

## The effect of increased investment in Bodaboda business on economic empowerment of people in Kisumu west district.

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### Abstract

In the last fifteen years the numbers of motorcycles per capita in many developing nations has doubled, they provide an affordable mobility option that is not otherwise available. Whereas information points to the potential benefits of this mode of transport, there is limited information on the effect of increasing investment in bodaboda business in Kisumu West District. The purpose of this study was to determine the effect of increased investment in bodaboda business on economic empowerment in Kisumu West District. A descriptive study design was used. The study population comprised of, 100 bodaboda owners, and 170 bodaboda riders. A total of 43 bodaboda owners and 74 riders were selected through a stratified random sampling process. Primary data was collected by use of structured questionnaire while secondary data was obtained from written reports. Data was analyzed using inferential and descriptive statistics and presented in tables, bar charts and pie charts. It was established that the level of bodaboda business activities were very high in the district and that these activities had a positive significant effect on economic empowerment. The study suggested that further studies should be done in other districts to establish the nationwide effect of bodaboda business in economic empowerment.

**Keywords:** Bodaboda, Reliability, Value, Economic, Empowerment

### 1. Introduction

In East Africa, Bodaboda transport service is a Ugandan innovation that has grown from small beginnings in the late 1960s at Busia in the Kenya-Uganda border (Malmberg, 1994). The term itself is a corruption of the English 'border border'. Boda boda mainly provide a passenger taxi service, although they can sometimes be hired to move goods. The original services were provided on a man's bicycle, equipped with a padded cushion fitted over the rear carrier. Starting in the early 1990s, the bicycle-based carriers have been complemented by and compete with light motorcycles that have greatly extended the range and load carriage of services. Bodaboda transport is known to provide short-distance, low-capacity service that is able to serve low-density demands or those where access is restricted by the width or quality of the route.

Kenya is a country endowed with unquantifiable natural and human resources and has relatively advanced agricultural and industrial sectors and substantial foreign exchange earnings from agricultural exports and tourism. Yet it is a low-income country and the World Bank estimates that Kenya's poverty level stands at 44 to 46 per cent, which is almost the same level it has remained for six years (World Bank's Global Monitoring Report 2012).The quest for survival economically and socially has driven many Kenyans into various jobs including riding of commercial motorcycle popularly known as 'Bodaboda' business. Thus, hundreds of bodaboda riders barely trained and untrained usually flock the roads of major cities and townships as well as rural areas carrying luggages and conveying people to their destinations. Bodaboda business has contributed to easy movement of people not only in the rural areas where there is poor network of roads but also in the cities where there are traffic hold-ups at low cost with its attendant consequences. These include accidents, increasing incidences of the use of bodaboda for despicable activities like robbery and the likes. Much has been said and written on these vices but little attention has been paid to the effect of the increased investment in bodaboda business on economic empowerment.

#### 1.2 Objective of the study

The main aim of the study is to evaluate the effect of increased investment in bodaboda business on economic empowerment of people in Kisumu West district and also to find how the activity has improved the living standards of those living in Kisumu West district..

## 2. Economic empowerment

Economic empowerment is thought to allow poor people to think beyond immediate daily survival and to exercise greater control over both their resources and life choices. For example, it enables households to make their own decisions around making investments in health and education, and taking risks in order to increase their income. There is also some evidence that economic empowerment can strengthen vulnerable groups' participation in the decision-making. There has been an exponential growth of investment in boda boda business as the sole way of earning their livelihoods in Kisumu West District. All indications are that this proportion has grown exponentially not only in Kisumu West District but in most areas in Kenya. Many school drop outs and young teenagers have ventured into this area. This should not come as a surprise as the number of motorcycles in Kenya has grown from 3800 in 2005, to more than 120,000 in 2012 (Otieno, 2012). In 2008 the government of Kenya removed tax on motorcycles to promote jobs in transport and some young people who joined this business have increased their earnings with 50%, using these as taxis.

