FACTORS AFFECTING THE PERFORMANCE OF MATATU PARATRANSIT VENTURE IN SMALL AND MEDIUM ENTERPRISES IN NAIROBI COUNTY

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ABSTRACT

The purpose of this study was to investigate the factors affecting the performance of Matatu paratransit venture in small and medium enterprises in Nairobi County. The specific objectives of the study were: To assess how SME management skills influence the performance of Matatu paratransit, to evaluate how entrepreneurial skills influence the performance of Matatu paratransit, to determine how training influences the performance of Matatu paratransit and to examine the role of government policies on the performance of Matatu paratransit sector in Nairobi County. The target population was 18,174 SMEs who have ventured in the Matatu sector. In order to obtain reliable results from the study, it was necessary to have a representative sample size of 384. The study targeted 19 respondents from each of the 20 Transport SACCOs in Nairobi County. Data was collected using questionnaires that had linkert scale. Data analysis was done using SPSS (Version 21) because it is the latest and user friendly for management related issues. The study found that management skills, entrepreneurial skills, training and finally the role of government policies influence the performance of Matatu paratransit sector in Nairobi County. The study, based on these findings concludes that, management teams with a clean and high quality track record can help the SMEs access finance more easily than those with poor track record management skills. Entrepreneurial skills influence on SMEs venture in Matatu paratransit transport helps through efficient communication to employees by ensuring that rules and regulations were undertaken to seek stability, efficiency and satisfaction to customers. The study found that majority of the respondents goes for training to improve and expand their venture, as well as promoting the competitiveness by upgrading the managerial skills. The study also found out that policy makers facilitate the private sector to be the engine of economic growth. It was concluded that implementation is done through development strategy to facilitate the Private Sector.

Key Words: growth, paratransit, small and medium enterprises, entrepreneurship

INTRODUCTION

Globally, mankind is leaving its rural roots behind to come to city. Since 2007, one out of two humans around the world has been living in urban area. A major means of travelling is public transport. In low income countries, public transport systems are the major provider of inner city mobility for the vast majority of the urban populations (Kamuhanda & Schmidt, 2009).

With rapid growing economies and population typically seen in developing countries, there is an increasing trend of expansion of urban transport and auto mobilization. This has a direct effect on the level of transport demand and travel patterns (Bajracharya, 2008).

Road transportation provides obvious benefits to countries and individuals. It facilitates the movement of goods and people, creating employment, supporting economic growth, enhancing
access to education and health care, and connecting people to families and entertainment. Data from low income countries consistently demonstrate that communities living furthest from roads experience higher levels of poverty, lower levels of school attendance and worse health outcome. Transportation is important in physical and economic development of towns and cities all over the world. Property and land values tend to increase in areas with expanding transportation networks, and increase less rapidly in areas without such improvements. In the urban setting of most developing countries, public transport is run by paratransit operators. According to Illes (2005) paratransit operations are characterised by flexible fares, unscheduled operations and semi fixed routes. Paratransit comprises formally and informally operated minibuses, vans, taxis, station wagons and in some cases informally operated buses.

Interestingly, the significance of transport sector towards achieving sustainable development and as a component of sustainability has been stressed by scholars over the years. For instance, Illes, (2005), a renowned transport analyst, emphasized that “immobility perpetuates poverty”. This connotes that, transportation has resultant effects on almost every human being in the course of their daily activities. Thus, it is rare to conceive a situation over space where transportation does not play a notable role in the life of any individual or society at large. Sustainable transport system forms a basic foundation that facilitates movement of goods and services in the present generation. Over the years, sustainable public transport has been viewed as not just technical issues or questions, but as an inevitable need (Cervero and Golub, 2007). This stemmed on the premise that, without adequate consideration of social, economic and political conditions of public transport service, sustainable development cannot be realized. In other words, sustainable transport cannot be said to be achieved if it is not coupled with an effective and efficient programme that enhances livelihood of people. There is need for improved transport infrastructural services as components required to achieve sustainable development to take care of incoming generations. In other words, it should be affordable, efficient, available, safe, and supports economic development.

