Strategy

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Entrepreneurial Determinants of Investor Choices of Public Service Vehicles in Nairobi

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Abstract

Purpose: The main objective of the study was to investigate on the entrepreneurial determinants of investor choices of public service vehicles in Nairobi. Specifically, to establish the social determinants that investors consider when choosing the type of PSV to invest in Nairobi, establish the economic determinants that investors consider when choosing the type of PSV to invest in Nairobi, establish the recommended attractive opportunities for investment in the PSV sector given the established socio-economic determinants.

Methodology: This study was based on a descriptive approach. This research was focusing on owners of Public Service Vehicles in Nairobi. The total number of the investor was 400. Therefore, the target population was 400 investors. Convenience sampling was used. Purposeful sampling was employed to interview twenty respondents from the owners as a follow up to further explore opinions, changes in attitudes, feelings about experiences and explanations about behavior. Questionnaires were used as the data collection instrument. The collected data was edited, coded, keyed in and analysed using Statistical Package for Social Sciences (SPSS). The quantitative data was analysed using both descriptive statistics and correlations. Pilot testing was done to refine the questionnaire. Cronbach's alpha test was also conducted to test the reliability of the questionnaire.

Results: The study findings revealed that majority of the respondents who were 81.6% indicated that type of PSV capacity affected the viability of the PSV business, 79% are most likely to invest in PSV sector holding all the other factors constant, 78.9 % indicated that the free will to determine the type of PSV Capacity determined their choice to invest in PSV very much. Correlation analysis revealed that macroeconomic factors and choice of PSV are positively and significant related (r=0.658, p=0.000), financial factors and choice of PSV are positively and significantly related (r=0.516, p=0.001), attractiveness and choice of PSV were positively and significantly related (r=0.649, p=0.000) and infrastructural factors and choice of PSV were positively and significantly related (r=0.442, p=0.005). Lastly the results indicated that social factors and choice of PSV were positively and significantly related (r=0.576, p=0.000)

Unique contribution to theory, practice and policy: Based on the research findings, the study recommended that the investors of PSV should consider the social factors before they invest.

They should review the impact of the social values on their choice of PSV.
Keywords: *Social determinants, economic determinants, investor choice*

1.0 INTRODUCTION

The creation of a country's wealth and dynamism depend upon the competitiveness of its firms and this, in turn, relies fundamentally on the capabilities of its entrepreneurs. The essence of the modern firm lies in the specialization of functions. The businessmen that manage economic activity are, in the strictest sense, managers and entrepreneurs, the latter in a double sense: the individual businessman (independent) and the corporate entrepreneur who, without participating significantly in terms of capital, controls the firm (Nyasetia, 2013).

Many sectors of the economy offered opportunities to investors and the transport industry is one such an avenue. Transport industry offers much diversity that encompasses wide areas such as rail transport, air transport, motor vehicle transport and transport by sea. In investing capital to a business, the focus of an entrepreneur is purely to succeed and to have the business live to be enjoyed by the future generation. Researchers have put success stories of new business living to envisage the vision of the founders to be about 50% (Klein, & Sorra, 1996).

Public transport or public transit can be defined as a shared passenger transport service which charges set fares, runs on fixed routes, and is available for use by the general public , Cambridge Dictionary.. Public Transportation includes all multiple occupancy vehicle services designed to transport customers on local and regional routes. It is transportation by motorcycles , vans, buses, trams and trains, rapid transit systems such as undergrounds, planes, ferries or other conveyance, either privately or publicly owned, providing to the public general or special service.

In Kenya however, the main modes of public transport are characterized by the use of motorcycles (commonly referred to as "*boda bodas*"), buses, mini buses (also referred to as "matatu's"), trains, planes and ferries. The transport system in this Eastern African country is such that there are organized public transport systems and individual entrepreneur operated informal public transport systems. The latter, known as para-transit transportation forms the use of cheaper vans and minibuses to ferry people along much less regulated routes to, from, and within the city (Chitere & Kibua, 2004).

One of the high impact strategies taken by the Government of Kenya (GoK) to streamline the transport sector especially within the metropolitan area of Nairobi has been to direct all current and potential para-transit operators to upgrade their 14-seat vehicles to vehicles with more than 25-seats as a condition for obtaining a license to operate public service vehicles in the Central Business District (CBD) .

Over the years, the government and every Kenyan has been affected by the chaotic nature of Public Service Transport in the city of Nairobi and country at large. We lose about 3000 people every year on the roads with the PSVs having the largest single instants of fatalities. There have been numerous studies done by many scholars and Non Governmental Organizations (NGOs) that have sought to find the causes and solutions to this problem. Indeed the government has tried to intervene occasionally by running the city's transport but has always failed and left it City transport in the hands of private investors. Due to inadequate government support and / or supervision, there has been a consistent rule of chaos and anarchy that has led to high levels of corruption, impunity, accidents and death on our roads all over the country.

1.2 Problem Statement

In Kenya, the Matatu industry has rapidly grown and by 2003, the number of Matatus operating in both urban and rural areas was estimated at 40,000. They provide employment to nearly 160,000 persons and generate vast revenue for the Government in the form of charges for licenses, duty, VAT and other taxes. In addition, the industry plays a leading role in transportation of both persons and goods in both rural and urban areas. (Asingo, 2004). The investors in the Public Service sector face a myriad of problems in entering the industry and in running their businesses. These issues are brought about by many factors including; Government attitude. The government has over the years had a very unpredictable approach of managing the Public Service sector transport.