### 2.1 *Motorcycle Based Transportation*

The Traffic Act Cap 403 Sec.2 defines a motorcycle as a motor vehicle with less than four wheels. This classification includes the two wheelers or three wheelers popularly referred to as Tuk Tuks (Jamal 1997). Motorcycles come in different kinds, each specially designed for different riding conditions. Those intended for use on paved roads and highways are called street motorcycles. Off-road motorcycles are designed for riding on dirt roads and trails. Racing motorcycles are lighter and more powerful (Howe, 2003). They vary considerably depending on the task which they are designed, Such as long distance travel, navigating congested urban traffic, cruising, sports and racing or off-road conditions. A motorcycle (also called motorbike, bike or cycle) is described by Oxford English dictionary (2009) as a two-wheeler motor-driven road vehicle but with an internal combustion engine. Bodaboda transport services are a Ugandan innovation that has grown from small beginnings in the 1960s in the border region with Kenya (Malmberg, 1994). The term itself is a corruption of the English 'border border'. They mainly provide a passenger taxi service, although they can sometimes be hired to move goods. The original services were provided on a man's bicycle equipped with a padded cushion fitted over the rear carrier. In the early 1990's bicycle-based carriers were complemented by, and compete with, light motorcycles that have greatly extended the range and load carriage of services (Malmberg, 1994).

In Kenyan motorcycle based means of transport popularly known as boda-boda has greatly employed a large number of youth groups. According to previous researches, many youths in Kenya are unemployed and that's why most of them have sought for other ways of improving their living standards like venturing into bodaboda industry as a business. Being the commonest means of transport in the county, the number of Bodaboda operators balloons by the day. Another reason for its fame is because it is the cheapest and the most flexible means of transport in the region especially when one wants to cover short distances (World Bank Road Research 2009).

### 2.2 *Effects of Bodaboda Business on Economic Growth*

Socio-economic or social economics is an umbrella term with different usages. 'Social economics' may refer broadly to the "use of economics in the study of society". According to Leyland (1999), transport is considered as one of the basic requirements to steer economic growth of any country. In Cameroon, the structural adjustment programme of the 1990s coupled with the liberalization of the Cameroonian economy led to the laying off of many civil servants to reduce government expenditure (Howe 2003). The rate of unemployment grew all over Cameroon as the private sector did not prove to be strong enough to soak these unemployed citizens. Many then turned to the informal sector to sustain their livelihoods. This situation also affected the Tombel population as well (Naddumba, 2004). Among the growing population of youths (scholars and non scholars) who are unable to find jobs in the cities, some turned back to their home towns (urban-rural migration) considered a more favorable environment to sustain a living. They lived up idling around. These youths between the ages of 15 to 35 provided a labour force quickly absorbed by the activity of motorbike taxi, thus offering self employment (Walker, 2006).

In Ghana, thousands of jobless youths have resorted to motor-taxi employment. One of the factors that contributed to high unemployment rate in Ghana is the closing of the cocoa and coffee marketing board and this move liberalized the cash crop sector in Ghana as noted by (Adams, 2002). With no protective price barrier, many farming activities are left in the hands few farmers and middlemen who offers little attention on farming. This has therefore led to the reconvention into tertiary activities such as the activity of motorbike taxi rider. It is

observed that Kenya's rural and peri-urban towns where provision of essential services such as health, education, water, fuel and markets are inadequate; the use of bicycles to move people and goods is growing at a fast rate. Presently, a number of bicycles are being used for passenger hire service. Popularly referred to as 'bodaboda', which is a corruption of the English 'border border', it provides a relatively low-cost low capacity means of transport. In areas where they have been introduced, bodaboda is one of the most significant means of transporting people and goods as well as a source of employment and income for bicycle operators and owners.

### 2.3 Empirical literature

Over the past decade there has been a significant growth in the use of motorcycles as a commercial public transport mode in countries in sub-Saharan Africa, Latin America and Asia. While offering certain transport advantages in the form of easy maneuverability, ability to travel on poor roads, and demand responsiveness, commercial motorcycle service growth has also led to an increase in road accidents, traffic management problems, pervasive noise and increases in local air pollution and greenhouse gas emissions. Government efforts to regulate the market have had the contrary impact of compounding the problem by distorting market structures. Current operators have a vested interest in maintaining the status quo and they use their considerable economic and political power to obtain political influence which, in turn, promotes policies to protect the interests of a select few.

In Nigeria, Several studies have been done on the use of motorcycles as means of public transportation in Nigeria. We can only review a few of these studies. Ogunsanya and Galtima (1993) did a study on the use of motorcycle as means of public passenger traffic in Yola town, Adamawa State. The study identified economic depression and inadequate transport facilities as some of the factors that gave rise to the use of motorcycles as means of public transportation in Nigeria (Ogunsanya and Galtima, 1993: 190). In a similar manner, Adesanya (1998) focused on the evolution of motorcycles for public transportation in Ibadan. He looked at the socio-economic profiles of motorcycle operators, the characteristics of public motorcycles operations and the impact of motor bikes on passengers especially in terms of fares and safety. Another writer, Fasakin also did a study on the factors affecting the daily profits of commercial motorcycle operators in Akure, the capital of Ondo State, South West Nigeria (Fasakin, 2001). Furthermore, Kayode Oyesiku, dealt with the subject of public transportation in his Inaugural Lecture. Among other issues, he looked at the rise in the use of *Okada* for public transportation in Nigeria pointing out that the decrease in the supply of new vehicles of all types since the 1970s contributed to the emergence of motorcycles for commercial transportation (Oyesiku, 2002).