Most of paratransits plying the streets of developing cities are privately operated from small to medium sized vehicles. Currently, paratransit plays important role in urban transportation in developing countries. The travelers use paratransit because of their ease in accessibility and low cost services. Most of future urban transportation plans, collaborated with international consultants, recommend public mass transit operations and study mainly on user’s behavior on mass transportation. To achieve that goal is very difficult considering many obstructions, especially limited budget and political constraints. Accordingly, paratransit service performance should not be overlooked on the way to urban transportation planning goal. Advantages on accessibility, mass transit feeding system and low cost service must be promoted, and disadvantages on unreliable services, improper operator behaviors and other externalities must be minimized.
In Nairobi, as well as in many cities in the developing world, rapid urbanization, high operational costs, crumbling infrastructure, and weak institutions result in depleted public transportation services and service voids (Beiraö and Cabral, 2007). In Nairobi, the paratransit industry is comprised of minibuses or Matatus. There is a movement occurring in Sub-Saharan Africa, to reform these paratransit systems, most notably in the form of Bus Rapid Transit (BRT). Countries such as Tanzania and South Africa are currently looking to effectively operate BRT systems. BRT is an attractive option for cities of the developing world as it is a flexible system that is more affordable than other mass transit options. It also seeks to integrate various modes of existing transport systems, many which are informal, into a larger formal system (World Bank, 2012).

**PROBLEM STATEMENT**

The rate of SMEs failure in developing countries as well as developed countries is alarming. 33% to 41% of new SMEs fail within the first five years of their business operation (Zimmerer, Searborough and Wilson, 2008). Several studies from Australia, USA and England showed that approximately 80% to 90% of SMEs fail within 5-10 years (Hodgetts and Kuratko, 2004). Sessional Paper No.2 of 2005 (GoK, 2005) and Ministry of Economic planning report on SMEs (RoK, 2007) show that three out of five SMEs fail within their first three years of operation in Kenya. This result to low economic development and loss of jobs (RoK, 2012). This implies that SMEs in Kenya are threatened for survival as desired enterprises.

Currently, public transportation is under-developed, highly fragmented and inefficient. More than 1 million passengers are using public transport in Nairobi where only 800 high occupancy buses are operating along with the concentration of para-transit service (Ngugi, 2013). In Kenya, the rise of SME Matatu venture has been hindered by financial challenges, management skills and political instability (Aligula et al., 2010). It is generally recognized that SMEs face unique challenges, which affect their growth and profitability in their venture in Matatu paratransit transport and hence, diminish their ability to contribute effectively to sustainable development. Some of the notable challenges are: Lack of Managerial Training and Experience, Inadequate Education and Skills, Lack of Credit, Unfavorable National Policy and Regulatory Environment, Poor Infrastructure and Scanty Markets information. All these challenges lead to poor performance in Matatu paratransit transport venture. This study analyzed the factors that influence SME venture in Matatu paratransit transport and others which include SMEs management skills, entrepreneur skills, training in Matatu operations and government policies which help the SMEs improve the sector performance.

**GENERAL OBJECTIVE OF THE STUDY**

The study aimed to investigate the factors affecting the performance of Matatu paratransit venture in small and medium enterprises in Nairobi County.
SPECIFIC OBJECTIVE OF THE STUDY

