

Volume 1, Issue 1

Research Article

Date of Submission: 30 July, 2025

Date of Acceptance: 19 August, 2025

Date of Publication: 29 August, 2025

## Promoting and Governing Worker-Platform Co-operatives in Kenyan Ride-Hailing Sector: Regulatory Analysis and Reform

Jared Mark O. Matabi\*

Institute of Co-operatives in Digital Economy, The New School University, USA

\*Corresponding Author: Jared Mark O. Matabi, Institute of Co-operatives in Digital Economy, The New School University, USA.

**Citation:** Matabi, J., M., O. (2025). Promoting and Governing Worker-Platform Co-operatives in Kenyan Ride-Hailing Sector: Regulatory Analysis and Reform. *Int Rev Bus Trade Econ*, 1(1), 01-20.

### Abstract

This study explores the regulation of worker-platform co-operatives in Kenya's ride-hailing sector. A qualitative case study research design involved semi-structured interviews with government actors, platform stakeholders, drivers' associations, co-operative members, and legal practitioners to establish the prevailing regulation and its impacts. The study identifies the main challenges to the growth of the co-operatives in the form of limited legal recognition, inadequate understanding of ownership over ride-hailing platforms, labour rights advocacy restrictions, financial issues, and disarticulated governance. The study recommends extensive reforms in co-operative policy, technology, finance, and governance to deal with the challenges identified. The primary recommendations feature the explicit legal recognition of platform co-operatives, enablement of co-operatively owned ride-hailing platforms, differentiated financial incentives, and higher stakeholder participation. The study advocates for a synergistic and participative regulation approach founded on international best practices to support a sustainable and equitable ride-hailing market in Kenya and empower e-drivers through worker-platform co-operativism.

**Keywords:** Worker-Platform Co-operatives, Ride-Hailing, Regulatory Framework, Digital Infrastructure, Labor Rights, Co-operativism

### Introduction

The expanding digital economy has initiated the global emergence of digital labour platforms (DLPs) to reshape work opportunities among workers like ride-hailing drivers (e-drivers) (Rahman & Thelen, 2019), who constitute a significant percentage of the informal workers, notably in developing nations where levels of informal employment levels remain high (ILO, 2020; Bonnet et al., 2019). While DLPs offer perceived flexibility and inclusion, they have also promoted flexibilization and outsourcing of work (Herrera et al., 2020; Conaty et al., 2018). The rapidly expanding Kenyan sub-industry of ride-hailing worth KES 1.2 billion (Okedi & Yano, 2020) and dominated by IOFs like Uber and Bolt with high rates of driver enrollment (Wakhu & Bett, 2019; Bolt Blog, 2019; CIO Africa, 2022) in Kenya has come under increased scrutiny regarding working conditions among e-drivers.

Existing literature in Kenya highlights major challenges confronting e-drivers. mentioned the need for a clear legal framework to protect the labour rights of e-drivers. Identified new security challenges confronting drivers and passengers. Further, explorative questionnaires and in-depth interviews document working conditions that are precarious, exploitative labour relations, and misclassification by IOF platforms that lead to precarity, injustice, and inequality among drivers—mirroring global challenges (CECOP, 2021;). Despite the challenges, coping mechanisms and mobilization activities are being developed by e-drivers [1-6].

Noting such challenges, scholars now advocate for a two-pronged approach: building platform cooperativism among the e-drivers to enhance worker autonomy and labour-platform management and creating inclusive regulation to ensure decent working conditions and remunerations. Recent Kenyan research indicates that e-drivers are open to the formation of worker-platform co-operatives. The regulation framework should be refined to solidify such co-operativism in the complex national and county political sphere [7-9]. Against such a backdrop, the objective of the current study

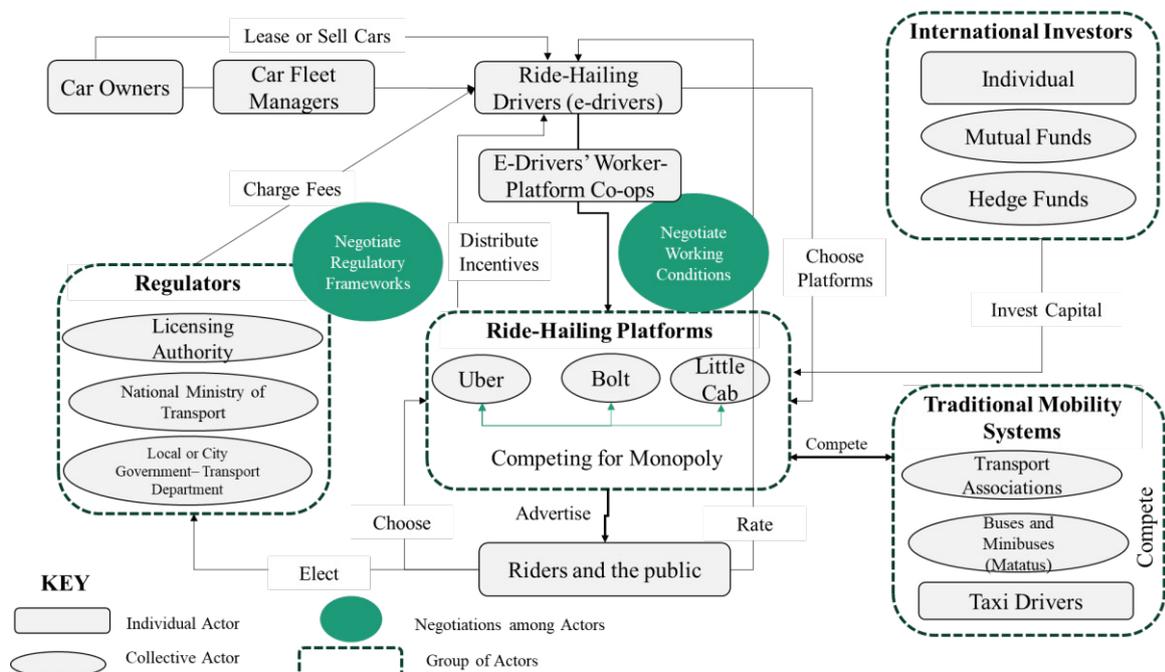
will be to ascertain how a collaborative and participative regulation framework can be developed to successfully regulate the ride-hailing industry and promote worker-platform co-operativism in Kenya.

### Literature Review

The swift expansion of the digital economy has made the ride-hailing subsector a major one to be considered in research on platform workers (i.e., drivers in the case of ride-hailing) and changing regulations.

### Ride-Hailing Ecosystem

The ride-hailing system includes core interacting actors (Figure 1 adapted): international investors, traditional transport, platforms, and regulators [10].



**Figure 1: System of Actors Taking Part in the Transportation Sector**  
 Source: Adapted from Pasquali et al. (2022)

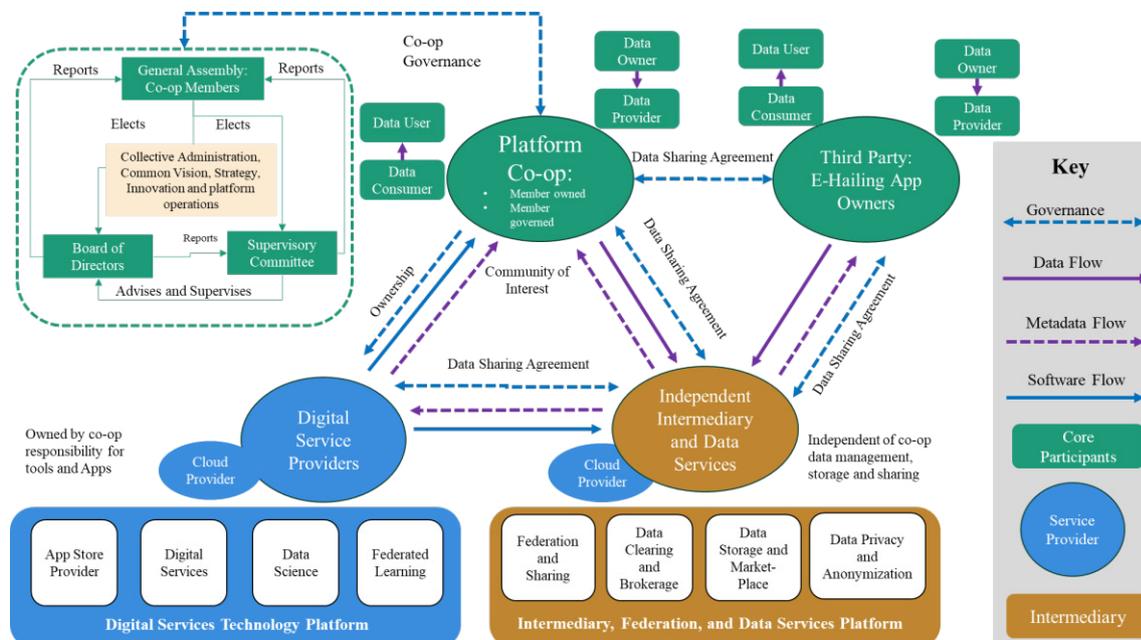
Competition between platforms affects the working conditions of e-drivers, and platform competition is shaped by the decisions of regulators regarding prices. Asymmetries in power and information affect actors' positions and gains, such as fleet managers negotiating with investors over car ownership. It is important to understand such dynamics to be able to comprehend the emergence of co-operativism among e-drivers in response to their position in the system.