The motorbike taxi riders are at the centre of this activity and the main actors. Their perception of the activity varies from one individual to another and from one place to the other. In Tombel as noted by Olvera (2007), the motorbike taxi riders view their activity as a source of income and social progress on a general scope. The ongoing more so economic situation gives room for very few job opportunities. Many are the diploma holders who face difficulties in getting a job related to their field of study. The employment crises have pushed many into motorbike taxi riding. The youths have seized this employment opportunity which feeds them. From a secondary activity to farming, motor bike taxi riding has become the primary activity of most riders in Tombel who live from this activity (Olvera, 2007). The farming of cash crops has been relegated to a second position due to its instability of prices. Riding is the main source of income for many youths who use the activity as a base in the construction of their future lives. Even part time riders (students and farmers) use the income generated from this activity to sustain their livelihood.

### 3. Subjects and Methods

The study was conducted in Kisumu West district. It adopted descriptive survey research design which, according to Orodho (2002), is used in preliminary and exploratory studies to allow researchers to gather information, summarize, present and interpret for the purpose of clarification. Mugenda and Mugenda (1999) on the other hand give the purpose of descriptive research as determining and reporting the way things are. In this study, the estimated population was 100 bodaboda owners and 170 bodaboda riders. Stratified random sampling was used to select 43 owners and 74 operators of bodaboda. Both Primary and Secondary Data was used. Primary data was collected through administration of questionnaires and secondary data was collected through review, from records and publications and other relevant sources. Data was collected using structured questionnaires administered to 117 individuals participating in bodaboda business. The validity of the data collection instruments was done with the help of experts in the area of study to edit the questionnaire and the interview guide. In addition, validity was enhanced by conducting a pilot study which aimed at refining the

instruments. The pilot was administered on 10% of participants from each study strata as recommended by Mugenda and Mugenda (1999). All those who participated in the pilot study were included in the final study. The researcher used descriptive and inferential statistics. Measures of central tendency: Mean median and mode were calculated. The researcher used multiple regression analysis to draw broader conclusions from the data and test the relationship of the variables under study. Data was presented in, tables, pie charts and bar charts.

#### **4. Results and Discussion**

This chapter is a presentation of data analysis, interpretation and presentation of the findings of the study. The chapter examines categories of issues under study and tabulates the findings as a way of addressing the study objectives. The focus in the analysis is to interpret information gathered through questionnaires and interviews to describe the findings of how increased investment in bodaboda business impact on economic empowerment of people in Kisumu West District. The analysis is presented in form of tables, bar graphs and pie charts. In the study, out of 74 bodaboda riders targeted, 72 responses were obtained and all the 43 bodaboda owners targeted were responded. This implies that only 2 respondents targeted did not take part and in the study.

##### *4.1 Demographic and general information*

The mean age for bodaboda riders' respondents was 29.5 years, the median age was 29, and modal age was 29 years. The minimum age was 22 and maximum age was 45. These results indicate that most of the bodaboda riding is largely dominated by youths; this is in agreement with Olvera (2007), who found that the motorbike taxi riders view their activity as a source of income and social progress on a general scope. In terms of gender all the respondents were found to be male. This shows that bodaboda riding is dominated by male, this is because of the nature of the activity which requires some extra energy since in some cases one may need to carry heavy luggage. This makes it difficult for women to engage in bodaboda riding. From this survey, the researcher also realized that many of the respondents had at least basic primary education, which represents 45.8% of the respondents', however 13.8% had secondary education and only 12.5% had college education, 27.7% never went to school. Figure 1 shows the results. This is due to employment crisis which has pushed many into motorbike taxi riding. The youths have seized this employment opportunity which feeds them and helps them cater for their daily needs and that is why even those who are educated venture into the business.