For a long time, financial institutions were unwilling to risk their funds in this chaotic industry. The investors had to raise funds on their own from savings, retirement benefits or selling off some property in order to fund the business. Even most insurance industries declined taking on the PSV risk due to the largely unverifiable risks involved. Indeed, many industries collapsed on their exposure to PSVs risk. Inaccurate information is also another challenge. The Public transport industry in Kenya has very poor recorded information. The investors have a very hard time trying to access the information on performance of the industry, accident rates, loan repayments etc. This information is not collated in one place and neither is it even available for many entrepreneurs. This makes it almost impossible for interested investors to get accurate information on their ventures. They then have to rely on hearsay from various quarters which is largely unreliable. Other factors included; insufficiency of training, poor infrastructure, harassment by authorities and income levels. The levels of income from the various investments in the industry seem to be quite unclear and the rates of return in investment do not seem to be readily available.

This study therefore explored the factors, from an investor's perspective, that influence the upgrade to higher capacity Public Service Vehicles in Nairobi. Is it a case of the readily known and available PSV means of transport? Are customers driving the operators into the fierce resistance of not upgrading their PSV to larger capacity vehicles? Are the reasons purely based on systems that are currently in force from the regulators, or are they purely financial? Are the reasons are a mix of all these in various proportions? Where would one get the formation that they require to get into the business?

There was very insufficient information for decision makers and policy makers as to how the investors, who were key in the industry make their choices on whether to invest and what to invest in. There was no verifiable information for the investors as well that could be used to convince the big investors to get into the industry. The information was readily available for any investor to get into the industry; it should be complete and verifiable.

1.3 Objectives of the study

   i. To establish the social determinants that investors consider when choosing the type of PSV to invest in Nairobi. ii. To establish the economic determinants that investors consider when choosing the type of PSV to invest in Nairobi

   iii. To establish the recommended attractive opportunities for investment in the PSV sector given the established socio-economic determinants

2.0 LITERATURE REVIEW

2.1 Theoretical literature

Resource Based View Theory

The resource-based perspective argues that sustainable competitive advantage (SCA) is generated by the unique bundle of resources at the core of the firm (Conner & Prahalad, 1996). Resources are said to have a sustainable competitive advantage if they are rare, valuable, hard to copy and not substitutable. In other words, the resource-based view describes how business owners build their businesses from the resources and capabilities that they currently possess or can acquire (Dollinger, 1999). The term resources was conceived broadly as anything that can be thought of as strength or a weakness of the firm (Wernerfelt, 1984). The theory addresses the central issue of how superior performance can be attained relative to other firms in the same market and posits that superior performance results from acquiring and exploiting unique resources of the firm. Implicit in the resource-based perspective is the centrality of the venture's capabilities in explaining the firm's performance. Resources have been found to be important antecedents to products and ultimately to performance (Wernerfelt, 1984). The resource based theory recognizes six types of resources: physical, reputational, organizational, financial, intellectual and technological. These can also be called the profit factors. These types are broadly drawn and include all assets, capabilities, organizational process, firm attributes, information and knowledge. Physical resources such things like land, energy resources (oil resources, water etc), raw materials (minerals etc). Physical resources can be a source of Sustainable Competitive Advantage, if they have the four attributes described above: Rare, Hard to copy, Nonsubstitutable and valuable. Reputational resources are mainly the perceptions that people in the firm's environment have of the company. Reputation can exist at the product level as a brand loyalty or at the corporate level as a global image. Many organizations maintain high reputation over a long period of time. The value of reputational relationship goes beyond personal relationship because these reputations continue even after the individuals originally responsible are no longer around.

This theory was relevant to study topic because it informed the independent variable. Based on the resource-based theory, it is plausible to argue that previous entrepreneurial experience is a valuable resource to the business. Research showed that an entrepreneur's management skills contribute to venture performance and growth. The propensity of the entrepreneur to employ and apply a variety of skills has been recognized (Hunger *et al.,* 1996).

Social-Cultural Approach Theory of Entrepreneurship

This theory tries to explain the social conditions from which entrepreneurs emerge and the social factors that influence their decisions. The entrepreneur cannot ignore community and other social actors who are involved in or impact on his/her entrepreneurial effort. In this sense, studies of entrepreneurial activity must recognize the importance of human volition. Human inferences are shaped by culture (Hofstede, 1984), the underlying contextual beliefs and value systems on which actions are based. Especially in developing countries, many people find their primary sources of the meaning of life in socio-cultural values, beliefs and mysteries (Nanayakkara, 1999). Therefore, research into entrepreneurial behaviour in developing countries should consider cultural issues (Low & MacMillan 1988) and identify the social processes. The usefulness and endurance of a theory is determined by the way the theory is generated**.** Established social theories, including

Weber's theory of bureaucracy and the Marxist theory of power which were inductively developed from social research, suggest that it is not possible to completely separate those theories from the society.

This theory was relevant to the study topic since it informs the independent variables. Potential entrepreneurs need models and what can be accomplished. They required support from others; emotional, financial and physical support.

Scientific Theory of Management

The founding father of scientific management theory is Frederick W. Taylor (1856-1915). He was an American inventor and engineer. His two most important works were *Shop Management* (1903) and *The Principles of Scientific Management* (1911). Scientific management theory seeks to improve an organization's efficiency by systematically improving the efficiency of task completion by utilizing scientific, engineering, and mathematical analysis. The goal is to reduce waste, increase the process and methods of production, and create a just distribution of goods. This goal serves the common interests of employers, employees, and society.