#### • Ride-Hailing Drivers' Co-operativism

Internationally, e-drivers are turning to platform co-operativism (Grohmann, 2022) to resist precarity and inequalities through collective action to enhance work satisfaction (Chatterton & Pusey, 2019), worker equality, data protection (Borkin, 2019; Bellini & Lucciarini, 2019; Spicer, 2020;), and workspace resilience—aligned with 'fairwork' principles [11,12]. "Platform co-operativism" (de Peuter et al., 2022) offers a worker-controlled and democratically owned alternative to platform capitalism in response to concerns with concentrated power, data exploitation, and conflict between users and owners [13,11]. Examples exist from "Yamuv," "Alternate Drivers," "Eva," "Trip Rider," "Co-op Taxi," and a New York City drivers' co-operative. These may be in the form of "open platform cooperativism" (OPC) or "distributed co-operative organisations" (DisCOs) and differ in the priority given to ownership of technology versus overall socio-economic change. The evolution and form of such co-operative models are often subject to prevailing regulation regimes [14].

#### • Ride-Hailing Platform System

Ride-hailing platforms entail drivers, riders, and administrative apps. Bühler et al.'s (2023) description identifies the centralization of network effects in digital assets that blocks equal digital entrepreneurship. The co-operative model (illustrated in Figure 2) is presented by them as a path to data sovereignty, and equal digital communities and fairness in work processes, communication, transparency, data utilization, and equity [14,12].



**Figure 2: An Example of a Fair Platform Structure Management**  
**Source: Adapted from Bühler et al (2023)**

### Ride-Hailing's Regulatory Framework

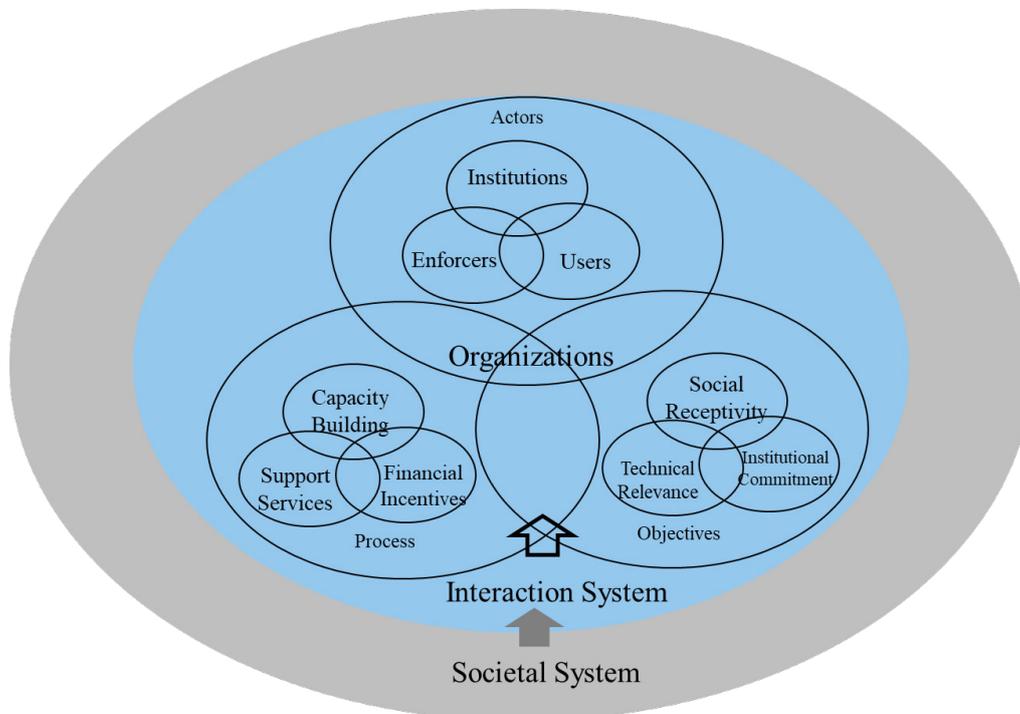
A regulatory framework governs specific activities to guarantee operation under the law and to provide transparency and accountability. Worker rights, consumer protection, competition, data protection, licensing, and tax in the context of ride-hailing fall within the regulatory framework for worker-platform co-operatives [15,16].

#### • Worldwide Outlook

Governments all over the world are increasingly passing laws that can stimulate platform co-operatives. The European Court of Justice held that Uber was a transport firm and hence subject to stricter EU regulations (Bowcott 2017 cited in [17]). New York City imposed a cap on ride-hail vehicles (Marshall, 2018 cited in and the loss of Uber's license in London came before the emergence of Cabfair Co-operative [17,18]). France's Loi LOM (Raffin 2019 cited in mandates social responsibility charters in platforms. Japan, Germany, and Spain have strict systems of law with opportunities for platform co-operativism (Aznar et al., 2018; Chee, 2018) [17]. Regulations in Mexico City and Bogota target integrated mobility that would stimulate e-driver co-operatives (Puche, 2019). The Start-up Act Position Paper in South Africa has implications regarding platform co-operatives' funding and advocates social impact incubators. Brazil has expanding platform co-operatives due to its changing regulation framework (Grohmann, 2022), and Costa Rica has promise in platform co-operative laws under existing Social and Solidarity Economy (SSE) laws in Latin America (Rodríguez, 2023) [19]. China's vehicle type policies can stimulate e-drivers to establish co-operatives to run fleets (Sun et al., 2023). Advocates new models of regulation in response to digital market competition and to support platform co-operatives through antitrust laws and financial incentives. Bühler et al [20]. (2023) recommend harmonized models intending to ensure digital inclusion, open standards, and data governance to stimulate platform co-operatives' engagement.

#### • Theoretical Basis

The systems of regulation for worker-platform co-operatives in the taxi-hailing business can be theorized through the Autopoietic Social Systems Theory (ASST) [21]. ASST posits that social systems, including economic and legal systems, self-produce themselves through internal communication, [22,23]. Legal autopoiesis sees law as a self-referring system of communication where legal decisions and norms produce the legal system themselves with a law and non-law binary code. Regulatory systems go positive and reflexive and produce and refer to themselves independently and translate social acts into legally relevant regulations (Figure 3) [24,25,21,25,24].



**Figure 3: A Schema of Autopoietic Social Systems Theory**  
**Source: Adapted from Luhmann (2004).**

An encompassing regulation framework arises through trigger causality (responsive to environmental processes) and structural coupling (being attuned to social context). The expanding regulation discourse and governmental action in Europe, North America, and Asia and recommendations from organizations such as ICDEMannan, 2021; and ILO (Saner et al., 2019) and OECD reflect the autopoietic strategy governments are taking to stimulate worker-platform co-operatives [26,17,27,17,28]. The research relies on ASST assumptions to understand the development.

## Materials and Methods

### • Research Approach

To address the research objectives, in-depth interviews were employed in the study with a qualitative research design. The research design was chosen to allow a deep understanding to be gained about the complicated regulation framework in existence in Kenya's ridesharing market and to research the potential and dynamics of platform co-operatives initiated by drivers in such a context. Qualitative research methods are best employed to capture the subtleties in regulation contexts and to research new ideas such as platform cooperativism through a consideration of stakeholders' views and experiences; Saunders et al., 2019). A case study approach was employed to allow a rich and contextualized examination to be made about this very phenomenon in the real context of Kenya's emergent transport industry and regulation [29,30].

### • Sampling Technique

The study participants were strategically sampled through a purposive sampling approach. The approach provided room for participation from individuals with in-depth knowledge and experience in regulating the ride-hailing market and the emergent stages of co-operative activities among drivers. The research targeted information-rich cases to gather relevant and in-depth information. The participant category involved: national and county government actors with co-operative promotional and regulation roles in the ride-hailing market; participants from mature and new ride-hailing platform companies; drivers' association leaders with involvement in co-operative or informal networks; key actors from national co-operatives with governance and co-operative structure knowledge; and legal practitioners with cases related to the ride-hailing market. A total of eighteen participants (Appendix I) were purposefully chosen from the stakeholder categories to allow intensive exploration into the elements, challenges, and avenues for change in the regulatory framework in the ride-hailing market [31].

### • Data Collection Process

Data were collected through semi-structured interviews. The method, supported by strikes a balance between structured questioning and the capacity to probe emergent themes in depth [32]. The semi-structured interviews were suitable to draw rich context-specific accounts from participants with diverse viewpoints and experiences about the regulation framework and the emergence of platform co-operatives in the ride-hailing market. The interview guide consisted of open-ended questions framed in three main themes: the existing regulation components (involved ministries, agencies, policies, laws, and regulations); the barriers posed to the emergence and consolidation of worker-platform co-operatives from the existing regulation systems; and recommendations on regulation change, including perceptions about the workability of drivers' co-operatives as a new governance model. The interviews were 45 to 60 minutes in duration and

were audio-recorded and transcribed verbatim with participants' informed consent.

### ● **Data Analysis Strategy**

The thematic analysis was employed to explore the qualitative data from the interviews [33]. The process entailed an initial data familiarization through multiple readings of the interview transcripts. After that, data segments were systematically coded to identify recurring themes in response to regulation barriers, the concept of worker-platform cooperativism, and suggestions regarding policy change. The initial codes were then sorted into higher-level overall themes that responded to the research questions posed in the study and the primary issues from the data. The final step entailed interpreting the themes in the context of the body of literature on the regulation of ride-hailing and co-operative governance. To facilitate the process, NVivo 14 software (QSR International, 2022) was employed to manage and code the qualitative data efficiently. As observed, NVivo can work with multiple data formats, accommodates English language text analysis, provides organization through thematic coding and case management, and features visualization tools for project data [34].

### ● **Ethical Considerations**

The research was conducted per stringent ethical standards. The relevant institutional review board had approved before the data collection process was initiated. The participants were informed and had given consent before taking part in the interviews. The primary guiding ethical considerations in the research were guaranteeing voluntary participation with the ability to withdraw at any time; confidentiality of all data gathered and anonymity of participants in sharing the findings; and upholding the principle of non-maleficence through ensuring that participation in the study would not cause any kind of harm in either the physical or emotional sphere to the participants [35].