1. To assess how SME management skills influence the performance of Matatu paratransit sector in Nairobi County.

2. To evaluate how entrepreneurial skills influence the performance of Matatu paratransit sector in Nairobi County.

3. To determine how training influence the performance of Matatu paratransit sector in Nairobi County.

4. To examine the role of government policies on the performance of Matatu paratransit sector in Nairobi County.

LITERATURE REVIEW

Resource Based View Theory

It was developed by Penrose (1959) who suggested that a company should be considered as a collection of physical and human resources bound together in an organizational structure. Hafeez et al. (2007) classified resources as physical assets and intellectual assets. Physical assets (i.e. plant and equipment) are easily distinguishable due to their tangible existence (Hafeez et al., 2007). Intellectual capital is relevant to the intangible aspect of human resource such as employee skill, knowledge and individual competencies (Hafeez et al., 2007). Overall, the RBV addresses two key points (Gottschalk and Solli-Sæther, 2005). First, the RBV indicates a resource should provide economic value and must be currently scarce, difficult to imitate or copy, non-substitutable, and not readily accessible in factor markets to create competitive advantage (McMahon and Holmes, 2009). Secondly, resources determine firm performance (Gottschalk and Solli-Sæther, 2005). Majority of SMEs in emerging economy cannot compete in an effective way due to their internal resource gap (UNIDO, 2003). For example, resource-based view (RBV) argues smaller firms are more vulnerable than larger firms because they lack the necessary resources and capability for survival and growth. Matatu resources include “finances, capabilities, SACCOs, paratransit attributes, information, knowledge, etc. controlled by the sector that enable the paratransit to conceive of and implement strategies that improve its efficiency and effectiveness” (Barney, 2001). Sustained competitive advantage refers to a competitive advantage that competitors are unable to duplicate (Barney, 2005). The first characteristic that the Matatu paratransit sector must have in order for it to achieve a competitive advantage is being valuable. Resources are valuable when they enable SMEs to implement strategies that enhance their efficiency and effectiveness. According to Barney (2005), resources are valuable and can improve a paratransit performance when they allow the SMEs to exploit opportunities or neutralize threats.
Entrepreneurship Theory

The theory consists of opportunity discovery, evaluation of the opportunity and the decision to exploit the opportunity. Other elements of the theory include self-employment, business operation and performance. The theory highlighted four operational measures of performance which are survival, growth, profitability/income, and experiencing initial public offering. Survival refers to continuation of entrepreneurial activity while growth refers to increase in the venture’s sales and employment. Profitability refers to new surplus of revenue over cost while experiencing initial public offer refers to the sale of stock to the public (Faiza and Jamal, 2009).

Economic Theory of Entrepreneurship

According to the economists, entrepreneurship and economic growth will take place in situation where particular economic conditions are most favorable. Entrepreneurship is therefore viewed as the fourth factor of production alongside land, labor, and capital. Economic incentives include taxation policy, industrial policy, sources of finance and raw material, infrastructure availability, investment and marketing opportunities are viewed as the main motivators for entrepreneurial activities. Marshall (1936) says that the process of entrepreneurship or business development is incremental or evolutionary. It evolves from sole proprietorship to a public company. Smith (1776) view an entrepreneur as a person who acts as an agent in transforming demand into supply while Babtiste Stuart (1848) considers an entrepreneur as a prime mover in the private enterprise. Menger (1871) states that an entrepreneur acts as an economic agent who transforms and adds value to products and services. The various epochs and traditions have contradicted and criticized one another, which is at odds with economic principles which tend to be able to predict, repeat analysis backed up by natural scientific laws. However, at one point they all agree the focus on the entrepreneur as “special individual” (Chell, 1991).

Empowerment Theory

Power is defined by the Cornell Empowerment Group as the capacity of some persons and organizations to produce intended, foreseen and unforeseen effects on others. There are many sources of power. Personality, property/wealth, and influential organizations have been identified by Armstrong (1994) as critical sources of power in the last part of this century. Others have pointed out that the class-dominated nature of our society means that a small number of people have vast economic or political power, while the majorities have little or none. According to Munoz and Gschwener (2008), empowerment is a social-action process that promotes participation of people, organizations, and communities towards the goals of increased individual and community control, political efficacy, improved quality of community life, and social justice. While Saleemi (1997) feels the concept of empowerment needs to be more clearly defined. He states that there are some common underlying assumptions: a) individuals are assumed to understand their own needs better than anyone else and therefore should have the power both to define and act upon them. b) all people possess strengths upon which they can
build. c) empowerment is a lifelong endeavor. d) personal knowledge and experience are valid and useful in coping effectively.

EMPIRICAL REVIEW

SME Management Skills

According to Mfinanga (2008), managerial skills are important in running any business. In recent years, organizations have been buffeted by massive need for reaching social, technological and economic changes. This puts a lot of pressure on business from all sectors. Managerial skills assist managers to solve issues that are directly relevant to the current, fast shifting business environment (Martin and Staines, 2008). Managing today requires the full breadth of management skills and capabilities. In the tradition of world of work, management was to control and limit people, enforce rules and regulations, seek stability and efficiency, design top-down hierarchy and achieve bottom line results. To spur innovation and achieve high performance, managers need different skills to engage workers hearts and minds as well as take advantage of their physical labour.