This theory was relevant to the study topic since it informed the independent variables. Scientific management theory was important because its approach to management was found in almost every industrial business operation including the transport businesses across the world. Its influence was also felt in general business practices such planning, process design, quality control, cost accounting, and ergonomics. Your knowledge of the theory will give you a better understanding of industrial management. You'll also understand how a manager can use quantitative analysis, an examination of numbers and other measurable data, in management to improve the efficiency and effectiveness of business operations.

2.2 Empirical Review

Veysel et al. (2008) in their study concluded that entrepreneurship was accepted as a driving force behind the economic and social development of countries. They categorized determinants on entrepreneurial performance of the countries into general country infrastructure and entrepreneurship infrastructure. The aim of their study was to examine and determine the effects of some selected socio-economic, politic, financial, and administrative factors on the entrepreneurship performance of countries. According to their findings, there were positive relations between entrepreneurship performance of national economies and independent variables (ease of doing business in an economy, availability of venture capital for business development, the impact of values of the society on competitiveness, availability of legislations for easily creation of firms, bureaucracy hindering business activity, and availability of financial access skills). Nonetheless, no significant relationship between entrepreneurship performance of national economies and risk of political instability of 58 countries was found. The authors did a great work in unveiling some of the determinants of entrepreneurial Performance but did not tackle determinant of business performance in less developed economies like Kenya.

Nwibo, & Alimba, (2013) conducted a study on determinants of Investment Decisions among Agribusiness Investors in South East, Nigeria. The study employed a combination of multistage and purposive sampling techniques in the collection of data from three hundred and sixty (360) agribusiness investors using structured questionnaires. Both descriptive and inferential statistics were employed to realise the objectives of the study. The results of the analysis show that the investors are within their active age (40 -59 years) and are actively involved in farm input supply

(60%), farm processing (55%), and marketing/distribution (54%). It was equally observed that investors whose annual income ranges between N501,000.00 – N1,000,000.00 invested more in farm input supply while investors with annual income of between N101,000 – N500,000 invested more in farm production, processing and distribution of agricultural products. With the Chi-square ($\chi2$) value of 9368.836 and the Pseudo R2 of 0.465 which was grater than the probability level 5% (P>0.05), the study revealed that the socioeconomics characteristics of agribusiness investors in South East Nigeria have significant effect on determinants of investment decision. Meanwhile, study showed that apart from the socioeconomic characteristics of the investors; experience, source of investment capital, annual income, and household entrepreneurial history, inadequate start-up capital, business location, favourable government policy on entrepreneurship, experience in self employment, high rate of inflation, market size were at 5% (P>0.05) identified be the determinants of investment decision among agribusiness investors in Southeast Nigeria. The study further revealed that the interrelationship between the entrepreneur's marital status and gender (0.688*), annual income and level of education (0.622*), experience and level of education (0.739**), and household entrepreneurial history and individual experience (0.515*) have strong effect on the agribusiness investment decision. Based on the findings, the study recommended the provision of conducive investment climate for agribusiness investors. This entails the provision of those things that will attract both local and foreign direct investments into agribusiness sector. These include tax holidays, investment infrastructures, reduction in social vices such as kidnapping and activities of religious sect - boko haram.

Segarra-Blasco & Teruel (2009) conducted a study on Small firms, growth and financial constraints. Using panel data from Spanish manufacturing firms for the period 2000-2006, the study investigate the effects of internal and external financial accesss on firm growth. In particular, it examine three dimensions of these financial sources: a) the performance of the firms' capital structure in accordance with firm size; b) the effects of internal and external financial sources on growth performance; c) the combined effect of equity, external debt and cash flow on firm growth. The study find that low-growth firms are sensitive to cash flow and short-term bank debt, while high-growth firms are more sensitive to long-term debt. Furthermore, equity capital seems to reduce barriers to external financial access. The main conclusion is that during the start-up phase, firms are unable to increase their financial leverage and so their capital structure fails to promote correct investment strategies. However, as their equity capital increases, alternative financial mechanisms, in particular long-term debt, become available, which have a positive impact on firm growth.

Musso & Schiavo (2008) conducted a study on the impact of financial constraints on firm survival and growth. The study proposed a new approach for identifying and measuring the degree of financial constraint faced by firms and use it to investigate the effect of financial constraints on firm survival and development. Using panel data on French manufacturing firms over the 1996 - 2004 period, we find that (i) financial constraints significantly increase the probability of exiting the market, (ii) access to external financial resources has a positive effect on the growth of firms in terms of sales, capital stock and employment, (iii) financial constraints are positively related with productivity growth in the short run. The study interpret this last result as the sign that constrained firms need to cut costs in order to generate the resources they cannot raise on financial markets.

Govinda R. Timilsina and Hari B. Dulal in the article *The World Bank Research Observer* , Vol. 26, No. 1 (February 2011), pp. 162-191 established that Urban transportation externalities are a key

development challenge. Based on the existing literature, the authors illustrate the magnitudes of various external costs, review response policies, and measure and discuss their selection, particularly focusing on the context of developing countries. They find that regulatory policy instruments aimed at reducing local air pollution have been introduced in most countries in the world. On the other hand, fiscal policy instruments aimed at reducing congestion or greenhouse gas emissions are limited mainly to industrialized economies. Although traditional fiscal instruments, such as fuel taxes and subsidies, are normally introduced for other purposes, they can also help to reduce externalities. Land-use or urban planning, and infrastructure investment, could also contribute to reducing externalities; but they are expensive and play a small role in already developed megacities. The main factors that influenced the choice of policy instruments included economic efficiency, equity, country or city specific priority, and institutional capacity for implementation. Multiple policy options need to be used simultaneously to reduce effectively the different externalities arising from urban road transportation because most policy options are not mutually exclusive.