### **Findings and Analysis**

The comprehensive in-depth interviews conducted with a diverse range of stakeholders, including government officials, ride-hailing platform representatives, drivers, and policy experts, yielded a rich tapestry of insights into the regulatory framework that governs Kenya's dynamic ride-hailing sector. These findings shed light on the sector's current state and the potential for innovative models like worker-platform co-operativism. Three overarching themes emerged from the data: the intricate regulatory scope, the multifaceted regulatory challenges, the promising opportunities for worker-platform co-operativism, and the nuanced stakeholders' perspectives on necessary reforms.

### ● **Regulatory Landscape Governing the Ride-Hailing and Co-operatives Sectors in Kenya**

This section delineates the multifaceted regulatory landscape that shapes the development and operation of both the ride-hailing and co-operative sectors in Kenya. Anchored in the Constitution of Kenya (2010) and the strategic objectives of Vision 2030, the regulatory framework is primarily administered through several key government ministries, each exerting specific influence via their respective policies, legislation, and regulatory agencies. Understanding this intricate web of oversight is crucial for comprehending the challenges and opportunities facing the emergence of platform co-operatives within the ride-hailing subsector.

### ● **Constitutional and Vision 2030 Foundations for Sectoral Advancement**

The developmental trajectory of co-operatives and the expanding digital economy, particularly the ride-hailing subsector, is fundamentally grounded in Kenya's Constitution of Kenya (CoK, 2010) and the long-term strategic framework of Vision 2030. As articulated by a senior government official: "The essence of promotion and development efforts of co-operatives, in every sector including the ride-hailing subsector in the country, is embedded in our constitution and the vision 2030." (Interviewee 2) This statement underscores the foundational legal and strategic imperatives driving sectoral growth. The 2010 Constitution provides the essential legal architecture for economic diversification, encompassing both co-operative enterprises and digital businesses, with key provisions such as Articles 36 and 41 (freedom of association and workers' rights), Article 43 (socio-economic rights), Article 174 (local economic development), and the Fourth Schedule (devolution) establishing a robust legal basis for sector development. Furthermore, Kenya's Vision 2030, with its economic, social, and political pillars, aligns with the promotion of innovation, enhanced mobility, and the establishment of fair business practices within the digital economy. A government respondent elaborated on this alignment: "The ride-hailing subsector complements the enhancement of public transport and enhances mobility, contributing to Vision 2030's goal of improving urban planning. On the other hand, many youths – whether as individuals or co-operative associations – increasing in the ride-hailing subsector for employment and income generation, aligning with Vision 2030's job creation goal." (Interviewee 3) This highlights the ride-hailing sector's contribution to both infrastructural development and the achievement of socio-economic objectives outlined in the national vision. The regulatory landscape governing these sectors is predominantly shaped by the mandates of four key government ministries: the Ministry of Roads, Transport and Public Works; the Ministry of Information, Communications, and the Digital Economy; the Ministry of Co-operatives and Micro, Small and Medium Enterprises (MSME) Development; and the Ministry of Labour and Social Protection.

### ● **Regulatory Oversight and Standardisation by the Ministry of Roads, Transport and Public Works**

The Ministry of Roads, Transport and Public Works assumes a critical regulatory role in addressing evolving issues within the ride-hailing sector through a range of laws and regulations, notably including the Traffic (Amendment) Act (CAP 403 of 2019) and the National Transport and Safety Authority (NTSA) Act (CAP 404 of 2012). A respondent from the ministry emphasized, "the pivotal roles of agencies like the National Transport and Safety Authority (NTSA) and

the Transport Licensing Board (TLB) in regulating the ride-hailing sector” (Interviewee 4). The National Transport and Safety Authority (NTSA) is tasked with overseeing road safety, managing public vehicle licensing (including vehicles used for ride-hailing) via the Transport Licensing Board (TLB), and establishing operational standards for transport services, encompassing ride-hailing. This includes the regulation of safety standards, vehicle inspections, and the operational licensing of both ride-hailing platforms and co-operatives. In response to concerns raised by e-drivers, NTSA introduced Transport Network Companies (TNC) regulations (under Kenya Subsidiary Legislation Legal Notice No. 120, 2022), providing a structured legal framework for digital taxi services in Kenya by setting standards for operations, licensing procedures, and commission rates, with a notable cap of 18% on the maximum commission chargeable to drivers per trip, aimed at preventing potential exploitation by TNCs. Furthermore, the digital Transport Integrated Management System (TIMS) has enhanced efficiency and safety in processes related to motor vehicle registration, licensing, and inspection within the ride-hailing sector. The three road development authorities—Kenya National Highways Authority (KeNHA), Kenya Urban Roads Authority (KURA), and Kenya Rural Roads Authority (KeRRA)—also indirectly influence the operational costs incurred by drivers, thereby impacting their profit margins. In essence, the ministry, through its regulatory frameworks, particularly the 2022 TNC regulations, plays a significant role in standardizing operations and safeguarding the interests of drivers within the ride-hailing ecosystem.

#### ● **Fostering Co-operative Growth: The Role of the Ministry of Co-operatives and Micro, Small, and Medium Enterprises (MSME) Development**

The Ministry of Co-operatives and Micro, Small, and Medium Enterprises (MSME) Development plays a central role in promoting economic growth and social development through its support for co-operatives and MSMEs. A government official articulated the ministry’s objectives: “The department is dedicated to developing policies that encourage the formation and growth of co-operatives in various sectors, including ride-hailing, offering training and resources to empower potential and actual members to form, manage and operate co-operatives effectively; and facilitating access to funding and financial services tailored for co-operatives to ensure sustainability. Currently, we have Uwezo and Hustler Funds which even the women and youth in the ride-hailing sector and co-operatives can access” (Interviewee 1). Following the promulgation of the Constitution of Kenya (2010), the function of co-operative development was devolved to county governments, leading to a redistribution of responsibilities between national and county levels. Concerted efforts have been undertaken to review existing co-operative policies, legislation, and regulations to align with the devolved system. The National Co-operative Policy (Sessional Paper Number 4 of 2020) provides a foundational framework for advancing worker-platform co-operatives, explicitly recognizing the importance of transport co-operatives, the role of ICT in co-operative operations, and the promotion of worker-owned and youth-involved co-operatives. The Co-operative Amendment Bill (2024), currently under consideration by the Senate, further reinforces the responsibilities of the Co-operative Commissioner and County Directors in ensuring the growth, development, and effective regulation of co-operatives across various sectors. These ongoing efforts underscore the ministry’s commitment to supporting the growth and sustainability of co-operatives through policy development, provision of training and resources, and facilitation of access to tailored financial assistance.

#### ● **Digital Governance and Data Protection: The Mandate of the Ministry of Information, Communications, and the Digital Economy**

The Ministry of Information, Communications, and the Digital Economy holds the mandate for overseeing policies related to ICT development, digital transformation initiatives, broadcasting, telecommunications infrastructure, cybersecurity protocols, and data protection frameworks. This ministry houses key agencies and administers laws that significantly impact the operations of ride-hailing platforms, which are inherently digital enterprises. As one of the ministry officials stated: “We have 12 agencies in the ministry, but... two of them are more direct to the ride-hailing sector: the Kenya ICT Authority which implements ICT standards and drives digital government strategies, and the Office of the Data Protection Commissioner (ODPC), which ensures compliance with data protection laws and safeguards personal data like those of the drivers. In terms of laws, we have ‘Digital Economy Blueprint’ and the Data Protection Act, 2022 in parliament” (Interviewee 5). The Kenya ICT Authority plays a crucial role in setting and implementing ICT standards relevant to digital platforms, while the Office of the Data Protection Commissioner (ODPC) is responsible for enforcing compliance with data protection laws and safeguarding the personal data of both drivers and passengers within the ride-hailing ecosystem. The ministry’s oversight, through its agencies and legislative instruments like the Digital Economy Blueprint and the Data Protection Act, is essential for ensuring digital compliance, security, and the protection of personal information within the ride-hailing sector.

#### ● **Ensuring Fair Labor Practices and Social Security: The Role of the Ministry of Labour and Social Protection**

The Ministry of Labour and Social Protection is responsible for regulating employment practices, safeguarding the rights of workers, and promoting safety and social security for individuals engaged in the ride-hailing sector. The ministry oversees a range of agencies and laws, including the Employment Act (CAP 226 of 2007), the Industrial Training Act (Act 3 of 2024), the Employment and Labour Relations Court Act (CAP 8E of 2011), the Occupational Safety and Health Act (No. 15 of 2007), the National Social Security Fund Act (Cap. 258 of 2022), and the Retirement Benefits Act (CAP 197 of 1997). These legislative instruments and the associated agencies define and address the complex relationships between ride-hailing platform companies and e-drivers, to ensure adherence to fair work principles. A government officer stated the following: “The ministry has several agencies under several pieces of legislation and regulations that are significant to define and address the relationships of ride-hailing platform companies as a platform provider and the e-drivers

as independent contractors, to ensure fairwork principles of fair pay, contracts, conditions and representations in the sector” (Interviewee 6). The ministry endeavours to apply existing labour law frameworks to the novel and intricate dynamics of the ride-hailing sector, particularly in defining the employment status and rights of e-drivers operating as independent contractors on these digital platforms.