The study also sought to find out if the rider owned the motorcycle or it was hired from someone else. The study revealed that 69.4% of the riders are employed by other people while 30.6% of the respondents are the owners of the motorcycles they are riding as represented in Table 1. This is because most of the riders are not financially empowered to purchase their own bodaboda's and thus get employed by the business men and women who can afford to own them. This is also attributed by the dependability ratio which makes it difficult for the riders to save and buy the machines; most of them depend from hand to mouth. This is supported by the work of Howe (2003) who found that motorcycle hire is a profitable business that is entered into by people who are already engaged in other economic activities.

##### *4.2 Income per day from bodaboda business*

Majority of the bodaboda riders interviewed 38(52.8%) receive between (201-500) Kshs per day from bodaboda business, 20.8% of the respondents receive between (501 to 1000) Kshs per day, 13.9% receives more than Kshs.1000 and 12.5% receive Kshs 200 or less per day from the business. This is represented in Table 2. Most of the riders are paid based on the daily performance therefore their daily income fluctuates based on the day's activities and performance. On average they get an income of (201 -500 ). This implies that on a normal day at least the bodaboda operators are sure of getting some income which is very rare in most businesses.

##### *4.3 The level of investment in bodaboda business activities*

The level of investment in bodaboda business was obtained by asking all the respondents both the riders and owners to state the level of bodaboda investment in the district using a scale of 1-5 where (1 meant very high, 2 high, 3 average, 4 low and 5 meant very low level of investment). Table 3 displays the mean and standard deviation for levels of investment in bodaboda business activities in the District. The data reveals that the level of investment is very high in various bodaboda business activities with financing of bodaboda business having a mean of 1.17, employment of riders having a mean of 1.05 and motorcycle assembly and maintenance points having a mean of 1.30. All the activities have a mean which is less than 2 which represents high and close to 1 which represents very high.

#### *4.4 Multiple regression analysis between different variables and improved living standards*

Information in the Model summary in Table 4 indicates that the value of R-square for the model is 0.429. This means that 42.9 percent of the variation in the improvement of living standards (dependent variable) can be explained from the three independent variables. In general, R square always increases as independent variables are added to a multiple regression model. To avoid overestimating the impact of adding an independent variable to the model, some analysts prefer to use the adjusted R-square value (it recalculates the R-square value based on the number of predictor variables in the model). This makes it easy to compare the explanatory power of regression models with different numbers of independent variables. The adjusted R-square for the model is 0.413, which indicates only a slight overestimate with the model

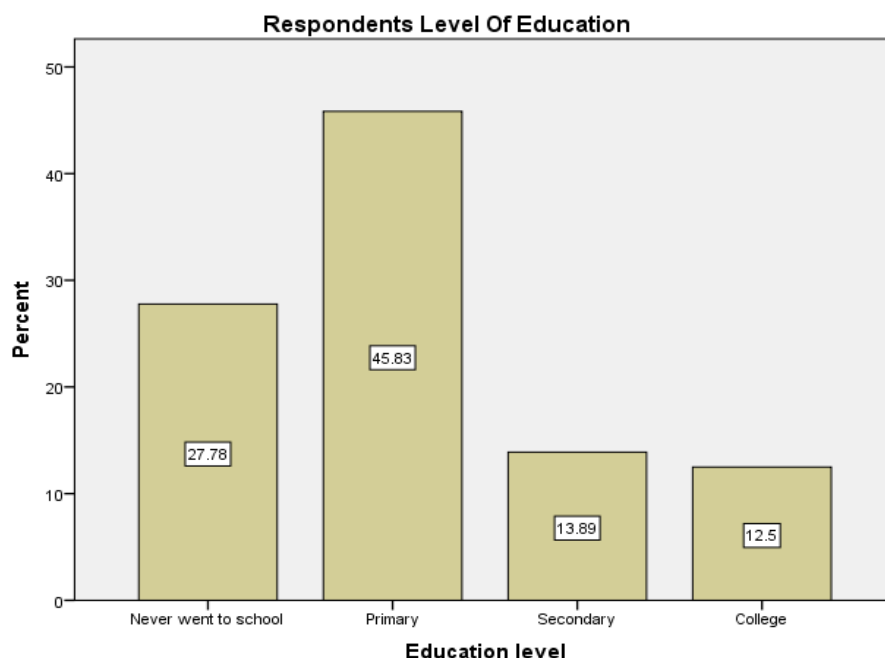
The overall regression results are shown in the ANOVA table (5). The regression model is statistically significant (F ratio=26.285, probability level 0.000). The probability level 0.000 means that the chances are almost zero that the results of regression model are due to random events instead of a true relationship. According to Table 6, the Coefficients tells us which of the independent variables are significant predictors of improvement in the living standard. This is a clear indication that bodaboda industry has made a significant contribution towards improving the economy. In the significance column, we have noticed that beta coefficients for financing of bodaboda business, employment of riders and Motorcycle assembly and maintenance points are all significant. Using the beta coefficient for employment of riders, for example, we can conclude that every time employment of riders increases by 1 unit, improvement in the living standards will increase on average by 0.750 units, when the other variables are held constant. Information in the coefficients tables reveals that employment of rides is the most significant predictor of improvement in the living standard, with a high beta coefficient 0.750 (probability of 0.000). While Ogunsanya and Galtima (1993) identified economic depression and inadequate transport facilities as some of the factors that gave rise to the use of motorcycles as means of public transportation in Nigeria (Ogunsanya and Galtima, 1993: 190). This study has established that the rise in investment in motorcycle business has led to economic empowerment of people in Kisumu west District. This is evident as multiple regression analysis of bodaboda business activities gives a positive significant coefficient. It is therefore evident from the study that as you increase investing in bodaboda business economic empowerment also increases as a result of employment which results to increase in income. Since improved living standard is a measure of economic empowerment it is therefore concluded that increased investment in bodaboda business increases the level of economic empowerment