3.0 RESEARCH METHODOLOGY

This study was based on a descriptive approach. The target population was 400 investors. Convenience sampling was used. Purposeful sampling was employed to interview twenty respondents from the owners as a follow up to further explore opinions, changes in attitudes, feelings about experiences and explanations about behavior. Questionnaires were used as the data collection instrument. The collected data was edited, coded, keyed in and analysed using Statistical Package for Social Sciences (SPSS). The quantitative data was analysed using both descriptive statistics and correlations. Pilot testing was done to refine the questionnaire. Cronbach's alpha test was also conducted to test the reliability of the questionnaire.

4.0 RESULTS AND DISCUSSIONS

4.1 Response Rate

The number of questionnaires that were administered to PSV investors was 40. A total of 38 questionnaires were properly filled and returned. This represented an overall successful response rate of 95% as shown on Table 1. According to Mugenda and Mugenda (2003) and also Kothari (2004) a response rate of above 50% is adequate for a descriptive study. Babbie (2004) also asserted that return rates of above 50% are acceptable to analyze and publish, 60% is good and 70% is very good.

Based on these assertions from renowned scholars, 95% response rate is very good for the study. Thus the response rate of 95% under this study was very good for study.

Table 1: Response Rate

Response			Frequency	Percent
Returned	38	95%		
Unreturned	2	5%		
Total	**48**	**100%**		

4.2 Demographic Characteristics

This section consists of information that describes basic characteristics such as gender of the respondent, age of the respondent, level of education and years they have invested in the PSV.

4.2.1 Gender of the respondents

The respondents were asked to indicate their gender. Majority of the respondents were male who represented 72% of the sample while 28% were female.
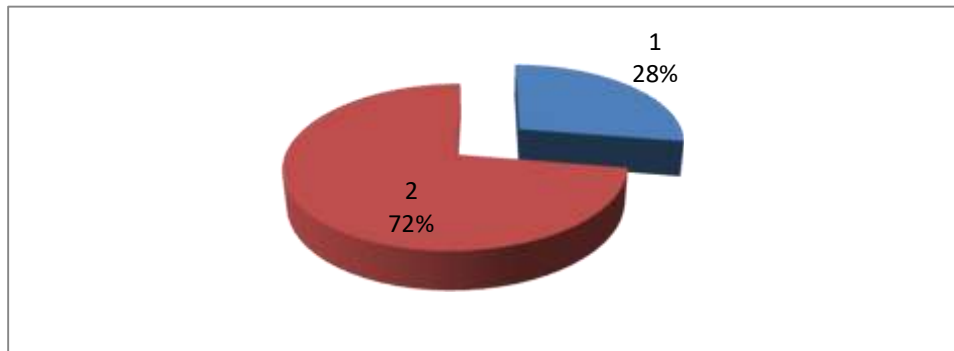

Figure 1: gender of the respondents

4.2.2 Age of the respondents

Respondents were requested to indicate their age brackets. Majority of the respondents who was 55% were on age bracket of 31-40 years, 27% were on age bracket of 41-50 years, 13% were above 50 years while 5% who were the least were less than 30 years old.
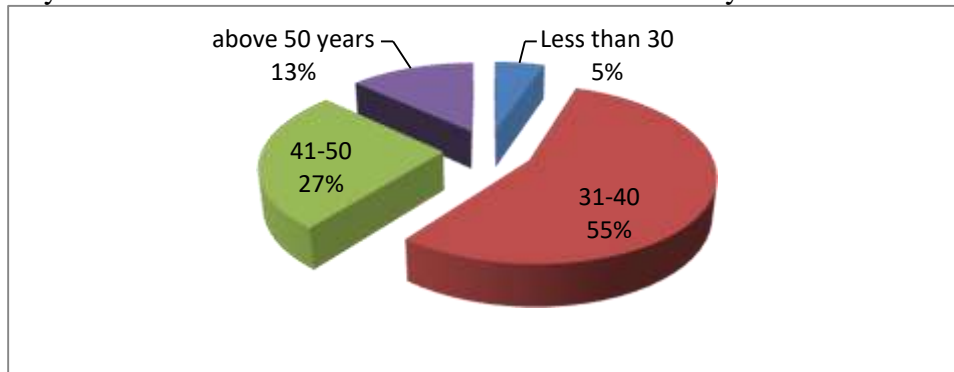

Figure 2: age of the respondents

4.2.3 Highest Level of Education

The respondents were asked to indicate their highest level of education. Results in figure 3 show that 63% of the respondents had their highest level of education being university level, 21% had college qualification while 11% had secondary qualification while only 5% had their highest level of education being primary.
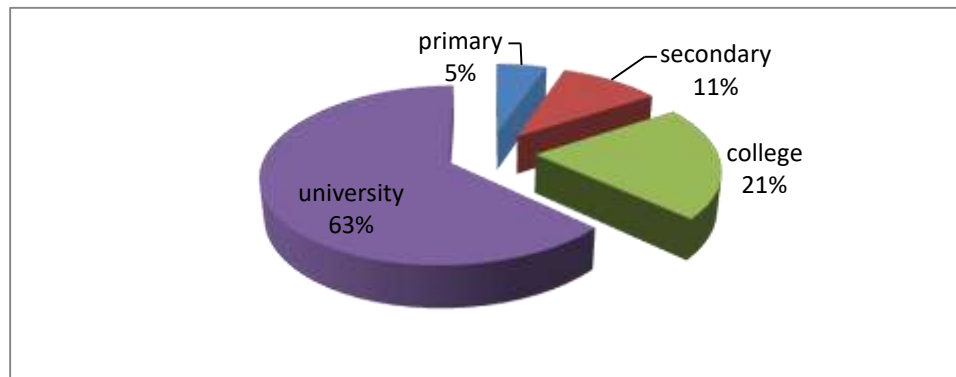
Figure 3: highest level of education