#### ● **Funding and Taxation: The Mandate of the Ministry of National Treasury and Planning**

The Ministry of National Treasury and Planning plays a vital role in managing public finances and ensuring overall economic stability, thereby significantly impacting the ride-hailing sector through its responsibilities in tax collection and the formulation of financial regulations. The Kenya Revenue Authority (KRA) operates as a key agency under this ministry, responsible for implementing tax laws such as the Tax Procedures Act (CAP 469B of 2015), the Income Tax Act (No. 22 of 2022), the Value Added Tax (VAT) Act (No. 35 of 2013), and the Excise Duty Act (No. 23 of 2015), all of which have implications for ride-hailing operators and drivers. Additionally, the Banking Act (Cap 488) and the National Payment Systems Regulations (Legal Notice 109 of 2014) influence the financial transaction processes within the sector. A government officer highlighted the ministry’s crucial role in fiscal oversight: “One agency is critical for the ride-hailing sector. The Kenya Revenue Authority (KRA) is mandated to have a tax collection role and ensure compliance with tax regulations for ride-hailing operators and drivers. KRA implement various laws and regulations that affect the ride-hailing sector in various ways” (Interviewee 7). This underscores the significant impact of the Ministry of National Treasury and Planning through its administration of tax policies and the regulation of financial activities within the ride-hailing and co-operative ecosystems.

#### ● **Security and Regulatory Enforcement: The Role of the Ministry of Interior and Coordination of National Government**

The Ministry of Interior and Coordination of National Government addresses safety and security concerns. It ensures compliance with laws like the Computer Misuse and Cybercrimes Act (CAP 49C of 2018) and the Proceeds of Crime and Anti-Money Laundering Act (No. 9 of 2009). Key agencies operating under this ministry include the National Police Service (NPS) and the Directorate of Criminal Investigations (DCI), which play crucial roles in maintaining law and order and investigating criminal activities. A government official emphasized the ministry’s mandate in this context: “As with any other economic sector, issues of safety and security are being reported in the ride-hailing sector by actors such as drivers, passengers, and even platform companies. Through our various agencies like the National Police Service (NPS) and Directorate of Criminal Investigations (DCI), and by being the main enforcer of the Traffic Act, NTSA regulations and other related laws, we are making sure that we mitigate and address those concerns, to ensure the growth of the sector” (Interviewee 8). This illustrates the ministry’s critical role in ensuring the safety and security of all stakeholders within the ride-hailing sector and in enforcing the relevant legal frameworks.

#### ● **Promoting Fair Competition and Consumer Protection: The Mandate of the Ministry of Investments, Trade, and Industry**

The Ministry of Investments, Trade, and Industry is tasked with promoting trade, industrial development, and investment growth within Kenya, with a direct impact on the ride-hailing sector through the regulation of competition, the formulation of investment policies, and the enforcement of consumer protection measures. Laws such as the Competition Act (No. 12 of 2010), the Investment Promotion Act (CAP 485B of 2004), the Standards Act (No. 23 of 2019), the Trade Descriptions Act (No. 15 of 2003), and the Consumer Protection Act (No. 46 of 2012) are key instruments in ensuring fair competition within the market, promoting a favorable investment climate, safeguarding consumer rights, and regulating trade practices. A government official articulated the ministry’s focus on these areas: “The ministry through various agencies and laws impacts the ride-hailing sector through competition regulation, investment policies, and consumer protection. Specifically, it ensures more competition and fair pricing thereby preventing exploitation of drivers and customers; it promotes a better investment environment and encourages local ride-hailing platform companies; ensures stronger consumer rights for passengers from unfair charges or unsafe rides; and regulates digital contracts by preventing unfair ride-sharing agreements against the drivers” (Interviewee 9). This highlights the ministry’s role in fostering a balanced and equitable market environment within the ride-hailing sector, protecting the interests of service providers, and drivers and passengers as consumers.

#### ● **Local Governance and Co-operative Development: The Role of the Ministry of Devolution and Arid and Semi-Arid Lands (ASALs)**

The Ministry of Devolution and Arid and Semi-Arid Lands (ASALs), through its State Department for Devolution, plays a crucial role in coordinating devolution and managing the affairs of county governments, thereby supporting localized policy development and intergovernmental relations. Mandated by the Fourth Schedule of the Constitution (2010) and operationalized through the County Governments Act (2012), counties possess regulatory authority over various functions, including transport and co-operative development, which directly impacts the ride-hailing sector at the local level. The Act also establishes the Council of Governors (CoG) to facilitate effective intergovernmental coordination on policy matters. A county official articulated the potential for localized regulatory interventions: “Nairobi City County Governor has publicly advocated for improved fair wages for taxi drivers...we have the authority to implement additional by-laws...to address local issues...such as parking and designated pick-up and drop-off zones...imposing fees...initiating welfare programs...” (Interviewee 10). This reflects the capacity of county governments to tailor regulations and support programs to address specific local contexts and needs within the ride-hailing sector, including the development and

support of co-operative enterprises, within the overarching national legal framework.

In summary, the governance framework established by these various ministries and their associated legislative and regulatory instruments provides a comprehensive, albeit sometimes complex, regulatory environment for the ride-hailing sector in Kenya. This framework addresses a wide range of critical aspects, including labour relations, digital integrity, market competition, financial compliance, consumer protection, and security, setting the stage for understanding the specific regulatory challenges faced by the emergence of platform co-operatives within this dynamic sector

### **Regulatory Challenges Impeding the Development of Platform Co-operatives in the Ride-Hailing Sector**

This section analyzes the key regulatory challenges identified by the study that impede the emergence and growth of platform co-operatives within Kenya's ride-hailing sector. These challenges span issues of legal recognition, digital infrastructure governance, labour rights, public safety, financial and taxation policies, and inter-sectoral coordination, collectively creating a complex and often prohibitive environment for the development of this innovative organizational model.

#### **• Ambiguity in the Legal Recognition of Worker-Platform Co-operatives**

A primary regulatory obstacle is the absence of a clear and specific legal framework for worker-platform co-operatives in Kenya. The current Co-operative Societies Act does not explicitly define these novel organizational structures, leading to ambiguity regarding their legal status, governance, and operational compliance. This lack of clarity is evident in the observation by an academic representative that "There is limited understanding by the policymakers on worker and platform co-operatives... Given our history, we hope to catch us soon" (Interviewee 18). Consequently, ride-hailing co-operatives navigate a complex intersection of transport, ICT, and co-operative legislation, creating regulatory confusion. Furthermore, existing co-operative laws with their emphasis on rigid membership and a one-member, one-vote system may not be readily adaptable to the dynamic governance needs of digital platforms, particularly when considering varied levels of member contribution. The potential for conflict between the licensing requirements of the National Transport and Safety Authority (NTSA) and co-operative regulations further complicates the legal landscape, raising concerns, as noted by a co-operative apex body official, if driver-formed co-operatives are truly "worker-platform co-operatives in strictest forms" (Interviewee 13). This lack of a well-defined legal identity impedes the formal establishment and recognition of worker-platform co-operatives in the ride-hailing sector.

#### **• Regulatory Gaps in Digital Infrastructure Ownership and Management**

The challenges related to the ownership and management of digital infrastructure present another significant regulatory hurdle for platform co-operatives. The regulatory landscape under the Ministry of Information, Communications, and the Digital Economy and the Office of the Data Protection Commissioner (ODPC) does not adequately address issues of data sharing between ride-hailing platforms and drivers. This allows conventional platforms to maintain control over crucial driver data, limiting transparency in pricing and commission structures, as drivers typically lack ownership or significant management input. This issue is further compounded by concerns regarding unfair competitive practices, with a driver association leader stating that the Competition Authority of Kenya (CAK) "does not regulate anti-competitive practices by foreign ride-hailing companies...[which] still use predatory pricing to try and push new and local platform companies out of the market" (Interviewee 15). For platform co-operatives, establishing and managing their digital infrastructure necessitates clear regulatory guidelines on "the ownership, management, and sharing of user data... strong cybersecurity policies... robust interoperability of payment systems" (Interviewee 14). The current regulatory environment does not fully facilitate these requirements, potentially hindering the ability of driver-owned platforms to compete effectively.

#### **• Regulatory Deficiencies Concerning Labor Rights and Social Protections for Drivers**

The ambiguous classification of ride-hailing drivers within existing labour laws poses substantial regulatory challenges concerning their rights and social protections, even within a co-operative model that does not own the platform. The Employment Act does not explicitly cover platform economy workers, allowing ride-hailing companies to classify drivers as independent contractors, thereby limiting their access to standard labour protections. As a driver association leader noted, "the majority of drivers still face several challenges that may still curtail their participation in platform co-operatives because of their unclear classification by the laws" (Interviewee 14). This independent contractor status, coupled with the lack of legal recognition of ride-hailing platforms as employers, exacerbates issues such as the absence of guaranteed minimum wages, exclusion from social protection schemes, and limitations on collective bargaining power. Consequently, e-drivers remain vulnerable to unfair working conditions and arbitrary platform deactivations, functioning as "mere pawns of ride-hailing platforms in the ecosystem that are not committed to compliance with fairwork principles" (Interviewee 15). While a recent ruling by the Transport Licensing Appeals Board in favour of a deactivated driver offers a precedent for challenging unfair practices, navigating such legal complexities remains a significant hurdle for individual drivers and nascent platform co-operatives.

#### **• Inadequate Regulatory Framework for Public Safety, Security, and Law Enforcement Compliance**

Ensuring public safety, security, and compliance with law enforcement presents regulatory challenges for platform co-operatives, particularly given the current lack of a sector-specific framework. Worker-platform co-operative proponents often have limited expertise in addressing these critical concerns, while the Ministry of Interior and National Coordination lacks a clear security policy tailored to ride-hailing operations. This gap contributes to reported incidents of crime against

drivers and riders. As a driver association leader narrated, "Safety and security cases scare women away... we still do not have enough knowledge and capacity to address such monumental issues as association which mostly are legally costly and time-consuming" (Interviewee 16). Furthermore, delays in legal action against digital fraud and platform-specific crimes, coupled with challenges in verifying user identities and addressing the presence of undocumented foreign drivers, highlight the inadequacies in the current regulatory and enforcement mechanisms.