According to Kamuhanda and Schmidt (2009), purchasing a Matatu and recovering initial costs is a concern for owners. This can be initially difficult but general expectation is that a sizeable profit can be realized in a relatively short period of time. The owners must consider the basic cost of operations, including expenditures. Expenditures such as fuel, salaries and insurance are the most expensive costs for owners. For them to ensure that costs are recovered, owners set a target for daily profits, and this encourages Matatus to overcrowd.

SME Entrepreneurial Skills

Transforming ideas into economic opportunities is the decisive issue of entrepreneurship. History shows that economic progress has been significantly advanced by pragmatic people who are entrepreneurial and innovative, able to exploit opportunities and willing to take risks (McClelland, 2005). The role of entrepreneurship and an entrepreneurial culture in economic and social development has often been underestimated. Over the years, however, it has become increasingly apparent that entrepreneurship indeed contributes to economic development. Nevertheless, the significant number of enterprises was owned by men (ILO, 2006). Men and women have different opportunities and skills for enterprise development. These opportunities and skills are greatly influenced by socio-cultural and socio-economic status of men and women in different societies, with majority of women being lower in the social and economic scale. This seems to have resulted in location of women in less remunerative segments of a value chain which also hinders their ability to unleash their entrepreneurial potential through commercially organized activities (McClelland, 2005).
SME Training

Gomide et al., (2004) postulate a link between sales turnover and business training. The study shows that BDS training interventions leads to varying degrees of success, ranging from personal growth and positive attitude to business growth, sales, and income gains thus leading to a significant growth in sales turnover. SMEs need training to develop skills and self-confidence to allow them to operate and survive in the informal sector. The Asian Development Bank (2008) suggests that a well-designed and effectively delivered training programme enhances survival strategies in SMEs; training provided to groups in a participatory model is an empowering and liberating experience. According to Khayesi (2009), the main objective of training is to help owners of SMEs acquire new technical and business skills or improve their current skills. It is generally provided to groups, although one-to-one training is at times practiced. Another important objective of training is to teach the SME owner how to analyze and find solutions to problems, and to identify where to obtain specialized assistance. This second objective of training should ultimately reduce the need for the owner of the enterprise to obtain the services of a consultant (Illes, 2005).

Government Policies

The current policy of the Kenya Government is to facilitate the Private Sector to be the engine of economic growth. This is being implemented through the development of the Private Sector Development Strategy (PSDS) to facilitate the Private Sector. This is being done by the gradual shift in the role of Government from that of control and regulation to that of facilitating Private Sector Development (PSD). The shift of emphasis to PSD is due to the fact that in the last decade, international development partners and donor agencies have paid increasing attention to the role of the private sector as an engine for economic growth and poverty reduction in developing and transition economies (CIDA, 2003; DFID, 2004; World Bank, 2002). White (2008) contends that PSD enhances the functioning of the private sector so that it is better able to contribute to the social and economic development of the country. According to Graeff (2009), a special case for government intervention to help SMEs to become competitive can be made based on the importance of this sector. SME's usually comprise about 99 per cent of all enterprises, account for 50 per cent of manufacturing output and form 44 to 70 per cent of employment, and play an especially important role in new job creation (UNCTAD, 2004b). However, numerous market failures prevent domestic enterprises from building competitive advantages because they cannot access finance, information, technology and markets. Specific policies, programmes and appropriate institutional frameworks are needed to help SMEs overcome these failures. According to Iheduru (2002), to transit the high road to competitiveness, firms, both large and small, in developing countries have to build and continuously enhance endogenous capabilities.
RESEARCH METHODOLOGY

Research Design

This study used descriptive survey which attempts to describe or define a subject, often by creating a profile of a group of problems, people, or events, through the collection of data and tabulation of the frequencies on research variables or their interaction (Cooper and Schindler, 2003). Descriptive research is more rigid and seeks to describe uses of a product, determine the proportion of the population that uses a product, or predict future demand for a product. The choice of the descriptive survey research design is made based on the fact that in the study, the researcher was interested on the state of affairs already existing in the field and no variable would be manipulated.