4.2.4 Years invested in matatu business

On the question of the years invested in matatu business , majority of the respondents (47%) have been in the matatu business for 6-10 years, 22% have been in the matatu business for over 10 years, 16% have been in the matatu business for 2-5 years while 5% have been in matatu business for a period less than 1 year.
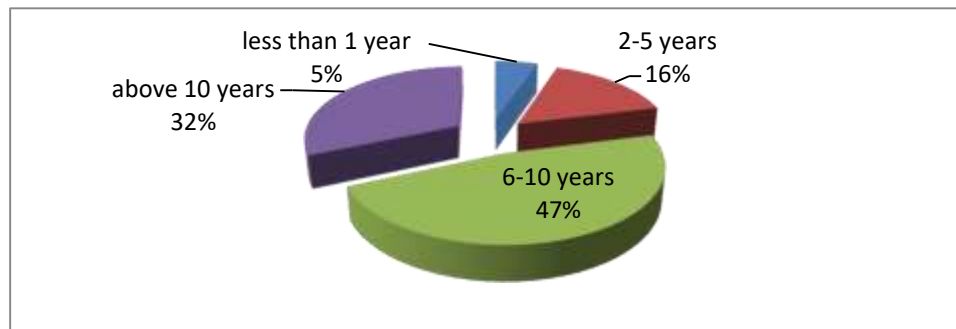

Figure 4: years invested in matatu business

4.3 Descriptive Statistics

This section presents the descriptive results on choice of PSV, social determinants, economic determinant and attractive opportunities.

4.3.1 Choice of PSV

The general objective of this study was to access the choice of PSV. Results from table 2 revealed that majority of the respondents who were 81.6% (57.9%+23.7%) indicated that type of PSV capacity affected the viability of the PSV business very much. The results also revealed that majority of the respondents who were 79% are most likely to invest in PSV sector holding all the other factors constant. The results also revealed that majority of the respondents who were 78.9 % indicated that the free will to determine the type of PSV Capacity determined their choice to invest in PSV very much.

Table 2: choice of PSV

statement	not at all	some what	very average much	extrem ely		mean	std dev
How much does the type of PSV Capacity Affect the viability of the PSV business?	5.30%	5.30%	7.90%	57.90%	23.70%	3.89	1.0 1
How much are you likely to invest in PSV sector, holding all factors in it constant?	5.30%	5.30%	10.50%	57.90%	21.10%	3.84	1.0 0
How much would the free will to determine the type of PSV Capacity determine your choice to invest in PSV or Not?	5.30%	10.50 %	5.30%	52.60%	26.30%	3.95	0.9 6
average						**0.04**	**0.0 2**

4.3.2 Social determinant

The first objective of the study was to establish the effect of social determinant on the choice of PSV. Results in table 3 revealed that majority of the respondents who were 81.6% indicated that ease of doing business in an economy much affected their choice of PSV.

Table 3: social determinant

statement	not at all	some what	averag e	very much	extrem ely	mean	std dev
How does ease of doing business in an economy affect your choice of PSV?	2.60%	5.30%	10.50%	50.00%	31.60%	3.97	0.9 44
How does availability of venture capital for business development affect your choice of PSV?	2.60%	5.30%	15.80%	47.40%	28.90%	4.03	0.9 44
How does the impact of values of the society on competitiveness affect your choice of PSV?	2.60%	2.60%	5.30%	57.90%	31.60%	3.95	0.9 57
How does bureaucracy hindering business activity affect your choice of PSV?	2.60%	5.30%	13.20%	50.00%	28.90%	4.13	0.8 44
How does availability of legislations for easily creation of firms affect your choice of PSV?	7.90%	7.90%	13.20%	50.00%	21.10%	3.68	1.1 41

average						**3.95**	**0.97**

The results also showed that majority of the respondents who were 76.3% indicated that availability of venture capital for business development affected their choice of PSV very much. The results also revealed that majority of the respondents who were 89.5% indicated that the impact of values of the society on competitiveness affected their choice of PSV very much. The results in table 3 also revealed that majority of the respondents who were 78.9% indicated that bureaucracy hindering business activity affected their choice of PSV very much. The results also showed that majority of the respondents who were 71.1% indicated that availability of legislations for easily creation of firms affected their choice of PSV. On an average likert scale the responses had an overall mean of 3.95 which indicated that the respondents agreed to the majority of the questions asked. The standard deviation of 0.97 indicates that the responses were varied.

4.3.3 Economic determinant

The second objective of the study was to establish the effect of economic determinant on the choice of PSV. The results in table 4 showed that majority of the respondents who were 76.3% indicated that cost of PSV affected their investment in the PSV very much.