#### ● **Financial and Taxation Policies as Regulatory Barriers**

Financial and taxation policies constitute significant regulatory barriers that hinder the establishment and sustainability of worker-platform co-operatives in the ride-hailing sector. Limited access to tailored funding programs exists, as conventional co-operative financing mechanisms may not align with the needs of digitally-organized models. As a representative from the co-operative apex body stated, "It is unclear to us how they can benefit from such a fund given the social identity and fluidity of their members" (Interviewee 13). Moreover, significant compliance costs associated with NTSA regulations, vehicle standards, and licensing requirements create substantial financial burdens for potential driver-owned platforms. A driver association leader revealed, "There are significant compliance costs in ride-hailing laws that hinder the creation of driver-owned platform co-operatives" (Interviewee 14). High investment thresholds for foreign investment also limit opportunities for co-operatives to adopt established platform models. Additionally, the absence of specific incentives for green transport initiatives and unfavourable tax regimes, including the complexities of digital service taxes and potential double taxation, pose considerable financial challenges, as highlighted by a platform company representative: "This had a major impact on our revenue from the Kenyan market and hurt the Kenyan market prioritization for investment. If this were the case for us, how much could the worker-platform co-operatives, even with investment incentives?" (Interviewee 11). The financial literacy of drivers regarding platform-based earnings and tax obligations further complicates these issues.

#### ● **Deficiencies in the Coordination Structure Between Co-operative and Ride-Hailing Sectors**

Weaknesses in the coordination structure between the ride-hailing and co-operative sectors, within Kenya's devolved governance system, create further regulatory complexities. Confusion arises for drivers operating across county lines regarding which local regulations apply, as a driver association leader explained: "Drivers who would wish to form a co-operative are confused about which county laws they would adhere to in case there are contradictions" (Interviewee 14). The lack of integration between ride-hailing services and existing public transport networks, coupled with poor coordination among the multiple agencies involved in regulating the ride-hailing ecosystem beyond the NTSA, leads to conflicting policies and enforcement. Furthermore, notable stakeholder resistance to regulatory changes favouring platform co-operatives, alongside ongoing legal challenges between drivers and established platform companies, as noted by a legal expert who is "not so sure if driver-platform co-operatives in their early stages could navigate such legal issues arising from their operations" (Interviewee 17), further impede the development of a supportive regulatory environment. These systemic issues underscore the need for greater coherence and collaboration across governmental bodies and industry stakeholders to foster the growth of platform co-operatives in the ride-hailing sector.

### **Recommendations for Regulatory Reform to Foster Platform Co-operatives in the Ride-Hailing Sector**

Drawing upon insights from participants, this section outlines key recommendations for regulatory reforms aimed at creating an enabling environment for the successful promotion and development of platform co-operatives within Kenya's ride-hailing sector. Participants identified four overarching categories for these recommendations: policy and regulatory framework, technological and digital infrastructure, financial and economic sustainability, and governance and institutional strengthening

#### ● **Policy and Regulatory Framework Reforms Legal Recognition:**

A fundamental recommendation is the formal legal recognition of worker-platform co-operatives within the Co-operatives Act (Cap 490) and other pertinent legislation. This would ensure these entities possess equivalent rights and protections to traditional co-operative models. As emphasized by a representative from the co-operative apex body, "There is a serious need to encourage driver co-operatives and unions for collective bargaining in the ride-hailing sector" (Interviewee 13). The Ministry of Co-operatives and Micro, Small and Medium Enterprises (MSMEs) Development, through the State Department of Co-operatives (SDC) and the Co-operative Alliance of Kenya (CAK), should lead policy adjustments and legislative amendments to explicitly include and accommodate these emerging co-operative structures. Furthermore, the National Transport and Safety Authority (NTSA) should introduce a co-operative-friendly licensing framework, potentially establishing a distinct licensing category for worker-platform co-operatives operating their ride-hailing platforms.

**Regulatory Clarity:** Participants underscored the necessity of developing clear and comprehensive regulations specifically for the promotion and development of worker-platform co-operatives. These regulations should delineate operational standards, governance protocols, and labour standards applicable to these entities within the ride-hailing sector. An officer from the Law Society of Kenya opined that "With the evolving digital economy, the biggest work is to harmonize for clarity, the relevant regulations that affect ride-hailing sector players. Co-creation of the regulations on ICT and data, vehicle and service standard, labour relations, consumer protection, worker-platform co-operativism among others" (Interviewee 17). Such clarity would aid in resolving disputes related to fare pricing, licensing procedures, and operational guidelines. A representative from a ride-hailing platform company also acknowledged the benefit of

clearer regulations, stating, "Developing clear regulations on driver protection, representation and engagement with us is important" (Interviewee 12). Additionally, regulatory agencies should facilitate the establishment of standardized contractual frameworks for drivers, car owners, and platform co-operatives under the Employment Act, 2007, to mitigate the risk of exploitative terms and conditions. The potential for a hybrid labour classification, such as "dependent contractors," offering basic labour protections while maintaining platform flexibility and ensuring access to social security, as observed in other jurisdictions, was also highlighted as a desirable regulatory direction. Clear mechanisms for grievance resolution for drivers and their co-operatives regarding social protections and unfair deactivations are also deemed essential.

**Inclusive Policy Formulation:** The study strongly suggests an inclusive approach to the formulation, amendment, and co-creation of policies and laws supporting worker-platform co-operatives. This process should actively engage all relevant stakeholders in the ride-hailing sector, including regulators led by NTSA, platform companies, drivers, car owners, passengers, and co-operatives themselves. As a driver association leader stated, "..... involving the drivers and their co-operatives in policy discussions will ensure that our concerns about earnings, work conditions, and unfair contracts of deactivations are adequately addressed" (Interviewee 15). All relevant regulatory bodies whose mandates impact the ride-hailing sector should be involved in co-creating policies that specifically support worker-platform co-operatives.

**Alignment with County Government Laws:** The integration of worker-platform co-operatives into local urban mobility policies and the issuance of supportive regulations under the County Governments Act, 2012, is recommended. A governmental official reiterated that: "County governments with cities and towns like Nairobi City, should endeavour co-creating policies and laws in alignment with NTSA regulations to improve the transport sector, including the emerging ride-hailing subsector" (Interviewee 10). Furthermore, regulatory reforms should consider incorporating protections for platform workers akin to labour laws observed in regions like the European Union and California's Proposition 22.

#### ● **Reforms in Technological and Digital Infrastructure**

**Platform Development:** To foster local ownership and innovation, the Kenya Investment Authority (KenInvest), in collaboration with the Ministry of Information, Communications, and the Digital Economy, should actively promote and facilitate the development of locally owned ride-hailing platforms by willing platform co-operatives. These locally developed platforms should prioritize features that ensure trustworthy management. A driver association leader pointed out the preference for foreign platforms, stating, "The government should urgently address these issues by encouraging the development of local ride-hailing platforms...." (Interviewee 16). Regulatory frameworks should facilitate access to financing, technical support, and regulatory approvals for e-driver platform co-operatives to collectively own and operate ride-hailing services.

**Data Ownership and Protection:** Ensuring data sovereignty is crucial. The Ministry of Information, Communications, and the Digital Economy should collaborate with ride-hailing co-operatives to encourage partial driver ownership and management of platforms. This could prioritize driver well-being, fair compensation, data protection, and local revenue generation. A driver association leader noted concerns about international apps being "unfriendly and customized differently for our African market, hence their exploitation of the market and failing to comply with fair competition principles..." (Interviewee 16). The Office of the Data Protection Commissioner (ODPC) should enforce the Data Protection Act, 2019, granting platform co-operative members control over their data and preventing exploitative practices through stringent privacy policies. A government official emphasized the "Requirement and enforcement of transparent data-sharing and portability policies so drivers through co-operatives access their ride data from any platform while strengthening data privacy laws for ride-hailing platforms" (Interviewee 5). Allowing drivers, through co-operatives, to acquire shareholding in ride-hailing companies to receive dividends was also suggested as a means of fostering greater alignment of interests.

**Integration with National Digital Systems:** Worker-platform co-operatives and ride-hailing platforms should be integrated with the government's 'eCitizen' platform and the 'Huduma Kenya' initiative to streamline access to national digital financial and identification systems for co-operative members, facilitating transactions and verification. This would also enhance driver-member accessibility to financial services. Furthermore, a government officer believes that this integration will aid in cybersecurity and fraud prevention, emphasizing the need to "enforce the Computer Misuse and Cybercrimes Act, of 2018, to safeguard driver-members and their co-operatives against digital fraud, identity theft and cyberattacks" (Interviewee 8). This approach should extend to creating a national ride-hailing database and developing a National Ride-Hailing Security Policy with mandatory security features and real-time police support.

**Fair Algorithmic Practices:** The Competition Authority and Communications Authority of Kenya (CAK) should play a stronger oversight role in advocating for transparent ride-matching algorithms to prevent unfair treatment of drivers. A driver association leader suggested "Government implementation of algorithmic transparency and fair AI governance rules to prevent algorithmic discrimination in ride-hailing pricing, commission limits and driver ratings... there should be driver co-operative representation or driver-led advisory board in platforms' pricing decisions...." (Interviewee 14). Strengthening the Competition Authority of Kenya's oversight is also crucial to prevent monopolistic pricing by dominant platforms.