## **5. Conclusion**

The research results on bodaboda business activities showed that the activities were very high in the district. Furthermore the results revealed that bodaboda business activities have a positive effect on economic empowerment people in Kisumu West District. The study reported high improvements in, standard of living of people involved in bodaboda business. From this the study concluded that there is noticeable and positive impact of bodaboda activities on economic empowerment of communities in Kisumu West District. Using the beta coefficient for employment of riders, for example, we can conclude that every time employment of riders increases by 1 unit, improvement in the living standards will increase on average by 0.750 units, when the other variables are held constant. Information in the coefficients tables reveals that employment of rides is the most significant predictor of improvement in the living standard, with a high beta coefficient 0.750 (probability of 0.000). Since improved living standard is a measure of economic empowerment it is therefore concluded that increased investment in bodaboda business increases the level of economic empowerment. The study recommended financial institutions and government institutions working towards economic empowerment of the youth to consider capacity building of the youths on the benefits of involving in this kind of business. Since the study relied only on samples drawn from Kisumu West District although investment in bodaboda business is increasing across the country. It is therefore suggested that further studies should be done in other districts in order to access the nationwide effect of increased investment in bodaboda business on economic empowerment. The current study did not consider the reasons why women do not ride bodaboda taxi and how they can be motivated to ride motorcycles, this also deserve to be studied by future researchers in the field.

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**Figure 1: Bodaboda riders respondents Level of Education**

Source: Field data 2013

**Table 1: Ownership of the motorcycle**

	Frequency	Percent
Employer	50	69.4
Self	22	30.6
Total	72	100.0

*Source: Field data 2013*

**Table 2: Income per day from bodaboda business**

	Frequency	Percent
<or =200	9	12.5
201-500	38	52.8
501-1000	15	20.8
More than 1000	10	13.9
Total	72	100.0

*Source: Field data 2013*

**Table 3: Descriptive Statistics on bodaboda business activities**

	N	Minimum	Maximum	Mean	Std. Deviation
Financing of bodaboda business	115	1	3	1.17	.476
Employment of riders	115	1	2	1.05	.223
Motorcycle assembly and maintenance points	115	1	4	1.30	.772
Valid N (listwise)	115				

*Source: Field data 2013*

**Table 4: Model summary**

Multiple R	R Square	Adjusted R Square	Apparent Prediction Error
.655	.429	.143	.565

**Dependent Variable:** Improved living standards

**Predictors:** Financing of bodaboda business, employment of riders and Motorcycle assembly and maintenance points

*Source: Field data 2013*

**Table 5: ANOVA**

ANOVA					
	Sum of Squares	df	Mean Square	F	Sig.
Regression	24.183	3	8.395	26.285	.000
Residual	34.532	109	.329		
Total	58.716	114			

Dependent Variable: Improved living standards

Predictors: Financing of bodaboda business, employment of riders and Motorcycle assembly and maintenance points.

*Source: Field data 2013*

**Table 6: Coefficients**

	Standardized Coefficients		df	F	Sig.
	Beta	Bootstrap			
		(1000) Estimate of Std. Error			
Financing of motorcycle business	.671	.163	1	21.371	.013
Motorcycle assembly points	.665	.142	2	19.358	.019
Employment of riders	.750	.158	2	22.510	.000

Dependent Variable: Improved standard of living

*Source: Field data 2013*



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