Target Population

Target population can be defined as a complete set of individuals, cases/objects with some common observable characteristics of a particular nature distinct from other population (Mugenda and Mugenda 2003). A population is a well-defined set of people, services, elements, events, and group of things or households that are being investigated. This definition ensures that the population of interest is homogeneous. The target population of the study was over 18,174 SMEs who have ventured in the Matatu paratransit sector (KNBS, 2012). This target population was to provide data that was used to answer the research questions.

Sample Size

According to Mugenda and Mugenda (2003), when the population is more than 10,000 individuals, 384 of them are recommended as the desired sample size. The total population of SMEs who have ventured in the Matatu paratransit business is over ten thousands and to get a representative population sample, Mugenda and Mugenda recommend the formula as shown.

The sample size is determined using statistical population surveys whereby:

\[ N = \frac{Z^2 \times pq}{d^2} \]

Where:

- \( N \) = desired minimal sample size (where \( pop > 10,000 \))
- \( Z \) = Standard normal deviation which is equal to 1 at 95% confidence level.
- \( P \) = Proportion of the target population estimated to have a particular characteristic being measured. In this case it is estimated to be 0.5.
- \( q = 1 - P \)
- \( d \) = the level of statistical significance set which in this case is 0.05.
In order to obtain reliable results from the study it is necessary to have a representative sample, hence the sample size was 384. The study targeted 19 respondents from each of the 20 Transport SACCOs in Nairobi County using convenient sampling method.

**Data Collection Instruments**

The study used a questionnaire to collect primary data. Questionnaires are commonly used to obtain important information about the population. According to Stevens (1991), a self-administered questionnaire is the only way to elicit self-reports on people’s opinion, attitudes, beliefs and values.

**Pilot Study**

The researcher selected a pilot group of 30 individuals from the target population of the SMEs in Nairobi County to test the reliability of the research instrument. The pilot data was not included in the actual study. The pilot study allowed for pre-testing of the research instrument. The clarity of the instrument items to the respondents was established so as to enhance the instrument’s validity and reliability. The pilot study was to enable the researcher to be familiar with research and its administration procedure as well as identifying items that require modification. The result helped the researcher to correct inconsistencies arising from the instruments, which ensured that they measure what is intended.

**Data Collection Procedures**

It took a period of two weeks to collect the data required as all the respondents are within close proximity to each other, domesticated by the nature of their employment and positively acquainted to the researcher. The respondents were required to complete questionnaire as honestly and as completely as possible. The researcher used assistants to distribute by hand the questionnaires to be completed by the selected respondents. Upon completion, the research assistants collected the questionnaires and ensured high completion rate and return of the completed questionnaires. The researcher used drop and pick method so as to give the respondents enough time to fill the questionnaire.

**Data Analysis Procedures**

Data collected was sorted, classified and coded then tabulated for ease of analysis. The data was summarized and categorized according to common themes. The SPSS (version 21) computer software aided the analysis as it was more users friendly and most appropriate for analysis of Management related attitudinal responses (Newton and Jeonghun, 2010). Descriptive statistics was employed to analyze the data. Tables as appropriate were used to present the data collected.
for ease of understanding and analysis. Tables were also used to summarize responses for further analysis and facilitate comparison. This generated quantitative reports through tabulations, percentages, and measure of central tendency. Cooper and Schindler (2003) notes that the use of percentages is important for two reasons; first they simplify data by reducing all the numbers to range between 0 and 100. Second, they translate the data into standard form with a base of 100 for relative comparisons. The mean score for each attribute will be calculated and the standard deviation used to interpret the respondents deviation from the mean. The results were presented on frequency distribution tables. Here the interest focused on frequency of occurrence across attributes of measures. Further in the analysis, the study used multivariate regression model to determine the relative importance of each of the four variables with respect to performance in the paratransit SMEs. Regression is able to estimate the coefficients of the linear equation, involving one or more independent variables, which best predicted the value of the dependent variable. Regression method was thus used due to its ability to test the nature of influence of independent variables on a dependent variable. This is what a correlation analysis cannot provide as compared to a regression analysis. Having considered that, linear regression analysis was used as the approach to analyze the data. The regression model was as follows:

\[ Y = a + B_1 X_1 + B_2 X_2 + B_3 X_3 + B_4 X_4 + \ldots + B_n X_n + \epsilon \]

