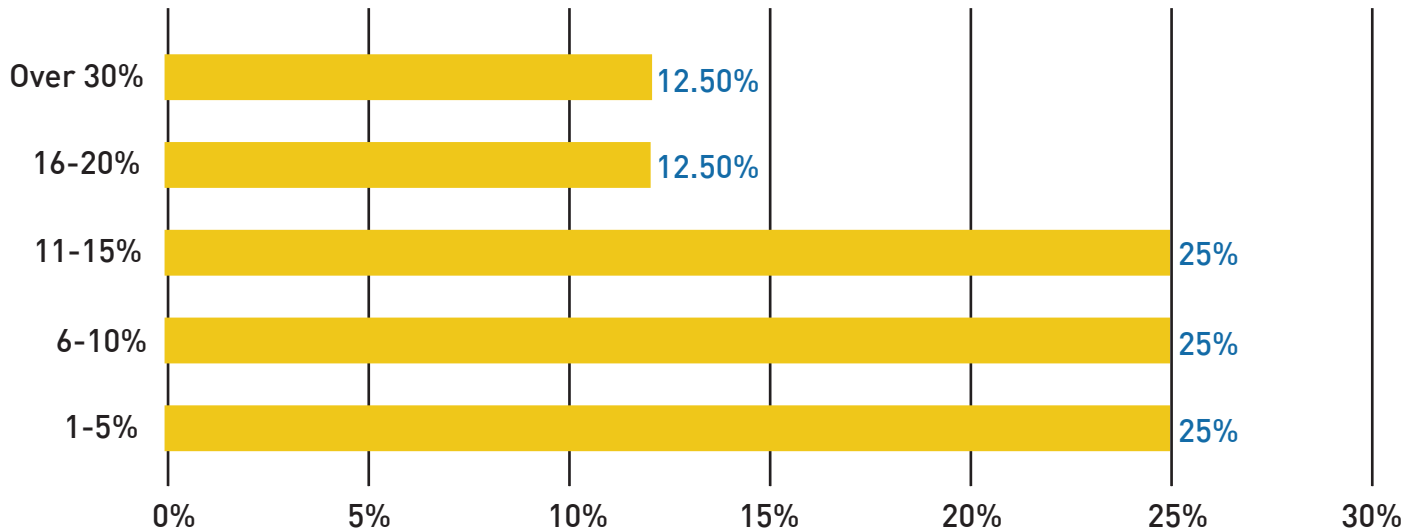


100 percent of respondents indicated they pay and remit all statutory deductions themselves from the gross revenue they earn

Weekly Turnover (Gross Sales) Kes



Proportion of take home from sales (Sales-Taxi app fee-overheads) %



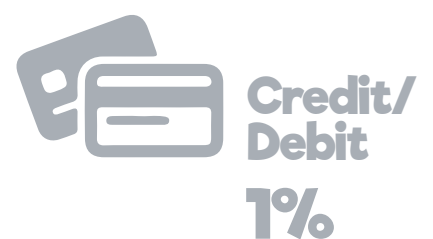
Insight

62.5 percent of respondents indicated a turnover of not more than Kes 5,000 per week which translates to Kes 20,000 per month before deductions.

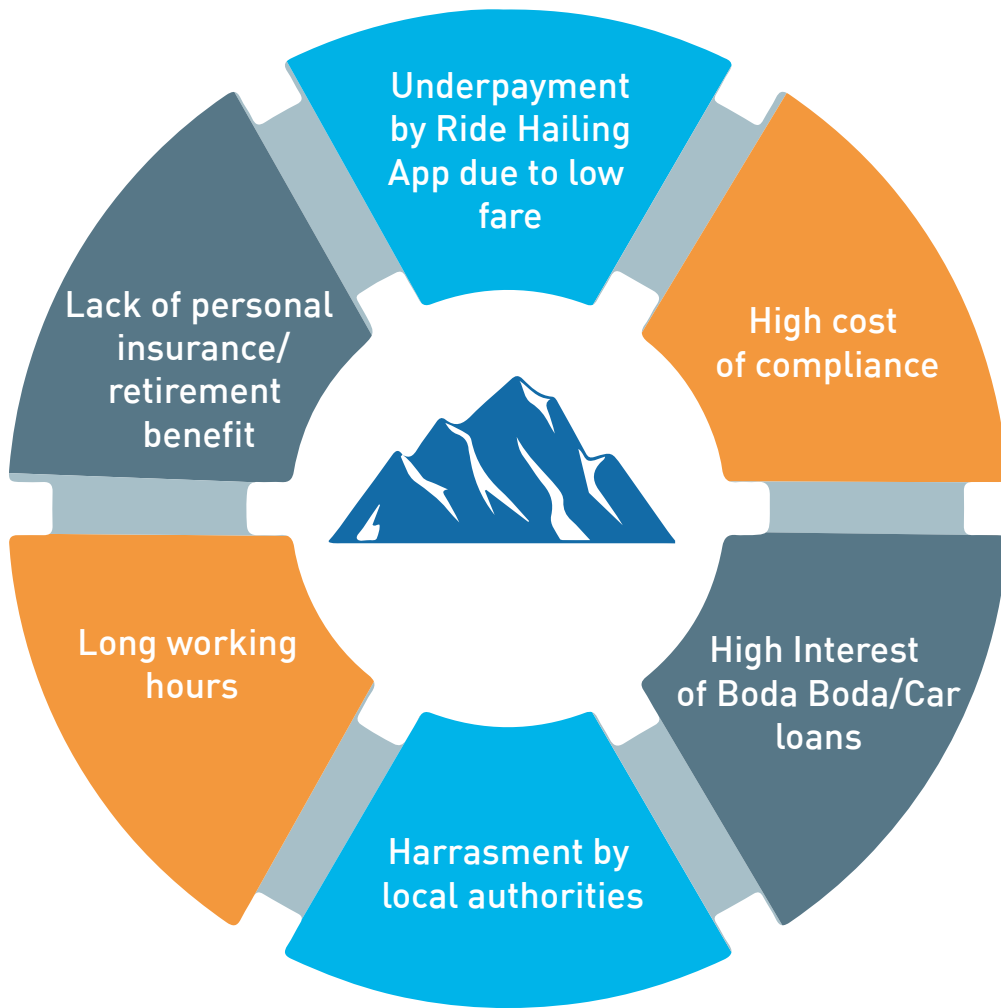
Further 75 percent of respondents indicated a profit margin of between 1-15 percent meaning in theory the drivers are making Ksh 3,000 per month (15%* 20,000 Kes).

The low revenue can be attributed to the negative effects of COVID1-9 on taxi operations especially due to the restriction of movement in 2020 as well as low ride fees that ride hailing have continued to deploy to gain market share

Preferred Mode of Payment by Customers



Challenges Faced



Recommendations

Review of service level agreement between ride hailing companies with local drivers to shift jurisdiction from overseas to Kenya's jurisdiction to allow for customization to local context hence address concerns of drivers.

Establishment of comprehensive policy on the gig economy covering sectors such as transport, accommodation, business process outsourcing. The policy should lead to enabling legislation that natures and protect local players in these value chains including digital taxi drivers

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