## ● Reforms for Financial and Economic Sustainability

### Access to Capital

To address financial barriers to establishing worker-platform co-operatives, the State Department of Co-operative (SDC) should formulate and implement financial support mechanisms. A representative from the co-operative training institution suggested that “The Co-operative Bank of Kenya should lead in developing low-interest loan products for affordable car financing models through a special co-operative-backed funding program or government treasury guarantees, for platform co-operatives” (Interviewee 18). The establishment of a government-backed co-operative fund, similar to the Platform Co-operative Development Fund (PCDF) in the UK, was also proposed to provide both financial and advisory services. SDC should also offer subsidies or grants to help worker-platform co-operatives meet regulatory compliance costs and promote public-private partnerships involving SACCOs, banks, and fintech companies to provide tailored financial products. Encouraging and supporting crowdfunding options for platform co-operatives was also recommended. Incentives for the development of local ride-hailing platforms and the adoption of electric vehicles by co-operative members should also be introduced by the Kenya Investment Authority (KenInvest).

### Tax Incentives

The government should offer tax incentives to worker-platform co-operatives to alleviate operational burdens and promote sustainability. A driver association leader stated that “..... Kenya Revenue Authority (KRA) should introduce a simplified tax category for ride-hailing drivers (e.g., turnover-based taxation) in co-operatives, tax breaks for the ride-hailing co-operatives, tax incentives for ride-hailing platforms owned by platform co-operative, and tax incentives for electric ride-hailing vehicles owned by drivers in those platform co-operatives” (Interviewee 14). Simplifying the tax system and providing tax education for e-drivers in co-operatives to facilitate digital filing were also recommended.

### Fair Revenue Distribution

Supporting worker-platform co-operatives in developing and advocating for fair pricing and revenue-sharing models is crucial for ensuring fair compensation for drivers while maintaining platform sustainability. A leader of an e-drivers' group highlighted the capping of commission rates but also noted the varying rates among platforms. A government official emphasized that “Relevant agencies should enforce competition policies and laws to regulate NTSA-capped commission rates of 18%, establish a base fare threshold to prevent predatory pricing, mandate algorithm transparency for fair pricing and income predictability and prevent unfair market monopoly, control and dominance practices by capitalistic platform companies” (Interviewee 9). Facilitating partnerships between worker-platform co-operatives and fintech providers for commission-free transactions and mandated instant payout systems was also recommended.

### Market Accessibility

To expand the clientele base for platforms owned by worker-platform co-operatives, institutions like the Ministry of Trade, Investment and Industry and the Kenya Tourism Board (KTB) should support public awareness campaigns and strategic partnerships. A governmental official suggested that “county governments with urban areas should also integrate ride-hailing platform co-operatives into local transport systems to increase market access” (Interviewee 10). Developing integrated transport policies to enable partnerships between ride-hailing co-operatives and public transport providers for last-mile connectivity is also recommended.

### Insurance and Risk Management

Strengthening agency coordination to address driver and passenger insecurity is essential. This includes implementing measures like mandatory panic buttons, real-time verification, and stringent background checks. The government should also support worker-platform co-operatives in mitigating business insurance risks. A driver association leader suggested that “..... NTSA should create a special vehicle category for ride-hailing. This could streamline licensing structures and ensure affordable insurance options tailored to ride-hailing platform co-operative members” (Interviewee 16). Furthermore, the government should collaborate with worker-platform co-operatives to develop convenient pensions, savings, and healthcare schemes for their members

## ● Governance and Institutional Strengthening

### Democratic Governance

The development of ideal governance structures and related bylaw models for worker-platform co-operatives is necessary. A government official highlighted that: “We are committed to amending co-operative laws that legally recognize worker-platform co-operatives. In this regard, we are re-thinking developing and implementing suitable governance structures for this type of co-operatives to ensure equitable decision-making, transparent leadership, and accountability mechanisms” (Interviewee 1). The State Department of Co-operatives (SDC) should provide oversight to prevent exploitation, and worker-platform co-operatives should be supported in undertaking regular governance transparency and financial accountability reporting.

### Capacity Building and Training

The Co-operative Alliance of Kenya (CAK) and the Co-operative University of Kenya (CUK) should provide training programs on worker-platform co-operative concepts, management, digital literacy, financial sustainability, and legal compliance for government officers, co-operative leaders, and members. A representative from the co-operative training institution mentioned partnerships with international agencies such as “German Co-operative and Raiffeisen Confederation (DGRV),

Democracy at Work Institute (DAWI), Platform Cooperativism Consortium (PCC) and International Co-operative in Digital Economy (ICDE)" (Interviewee 18). Training institutions should offer a mix of theoretical and practical knowledge through resources, workshops, networking, and expert advice to foster worker ownership in digital platforms and the growth of the co-operative movement in the digital economy. Heightened awareness, capacity building, and training programs will improve understanding and effective utilization of the co-operative model in addressing employment issues in the ride-hailing ecosystem.

### **Intergovernmental and Inter-County Co-operative Collaboration**

County governments should collaborate with national agencies to ensure compliance with national regulations while addressing local issues. A lawyer from the Law Society of Kenya opined that "Agencies like NTSA, the Competition Authority of Kenya, the Co-operative Alliance of Kenya, and county transport departments may form technical working groups to streamline policy implementation and resolve disputes between ride-hailing companies and drivers' co-operatives" (Interviewee 17). A government official suggested that "County governments through the Council of Governors (CoG) should continuously advocate for fair compensation for drivers forming platform co-operatives... establish specific parking and designated pick-up and drop-off zones... reduce local levies or fees... and introduce welfare programs with drivers' co-operatives" (Interviewee 10). To address jurisdictional confusion, the formation of cross-county border worker-platform co-operatives is important, particularly in metropolitan regions. Integrating worker-platform co-operatives into the broader co-operative movement and fostering alliances with established co-operatives in technology, finance, and training sectors are also recommended. A government official stated, "The Co-operative Alliance of Kenya (CAK) should go beyond and develop a platform co-operative committee within, to promote and federate these co-operatives where possible, for we want to see their economic impact in the country" (Interviewee 2).

In conclusion, a multi-agency and multi-stakeholder approach is essential to promote worker-platform co-operatives in the ride-hailing sector. Balancing platform regulations, driver welfare, fair pricing, and local economic development requires strengthened intergovernmental coordination to ensure the sustainability, competitiveness, and inclusivity of ride-hailing services in the country.

### **Discussion**

The findings of this study regarding the regulatory framework for worker-platform co-operatives in Kenya's ride-hailing sector both corroborate and diverge from existing scholarly work on platform co-operatives and digital labour governance. By analyzing the current regulatory landscape, its inherent challenges, and proposed reform recommendations, this study contributes to a more nuanced understanding of the nexus between digital platform regulation, labour rights, and co-operative development and governance.

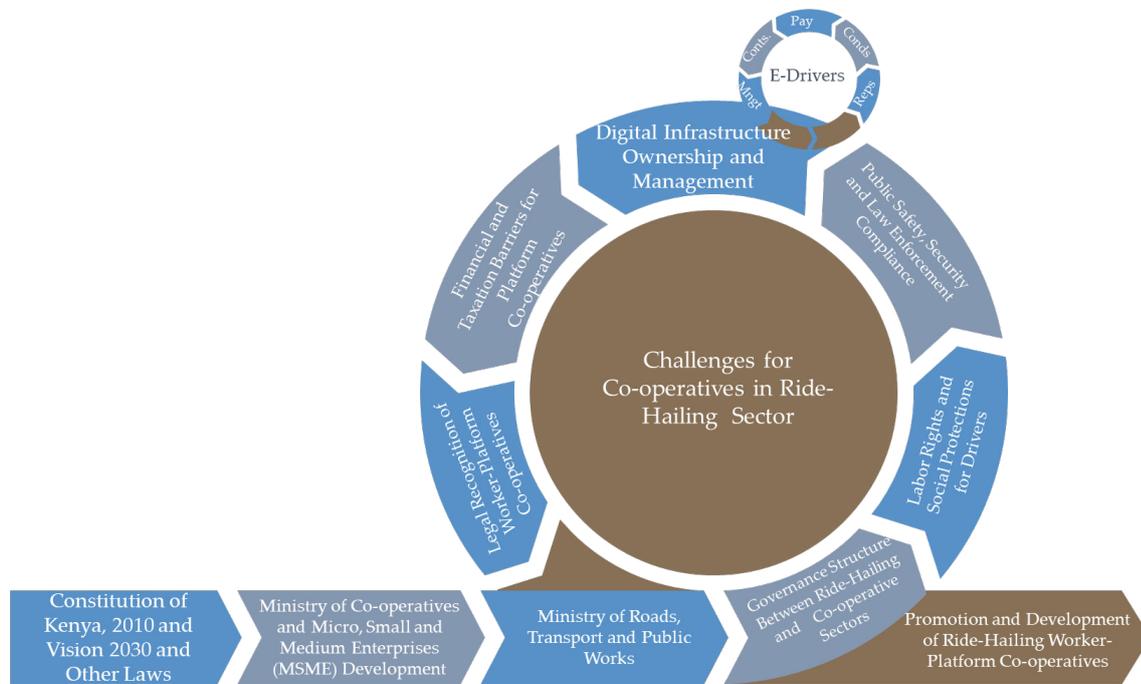
#### **• Regulatory Components: A Complex Interplay**

This study identifies key regulatory components influencing worker-platform co-operatives, including ride-hailing platform licensing, co-operative promotion and governance, financial and tax incentives, and labour and data protection laws. The regulatory framework in Kenya is characterized by significant complexity, involving multiple government ministries, agencies, and laws (Appendix II) that directly intersect with ride-hailing work and worker-platform co-operatives in pursuit of Kenya's Vision 2030 goals. Notably, the NTSA Act and TNC regulations are central to the ride-hailing ecosystem. Similarly, ICT policy and data protection laws aim to balance organizational data processing with individual privacy rights, to ensure information ethics [36]. Laws under the Ministry of Labour and Social Protection strive to create a regulated environment for workers. These exhibit the complexities of digital labour governance [37].