Table 4: Economic determinant

statement	not at all	some what	average	very much	extremely	mean	std dev
How much does the cost of PSV affect you investment in the PSV	7.90%	5.30%	10.50%	52.60%	23.70%	3.79	1.12
How much does the collection per trip affect your choice of PSV	5.30%	7.90%	13.20%	55.30%	18.40%	3.74	1.03
How much does the average revenue from your PSV affect your choice of PSV	7.90%	13.20%	10.50%	44.70%	23.70%	3.63	1.22
How much does running costs affect your choice of PSV	5.30%	5.30%	7.90%	50.00%	31.60%	3.97	1.05
How much does the time taken determine its revenues	2.60%	2.60%	18.40%	44.70%	31.60%	4.00	0.93
average						**3.83**	**1.07**

The results also showed that majority of the respondents who were 73.7% indicated that the collection per trip affected their choice of PSV very much. . The results also revealed that majority of the respondents who were 68.4% indicated that average revenue from PSV affected their choice of PSV very much. The results also revealed that majority of the respondents who were 81.6% indicated that

running costs affected their choice of PSV very much. The results in table 4 also showed that majority of the respondents who were 76.3% indicated that the time taken determined its revenues very much. On an average likert scale the responses had an overall mean of 3.83 which indicated that the respondents agreed to the majority of the questions asked. The standard deviation of 1.07 indicates that the responses were varied.

4.3.4 Attractive opportunity

The third objective of the study was to establish the effect of attractive opportunity on the choice of PSV. The results in table 5 showed that majority of the respondents who were 81.6% indicated that parking availability affected their choice of PSV very much. The results in table 5 also showed that majority of the respondents who were 86.8% indicated that attractiveness derived the demand for a PSV very much.

Table 5: attractive opportunity

Statement	not at all	some what	average	very much	extremely	mean	std dev
How does parking availability affect your choice of PSV?	2.60%	5.30%	10.50%	57.90%	23.70%	3.95	0.899
How much does attractiveness drive the demand for a PSV	5.30%	2.60%	5.30%	68.40%	18.40%	3.92	0.912
How much does that attractiveness convert to revenues	7.90%	2.60%	7.90%	63.20%	18.40%	3.82	1.036
How much does reduction in social vices affect your choice of PSV?	7.90%	5.30%	10.50%	55.30%	21.10%	3.76	1.101
How much do tax holidays affect your choice of PSV?	2.60%	5.30%	15.80%	57.90%	18.40%	3.84	0.886
average						**3.86**	**0.97**

The results also showed that majority of the respondents who were 81.6% indicated that attractiveness converted to revenues very much. The results also revealed that majority of the respondents who were 76.4% indicated that reduction in social vices affected their choice of PSV very much. The results in table 5 also showed that majority of the respondents who were 76.3% indicated that tax holidays affected the choice of PSV very much. On an average likert scale the responses had an overall mean of 3.86 which indicated that the respondents agreed to the majority of the questions asked. The standard deviation of 0.97 indicates that the responses were varied.

4.4 Factor Analysis

Factor analysis was also conducted so as to removes redundancy or duplication from a set of correlated variables if they happen to exist

4.4.1 Kaiser-Meyer-Olkin Measure of Sampling Adequacy.

KMO test was first performed. Interpretive adjectives for the Kaiser-Meyer-Olkin Measure of Sampling Adequacy are: in the 0.90 as marvelous, in the 0.80's as meritorious, in the 0.70's as middling, in the 0.60's as mediocre, in the 0.50's as miserable, and below 0.50 as unacceptable. The value of the KMO Measure of Sampling Adequacy for this set of variables was .0.762, which would be labeled as 'middling'. Since the KMO Measure of Sampling Adequacy met the minimum criteria, and therefore we did not have a problem that requires the study to examine the Anti-Image Correlation Matrix.

Bartlett's test of sphericity tests the hypothesis that the correlation matrix is an identify matrix; i.e. all diagonal elements are 1 and all off-diagonal elements are 0, implying that all of the variables are uncorrelated. If the Sig value for this test is less than our alpha level, we reject the null hypothesis that the population matrix is an identity matrix. The Sig. value for this analysis led to rejection of the null hypothesis and concluded that there were correlations in the data set that are appropriate for factor analysis. This analysis met this requirement.

Table 6: Kaiser-Meyer-Olkin Measure of Sampling Adequacy.

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	0.762	
Bartlett's Test of Sphericity	Approx. Chi-Square	437.572
	df	105
	Sig.	0.000

4.4.2 Communalities

When factor analysis on the dependent variable was done only one component was extracted for the 10 variables. No variable was dropped from further analysis because all the variables had a loading that was above 0.4. This was illustrated in table 7 below

Table 7: Communalities

Statement					Initial	Extraction
Revenue	1	0.912				
Cost of investment	1	0.905				
Attractiveness	1	0.859				
Running Costs	1	0.923				
Presence of Parking	1	0.721 Number of trips	1	0.833		
Customer preference	1	0.816				
Time Loss at stage	1 0.792 Service Frequency	1 0.784				
Number of trips	1	0.853				

4.4.3 Total variance explained

Rotation Sums of Squared Loadings values in this panel of the table 8 represent the distribution of the variance after the varimax rotation. Varimax rotation tries to maximize the variance of each of the factors, so the total amount of variance accounted for was redistributed over the four extracted factors. This means that the four extracted factors out of the ten variables explained 80.146% of the total variations.

Table 8: Total variance explained

Component	Initial Eigen values			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.024	30.237	30.237	3.024	30.237	30.237
2	1.996	19.955	50.192	1.996	19.955	50.192
3	1.742	17.417	67.609	1.742	17.417	67.609
4	1.254	12.538	80.146	1.254	12.538	**80.146**
5	0.716	7.159	87.306			
6	0.508	5.078	92.383			
7	0.338	3.384	95.767			
8	0.209	2.091	97.858			
9	0.136	1.361	99.219			
10	0.078	0.781	100			

Extraction Method: Principal Component Analysis.