Where:
- \( Y \) = Dependent Variable (Performance)
- \( X_1 \) = Management Skills
- \( X_2 \) = Entrepreneur skills
- \( X_3 \) = Training
- \( X_4 \) = Government Policies
- \( a \) = the constant
- \( \epsilon \) = error term

RESULTS AND FINDINGS

Management Skills

The study aimed at establishing the respondent’s level of agreement with the statements that related to influence of management in the Matatu business sector. The respondents indicated that legislation and the relaxing of trade barriers was to a great extent; Increasing competitive pressure fuelled by globalization to a great extent by a mean score of 4.07; An increase in market expansion due to emerging technologies and innovation to a moderate extent by a mean score of 3.37.
Entrepreneurial Skills

The respondents were asked to comment on the help they get from entrepreneurial skills in the management of Matatu venture: they indicated through efficient communication to employees, was undertaken to a moderate extent by a mean score of 2.8689; through ensuring enforcement rules and regulations, was undertaken to a moderate extent as shown by a mean score of 2.7705; to seek stability and efficiency to a moderate extent by a mean score of 2.9672; by ensuring satisfaction to customers, was undertaken to a moderate extent by a mean score of 2.5738.

Training

The study sought to establish what the respondents considered while adopting SMEs training; majority, 46% indicated potential to the business, other 32% indicated capacities in terms of resources, while others 23% indicated they consider current needs when adopting SME training.

Government Policies

The study established the influence of policy makers on the Matatu venture; the respondents indicated that The SACCOs influence the venture positively and this was shown by the majority of the respondents with 53%, 32% indicated the authority influences the venture positively. It was further indicated that the ministry of transport influences the Matatu business venture positively with a response of 10% while the county council influences the business positively with a response of 6%. The study found out that the county council influences the business negatively with a response of 39%, the Authority influences the business negatively with a response of 25%.

Regression Analysis

In this study, a multiple regression analysis was conducted to test relationship among variables (independent) on performance of Matatu paratransit venture in small and medium enterprises in Nairobi County. The research used statistical package for social sciences (SPSS V 21) to code, enter and compute the measurements of the multiple regressions. Coefficient of determination explains the extent to which changes in the dependent variable can be explained by the change in the independent variables or the percentage of variation in the dependent variable (performance of Matatu paratransit venture) that is explained by all the four independent variables (management skills, entrepreneurial skills, Training and government policies).

Table 1: Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted Square</th>
<th>R</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.893</td>
<td>0.7974</td>
<td>0.744</td>
<td>0.4645</td>
<td></td>
</tr>
</tbody>
</table>
The four independent variables that were studied, explain only 79.74%, table 5 above, of performance of Matatu paratransit venture as represented by the $R^2$. This therefore means that other factors not studied in this research contribute 20.26% of the performance of Matatu paratransit venture. Therefore, further research should be conducted to investigate the other factors (20.26%) that affect performance of Matatu paratransit venture.

**ANOVA Results**

**Table 2: ANOVA**

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>2.453</td>
<td>3</td>
<td>1.267</td>
<td>7.623</td>
<td>0.0214</td>
</tr>
<tr>
<td>Residual</td>
<td>9.313</td>
<td>98</td>
<td>2.327</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>3.565</td>
<td>101</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

From table 2 above, the significance value is 0.0214 is less that 0.05, thus the model is statistically significant in predicting how management skills, entrepreneurial skills, Training and government policies influences performance of Matatu paratransit venture. The $F$ critical at 5% level of significance was 3.43. Since $F$ calculated is greater than the $F$ critical (value = 7.623), this shows that the overall model was significant.