Nevertheless, the regulatory framework for promoting worker-platform co-operatives should significantly engage these key entities. This aligns with global studies emphasizing the necessity of a supportive legal framework for platform co-operative sustainability within the broader context of regulating the sharing economy (Sundararajan, 2016). However, unlike regions with advanced digital labour laws (e.g., the EU's Platform Work Directive), Kenya's framework remains fragmented across ICT, transport, labour, and co-operatives, leading to overlapping mandates and compliance burdens often treating digital co-operatives like traditional co-operatives [38,39,40,41].

#### **• Regulatory Challenges: Impeding Fairwork Principles**

This study highlights regulatory challenges including limited legal recognition, insufficient understanding of digital infrastructure ownership within driver co-operatives, constrained advocacy for labour rights, limited co-operative capacity for public safety concerns, financial and taxation barriers, and uncoordinated governance. Consequently, e-drivers' pursuit of fairwork principles faces impediments (Figure 4) [12].

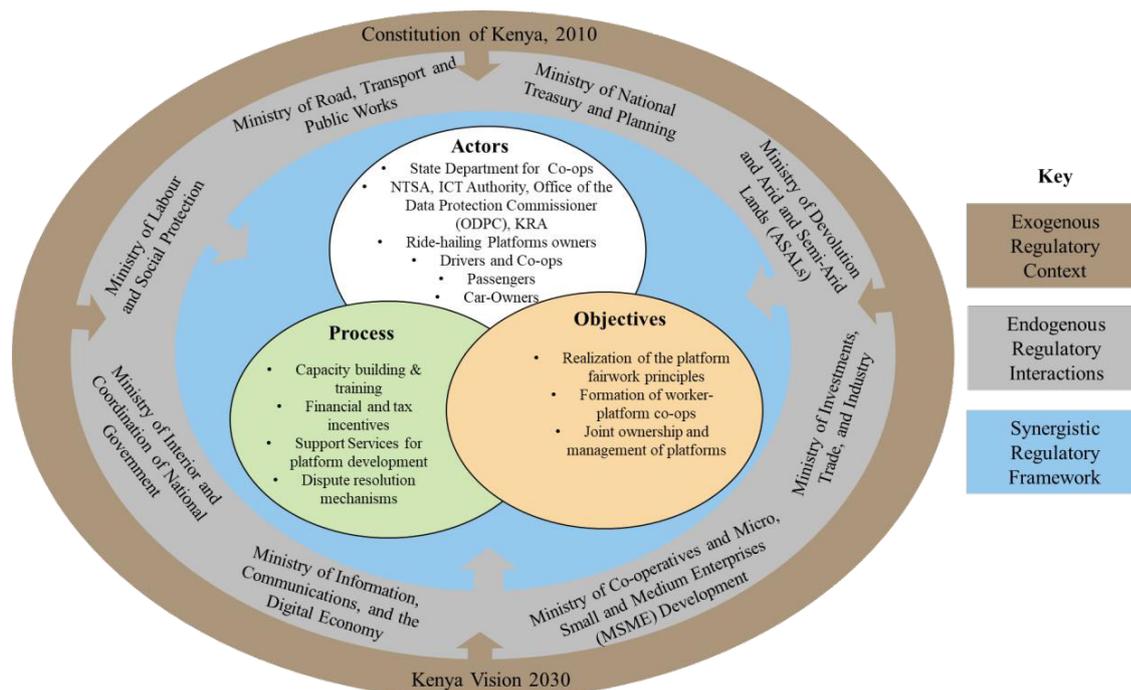


**Figure 4: Illustration of the Challenges for Promoting and Developing Strong Worker-Platform Co-operatives in the Ride-hailing Sector.**

Legal cases further compound these challenges, as high litigation costs and time may deter worker-platform co-operatives from asserting their rights. These findings corroborate research on regulatory uncertainty as a barrier to digital worker co-operatives (ILO, 2021). However, this study challenges the notion that self-governance fully mitigates labour precarity, suggesting that worker-platform co-operatives remain vulnerable to exploitation and regulatory bottlenecks without tailored legal protections (Srnicke, 2017) [42,43].

**• Regulatory Reform: Towards a Synergistic Framework**

Promoting a synergistic regulatory framework for worker-platform co-operatives in the ride-hailing sector requires reforms in policy, technology, finance, and governance. Policy reforms should explicitly recognize platform co-operatives through clear, inclusive laws aligned with local governments. Technology reforms should support co-operatively owned and managed platforms integrated with national digital systems (Morozov, 2013). Financial reforms should establish co-operative development funds and tax incentives, guide fair revenue distribution, support integration with other transport, and guide risk management [44]. Governance reforms should guide democratic structures, provide capacity building, and encourage intergovernmental and co-operatives collaboration (Figure 5) [45,9].



**Figure 5: A Synergistic Regulatory Framework for Worker-Platform Co-operatives in the Ride-Hailing Sector**

A context-specific framework necessitates a synergistic approach involving government, ride-hailing companies, car owners, passengers, and driver associations. This aligns with international calls for regulatory adaptability in digital work (OECD, 2022) and mirrors policy developments in countries like Argentina [46]. Kenya should learn from countries with thriving worker-centred ride-hailing ecosystems; Pasquali et al., 2022; and benchmark successful collaborative institutional models; [47,19,26,27]. Regulatory frameworks should address digital market challenges through innovative institutional frameworks (Khan, 2019), foster digital inclusion (Warschauer, 2003), open standards, and data governance, encouraging participation in worker-platform co-operatives. Notably, these frameworks should be self-adaptive and incorporate best practices. However, this study emphasizes the crucial role of emerging ride-hailing co-operative associations in lobbying for reforms, a less explored perspective.

## **Conclusions and Recommendations**

This study confirms the need for regulatory reform in Kenya's ride-hailing sector to support worker-platform co-operatives, aligning global trends with local dynamics. While existing regulations are evolving to address fair treatment and driver welfare, the institutional framework for promoting these co-operatives remains fragmented.

The study highlights a lack of coordination among government agencies and inconsistencies across relevant laws as key barriers. It recommends a more active role for the National Transport and Safety Authority (NTSA) in fostering dialogue and aligning policies among various stakeholders, including government ministries, county governments, platform companies, the co-operative apex body, and emerging worker-platform co-operatives.

The success of driver-owned platform co-operatives requires progressive and harmonized regulations across co-operative, transport, digital technology, and labour sectors, alongside targeted incentives. A collaborative and inclusive institutional framework is crucial for addressing unfair labour practices, platform monopolies, and economic insecurity. This framework should strengthen diverse policies, promote infrastructure development, ensure financial sustainability, and build institutional capacities to empower drivers through co-operatives and enhance the ride-hailing ecosystem. Integrating worker-platform co-operatives into the broader co-operative movement and fostering multi-stakeholder collaboration is essential for a fairer sector.

This report informs policymakers and practitioners on key provisions for a progressive institutional framework for worker-platform co-operatives and a fair ride-hailing economy. It contributes to the discourse by linking worker-platform co-operative development with digital labour law, emphasizing the need for worker-centred policy adaptations. Findings can guide policymakers in designing inclusive regulations that balance co-operative autonomy with fair competition.

The study acknowledges limitations as a qualitative study with findings specific to Kenya and dependent on the perspectives of 18 participants. Future research could explore the impact of regulatory changes, the practical feasibility of platform co-operatives in Kenya (including pilot projects and international case studies), and the legal and financial frameworks for co-operative governance in the platform economy.

## **Acknowledgements**

We greatly thank Prof. Trebor Scholz (The New School, USA), the founding director of The New School's Platform Cooperativism Consortium (PCC) and the Institute for Co-operative Digital Economy (ICDE) in New York City.

## **Statement of Data Availability**

The authors do not have permission to share data.

## **Funding**

ICDE Fellowship Program under Platform Co-operative Consortium, The New School, USA.

## **Declaration of Interest**

None.

## **Author(s) Contributions Note**

Jared M.O. Matabi: Writing – original draft, methodology, investigation, formal analysis, data curation, conceptualisation.

## **Compliance with Ethical Standards**

The study was conducted under the ethical standards established by the National Commission for Science, Technology, and Innovation (NACOSTI). The research license number is NACOSTI/P/24/37631.

## **Declaration of generative Artificial Intelligence (AI) and AI-assisted technologies in the writing process.**

The author(s) used ChatGPT and Grammarly in preparation for this article to improve the article's readability. After using these tools and services, the author(s) reviewed and edited the content as needed and take(s) full responsibility for the publication's content [48-79].