The scree plot graphs the Eigen value against the factor number. From the forth factor on, the line is almost flat, meaning the each successive factor is accounting for smaller and smaller amounts of the total variance.
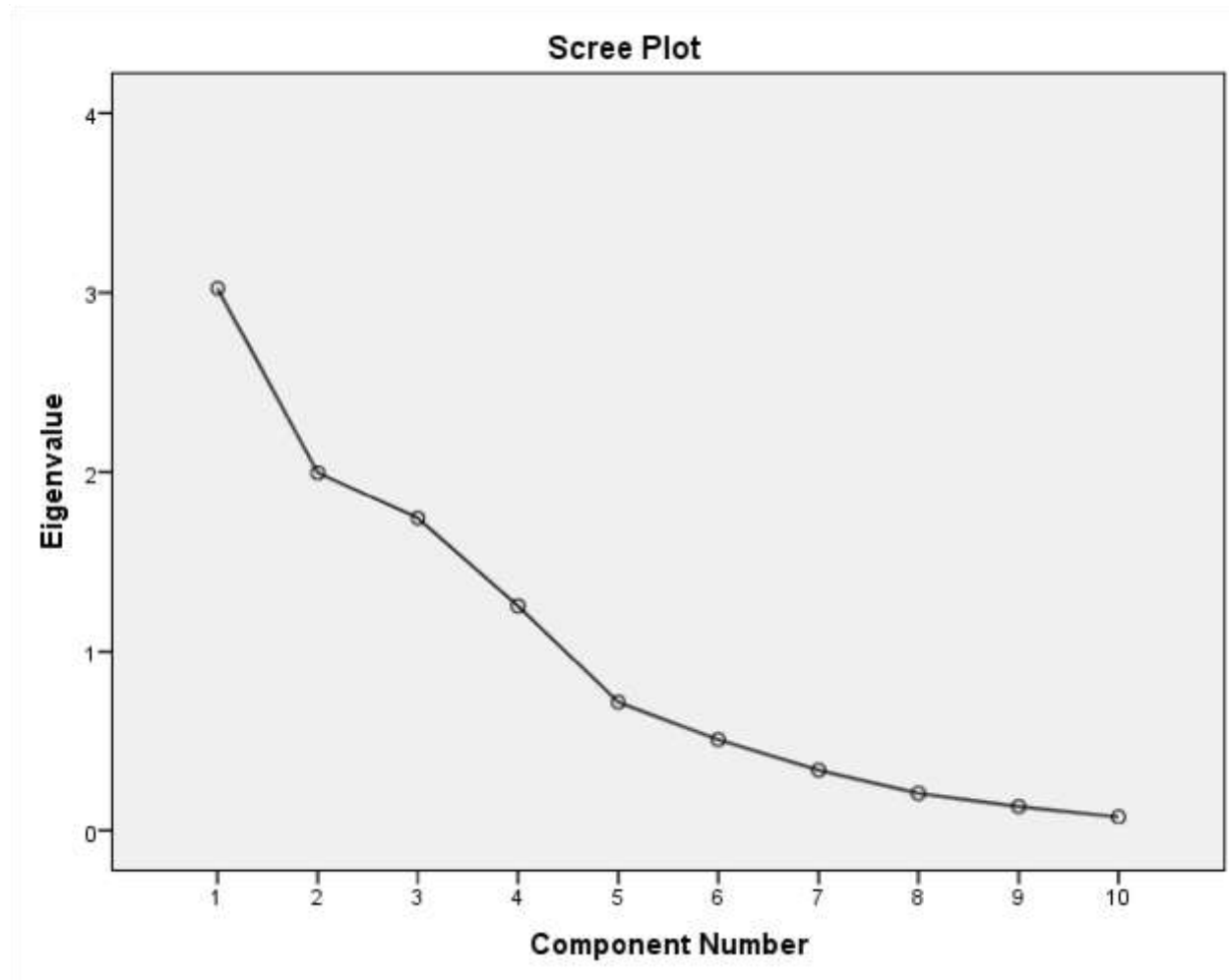
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Figure 5: Scree Plot

4.5 Correlation Analysis

Table 9 below presents the results of the correlation analysis. The results revealed that macroeconomic factors and choice of PSV positively and significant related (r=0.658, p=0.000). The table further indicated that financial factors and choice of PSV are positively and significantly related (r=0.516, p=0.001). It was further established that attractiveness and choice of PSV were positively and significantly related (r=0.649, p=0.000). Similarly, results showed that infrastructural factors and choice of PSV were positively and significantly related (r=0.442, p=0.005). Lastly the results indicated that social factors and choice of PSV were positively and significantly related (r=0.576, p=0.000). This implies that an increase in any unit of the variables leads to an improvement in choice of PSV.

Table 9: Correlation matrix

	Macroe	Attractive	Social	Financi	Infrastruct

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		PSV	conomi	opportunit	factor	al	ural
	choice c	y	s factors	factors			
PSV choice	Pearson Correlation	1.000					
	Sig. (2-tailed)						
Macroeconomic factors	Pearson Correlation	.658**	1.000				
	Sig. (2-tailed)	**0.000**					
Attractive opportunity	Pearson Correlation	.649**	.473**	1.000			
	Sig. (2-tailed)	**0.000**	0.003				
Social factors	Pearson Correlation	0.576**	0.078	-0.004	1.000		
	Sig. (2-tailed)	**0.000**	0.643	0.981			
Financial factors	Pearson Correlation	.516**	.348*	.481**	0.135	1.000	
	Sig. (2-tailed)	**0.001**	0.032	0.002	0.420		
Infrastructural factors	Pearson Correlation	.442**	.459**	.360*	-0.091	.329*	1.000
	Sig. (2-tailed)	**0.005**	0.004	0.026	0.586	0.044	

** Correlation is significant at the 0.01 level (2-tailed).

* Correlation is significant at the 0.05 level (2-tailed).

factors

5.0 SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary of Findings

This section provides a summary of the findings from the analysis. This is done in line with the objectives of the study.