**Coefficient of determination**

**Table 3: Coefficient of determination**

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>1.142</td>
<td>1.335</td>
</tr>
<tr>
<td>Management skills</td>
<td>0.891</td>
<td>0.223</td>
</tr>
<tr>
<td>entrepreneurial skills</td>
<td>0.857</td>
<td>0.241</td>
</tr>
<tr>
<td>Training</td>
<td>0.813</td>
<td>0.233</td>
</tr>
<tr>
<td>Government policies</td>
<td>0.987</td>
<td>0.147</td>
</tr>
</tbody>
</table>
Multiple regression analysis was conducted as to determine the relationship between performance of Matatu paratransit venture and the four variables. As per the SPSS generated table 7 above, the equation \( Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon \) becomes:

\[
Y = 1.142 + 0.891X_1 + 0.857X_2 + 0.813X_3 + 0.987X_4
\]

The regression equation above has established that taking all factors into account (management skills, entrepreneurial skills, training and government policies) constant at zero, performance of Matatu paratransit venture will be 1.142. The findings presented also shows that taking all other independent variables at zero, a unit increase in management skills will lead to a 0.891 increase in performance of Matatu paratransit venture; a unit increase in entrepreneurial skills will lead to a 0.857 increase in performance of Matatu paratransit venture; a unit increase in training will lead to a 0.813 increase in performance of Matatu paratransit venture and a unit increase in government policies will lead to a 0.987 increase in performance of Matatu paratransit venture. This infers that government policies contribute most to the performance of Matatu paratransit venture followed by management. At 5% level of significance and 95% level of confidence, government policy had a 0.0209 level of significance; entrepreneurial skills showed a 0.0217 level of significance; Training showed a 0.0224 level of significance and management skills showed a 0.0239 level of significance hence the most significant factor is government policies. The regression results above indicate that there is a positive relationship between the four independent variables with the dependent variable.

**CONCLUSIONS**

The study concludes that; Proper maintenance of finances, training of the employees on management and entrepreneurial skills, attending workshops and seminars and inspection of employees as they work should be encouraged always so that Matatu SACCOs can be able to achieve high levels of profitability. The researcher therefore, based on these findings concludes that managers should have a clean and high quality track record to help the SMEs access finance more easily to achieve the set goals. The SMEs need to have management skills with high business planning skills which are expected to have easier access to finance compared to those with poor business planning skills. Management of Matatu business ventures by highly academically qualified personnel is deemed to be more efficient, and as such, facilitates their access to finance more easily due to the fact that providers of funds are more likely to have more confidence in those with high academic qualifications than those with low qualification levels.

The impact of entrepreneurial skills on SMEs venture in Matatu paratransit transport was found to be positive as was indicated by the respondents. There are a number of problems with such an explanation for investment in training and development, particularly in smaller firms. The theory presumes that individuals and organizations act in a highly rational fashion in terms of evaluating costs and benefits regarding long-term investment decisions. This is clearly not so as it is affirmed by Cochran, (2006).
The study therefore concludes that Matatu Paratransit Transport owners and their employees should be trained on management of their venture because it improves growth and knowledge. Some of the aspects of training programme evaluation form for the trainees were the relevance of course to the needs of the trainees, the course objectives, and course content. The study also concludes that the impact of training on the venture is measured or evaluated through reduction in grievances, through the reduction of turnover and through increase in revenue.

The study further concludes that policy makers impact the business both positively and negatively. The study concludes that the SACCOs, the traffic police, county council and the ministry of transport impact the venture positively and negatively. Paratransit institutions are important bodies in the transport sector. Therefore both formal and informal institutions have been found to affect paratransit operations. The formal institutions generally come in the form of public and government institutions set up to regulate the performance of the paratransit sector. They come in the form of government ministries, departments and regulatory authorities. The government has set in place some formal regulatory bodies for both the roads and the users of the roads.

RECOMMENDATIONS

Matatu paratransit sector should organize for training, for both the owners of the Matatus and their employees so that they can improve on their management and entrepreneurial skills. The owners of the Matatu paratransit business are also recommended to do routine inspections of their employees as they carry out their work. Government policies are good as far as the performance of the Matatu paratransit business is concerned; however the policies on road safety have resulted in massive corruption among the traffic police officers. Corruption reduces the levels of profitability in the Matatu paratransit business. The government is therefore required to come up with ways of dealing with the corrupt police officers. Collaboration and participation is a subset of SACCOs. There must be collaboration and participation of each and every matatu paratransit owner in order to draw the much needed synergy that will enable them maximize on profits. To attain a higher stability and efficiency, the matatu paratransit owner managers must ensure that the resources they have are prudently used and proper records kept. Monitoring and evaluation of every activity in the business must be continuously done so as to detect weakness early and take the corrective action.

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