5.1.1 Social factors

The first objective of the study was to establish the social determinants that investors consider when choosing the type of PSV to invest in at Nairobi. The findings revealed that social determinant has a positive and significant effect on the choice of PSV by the investors. This is also supported by the statements in the questionnaire which majority of the respondents agreed.

This finding is consistent with that of Veysel et al. (2008) who found out that there were positive relations between entrepreneurship performance of national economies and independent variables (ease of doing business in an economy, availability of venture capital for business development, the impact of values of the society on competitiveness, availability of legislations for easily creation of firms, bureaucracy hindering business activity, and availability of financial access skills).

5.1.2 Macroeconomic factors

The second objective of the study was to establish the economic determinants that investors consider when choosing the type of PSV to invest in at Nairobi. . The findings revealed that economic determinant has a positive and significant effect on the choice of PSV by the investors. This is also supported by the statements in the questionnaire which majority of the respondents agreed.

The study is consistent with that of Blasco, & Teruel, (2009) who found out that low-growth firms are sensitive to cash flow and short-term bank debt, while high-growth firms are more sensitive to long-term debt. Furthermore, equity capital seems to reduce barriers to external financial access. The main conclusion is that during the start-up phase, firms are unable to increase their financial leverage and so their capital structure fails to promote correct investment strategies.

5.1.3 Attractive opportunity

The third objective of the study was to establish the attractive opportunity that investors consider when choosing the type of PSV to invest in at Nairobi. The findings revealed that attractive opportunity has a positive and significant effect on the choice of PSV by the investors. This is also supported by the statements in the questionnaire which majority of the respondents agreed.

This study was consistent with that of Geurs, Boon and Wee (2009) who found out that attractiveness of a given mode of transport is one of the factors that passengers consider in their choice of the kind of means of transport they shall undertake. According to Transport theorists and engineers passenger time loss is also a factor that determines passenger's choice of transport. If passengers feel or perceive that a given means of transport would lead to unnecessary delays then this would have an influence on their choice of transport.

5.1.4 Financial factors

Another objective was to determine the effects of financial factors when choosing the type of PSV to invest in at Nairobi. The findings revealed that a financial factor has a positive and significant effect on the choice of PSV by the investors. This is also supported by the statements in the questionnaire which majority of the respondents agreed.

These findings were consistent with that of Blasco, & Teruel, (2009) who found that low-growth firms are sensitive to cash flow and short-term bank debt, while high-growth firms are more sensitive to long-term debt. Furthermore, equity capital seems to reduce barriers to external financial access. The study also found that during the start-up phase, firms are unable to increase their financial leverage and so their capital structure fails to promote correct investment strategies. However, as their equity capital increases, alternative financial mechanisms, in particular long-term debt, become available, which have a positive impact on firm growth.

5.1.5 Infrastructural factors

Another objective was to determine the effects of infrastructural factors when choosing the type of PSV to invest in at Nairobi. The findings revealed that infrastructural factors have a positive and significant effect on the choice of PSV by the investors. This is also supported by the statements in the questionnaire which majority of the respondents agreed.

These findings were consistent with that of Spillar and Rutherford (1998) who found that public transport works best when people travel to and from concentrated nodes frequently. Dense and compact urban development is found to be more conducive to an efficient public transport system than dispersed and sprawling patterns of urban development.

5.2 Conclusions

Based on the findings above the study concluded that social determinant, economic determinant and attractive opportunity influenced the choice of PSV.

The study has concluded that social determinants have directly affected the choice of PSV. The investors have to consider the effect of social determinants before making the choice of PSV. The impact of values in a society has greatly influenced the choice of PSV.

The study further concluded that economic determinants have an active and direct role in choice of PSV. Economic determinants play a central role to the investors when making the choice of as they define the cost the investors would incur while investing in PSV. When economic determinants are favorable then the choice of PSV will be influenced positively.

In addition the study also concluded that attractive opportunity has a direct effect on choice of PSV. The opportunity that is more attractive greatly influences positively the choice of PSV. It makes the investors to be more confident while investing.

The study also concluded that during the start-up phase, firms are unable to increase their financial leverage and so their capital structure fails to promote correct investment strategies. However, as their equity capital increases, alternative financial mechanisms, in particular longterm debt, become available, which have a positive impact on firm growth.

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5.3 Recommendations

Based on the research findings, the study recommended that the investors of PSV should consider the social factors before they invest. They should review the impact of the social values on their choice of PSV.

The study also recommended that the government should facilitate urban development for more conducive and efficient public transport system other than dispersed and sprawling patterns of urban development. This will encourage PSV investment

The study further recommended that the government should provide a conducive investment climate for PSV investors. This will create an attractive opportunity for the PSV investors. It should also favorable tax holidays to the PSV investors.

5.4 Areas for Further Studies

The study sought to find the effects of social determinants, economic determinant and attractive opportunity on choice of PSV. This called for the analysis of investors' choice on PSV only, thus area for further studies could consider other investors' choice for example on real estates for purpose of making a comparison of the findings with those of the current study.

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