## References

1. Wambaa, I. W. (2018). An Analysis of Uber drivers' employment status by the Kenyan labour law. Dissertation. Strathmore University.
2. Kamais, C.E. (2019). Emerging security risks of e-hail transport services: focus on Uber taxi in Nairobi, Kenya. *International Journal of Security, Privacy and Trust Management*, 8(3), 1–18.
3. Friedrich-Ebert-Stiftung (2021). Workers or Partners: The political economy of UBER in Dar es Salaam, Nairobi and Johannesburg. Trade Union Competence Centre for Sub-Saharan Africa.
4. Anwar, M. A., & Graham, M. (2022). The digital continent: Placing Africa in planetary networks of work. Oxford University Press.
5. Anwar, M. A., Odeo, JO, & Otieno, E. (2023). There is no future in it: Pandemic and ride-hailing hustle in Africa. *International Labour Review*, 162(1), 23–44.
6. Rani, U., Kumar Dhir, R., Furrer, M., Göbel, N., Moraiti, A., & Cooney, S. (2021). World employment and social outlook: The role of digital labour platforms in transforming the world of work. International Labour Organisation, Geneva.
7. Matabi, J.M., Gicheru, E.N., & Kiganane, L.M. (2024a). Ride-hailing Drivers' Preference for Fairwork Principles of Trustworthy Labour-platform Management and Greater Worker-autonomy and Willingness to Form and Join Worker-platform Co-operatives in Kenya - *Journal of Applied Humanities and Social Sciences* - ISSN 2791-1594.
8. Matabi, J.M., Gicheru, E.N., & Kiganane, L.M. (2024b). Ride-hailing Drivers' Preferences for Fairwork Principles of Satisfactory Working Conditions, Fair Pay-profit Distribution and Willingness to Form and Join Worker-platform Co-operatives in Kenya - *Journal of Applied Humanities and Social Sciences* - ISSN 2791-1594.
9. Matabi, J.M.O., (2018). Managing the Process of Developing Co-operatives' Policy in A Transition Environment: Lessons from Kenya. *GE-International Journal of Management Research (GE-IJMR)* ISSN: (2321-1709), 6(8), 19-50.
10. Pasquali, P., Commenges, H., & Louail, T., (2022). "It is a three-way ring": E-Hailing Platforms, Drivers and riders are reshaping Accra's mobility landscape. *Case Studies on Transport Policy*, 10 (3), 1743-1753.
11. Mannan, M. (2022). Theorising the emergence of platform cooperativism: drawing lessons from role-set theory. *Ondernemingsrecht*, 2, 64-71.
12. Graham, M., Woodcock, J., Heeks, R., Mungai, P., Van Belle, J., du Toit, D., Fredman, S., Osiki, A., van der Spuy, A., Silberman, S.M. (2020). The Fairwork Foundation: Strategies for improving platform work in a global context. *Geoforum*, 112, 100-103.
13. Scholz, T. (2018). A portfolio of platform cooperativism is in progress. *Ökologisches Wirtschaften-Fachzeitschrift*, (4), 16-19.
14. De Peuter, G., de Verteuil, G., & Machaka, S. (2022). Co-operatives, Work, and the Digital Economy: A Knowledge Synthesis Report. Submitted to the Social Sciences and Humanities Research Council of Canada Knowledge Synthesis Program, Skills and Work in the Digital Economy
15. Park, S. (2023). Bridging the Global Divide in AI Regulation: A Proposal for a Contextual, Coherent, and Commensurable Framework. arXiv preprint arXiv:2303.11196.
16. Zengler, T., & Wilson, J. (2023). Regulating the Gig Economy: Legal Challenges and Opportunities for Cooperatives in the Ride-Hailing Sector. *Journal of Cooperative Studies*, 56(2), 123-145.
17. Pentzien, J. (2020). The Politics of Platform Cooperativism. Institute for Digital Co-operative Economy.
18. McCann, D., & Yazici, E. (2018). Disrupting together: The challenges (and opportunities) for platform co-operatives. NEF: London, UK. <https://bit.ly/3X2OoRa>
19. Farouk, F. (2022). In Search of Platform Co-operatives in South Africa [Working Paper]. Research ICT. Africa
20. Parikh, S. (2023). The Policy Framework for Platform Cooperativism. Institute for Digital Co-operative Economy.
21. Luhmann, N. (2004). Law as a Social System. Oxford University Press.
22. Berrisford, G. (2019). Luhmann's Autopoietic Social System: Reviewed against general a. system theory concepts.
23. Koskinen, K. U., & Breite, R. (2020). Social autopoietic systems. In K. U. Koskinen & R. Breite (Eds.), *Uninterrupted knowledge creation: Process philosophy and autopoietic perspectives* (pp. 63–84). Springer.
24. Rogowski, R., (2015). Law, Autopoiesis in. In: James D. Wright (editor-in-chief), *International Encyclopedia of the Social & Behavioral Sciences*, 2nd edition, Vol 13. Oxford: Elsevier. pp. 554–556
25. Lourenço, A., (2013). Autopoietic Social Systems Theory: The Co-Evolution of Law and the Economy. *RIDB* Ano 2, nº 4, 2987-3014
26. Tambini, D., & Moore, M. (2021). "Introduction", in Moore, M. and Tambini, D. (eds.), *Regulating Big Tech*, Oxford University Press, New York,
27. Scholz, T., Mannan, M., Pentzien, J., & Plotkin, H. (2021). Policies for Cooperative Ownership in the Digital Economy. Platform Cooperativism Consortium Report.
28. Rijpens, J., Bayram, D., & Chevreau, A. (2023). Empowering communities with a platform co-operatives: A catalyst for local development. OECD Global Action Promoting Social & Solidarity Economy Ecosystems.
29. Cohen, D., & Crabtree, B. (2020). Qualitative Research Guidelines Project. Robert Wood Johnson Foundation.
30. Yin, R. K. (2018). *Case Study Research and Applications: Design and Methods* (6th ed.). SAGE Publications.
31. Fusch, P. I., Ness, L. R., & Fusch, G. E. (2018). Diving deeper into qualitative data analysis: Understanding the complexities and value of thematic analysis. *Qualitative Report*, 23(5), 1289-1303.
32. King, N., & Horrocks, C. (2018). *Interviews in Qualitative Research* (2nd ed.). SAGE Publications.
33. Braun, V., & Clarke, V. (2019). Reflecting on reflexive thematic analysis. *Qualitative Research in Sport. Exercise and Health*, 11(4), 589–597.
34. Dollah, S., Abduh, A., & Rosmaladewi, P., (2017). Benefits and Drawbacks of NVivo QSR Application. *Advances in*

- Social Science, Education and Humanities Research (ASSEHR), 149, 61–63. DOI: 10.2991/icest-17.2017.21
35. Guillemin, M., & Gillam, L. (2020). Ethics, reflexivity, and “ethically important moments” in research. *Qualitative Inquiry*, 26(8), 1013-1026.
  36. Floridi, L. (2014). *The fourth revolution: How the infosphere is reshaping human reality*. Oxford University Press. [ISBN: 978-0-19-968271-6.
  37. Huws, U., Spencer, D. A., & Joyce, S. (2019). *Work in the Gig Economy: A Global Perspective*. Polity Press. [ISBN: 978-1-5095-3153-4, Link to publisher:
  38. Scholz, T., & Schneider, N. (2017). *Ours to hack and to own: The rise of platform cooperativism*. OR Books.
  39. Vallas, S., & Schor, J. (2020). What do platforms want? Power and prediction in the age of the gig economy. *Work and Occupations*, 47(4), 486-512.
  40. Omondi, P. (2021). Co-operatives in Kenya’s digital economy: Legal and policy considerations. *Journal of African Law*, 65(2), 123-145.
  41. Birchall, J. (2013). *Co-operatives and the state: Towards a global policy agenda*. Palgrave Macmillan. [ISBN: 978-1-137-31334-4, Link to publisher:
  42. Aloisi, A. (2016). Commodification 2.0: On-demand work and the digital transformation of labour. *Comparative Labor Law & Policy Journal*, 37(1), 1–29.
  43. Forde, C., De Stefano, V., & Huber, P. (2017). *The social protection of workers in the platform economy*. European Parliament.
  44. Cornforth, C. (2004). The governance of mutual and co-operative organisations: Towards a stakeholder agency theory. *Corporate Governance: An International Review*, 12(3), 306–321.
  45. Hooghe, L., & Marks, G. (2003). Unraveling the central state, but how? Types of multi-level governance. *West European Politics*, 26(4), 81–98.
  46. De Stefano, V. (2019). Negotiating the algorithm: Automation, artificial intelligence and labor protection. *Comparative Labor Law & Policy Journal*, 40(3), 351-385.
  47. Bunders, D. J., Arets, M., Frenken, K., & De Moor, T. (2022). The feasibility of platform co-operatives in the gig economy. *Journal of Co-operative Organization and Management*, 10(1), 100-167.

## Appendices

### Appendix I: Interviewees’ Category List

<b>Respondents Category</b>	<b>Interviewee Number</b>
Ministry of Co-operatives and Micro, Small, and Medium Enterprises (MSME) Development	Interviewee 1, National Government Official
Ministry of Co-operatives and Micro, Small, and Medium Enterprises (MSME) Development	Interviewee 2, National Government Official
Ministry of Roads, Transport and Public Works	Interviewee 3, National Government Official
Ministry of Roads, Transport and Public Works	Interviewee 4, National Government Official
Ministry of Information, Communications, and the Digital Economy	Interviewee 5, National Government Official
Ministry of Labour and Social Protection	Interviewee 6, National Government Official
Ministry of National Treasury and Planning	Interviewee 7, National Government Official
Ministry of Interior and Coordination of National Government	Interviewee 8, National Government Official
Ministry of Investments, Trade, and Industry	Interviewee 9, County Government Official
Ministry of Devolution and Arid and Semi-Arid Lands (ASALs) - Nairobi City County Government	Interviewee 10, County Government Official
Ride-Hailing Platform Company A	Interviewee 11, Platform Company Official
Ride-Hailing Platform Company B	Interviewee 12, Platform Company Official
Co-operative Alliance of Kenya	Interviewee 13, Co-operative Body Official
Ride-Hailing Association A	Interviewee 14, Driver Association Official
Ride-Hailing Association B	Interviewee 15, Driver Association Official
Ride-Hailing Association C	Interviewee 16, Driver Association Official
Law Society of Kenya	Interviewee 17, Legal Experts Representative
The Co-operative University of Kenya	Interviewee 18, Academia Representative

**Appendix II: Government Ministries, Agencies, Policies, Legislation, and Regulations Impacting the Platform Co-operative and Ride-Hailing Sector**

<b>Ministry</b>	<b>Agencies</b>	<b>Policies, Legislation, and Regulations</b>
1. Ministry of Roads, Transport and Public Works	1. National Transport and Safety Authority (NTSA) 2. Transport Licensing Board (TLB) 3. Transport Integrated Management System (TIMS)	1. Traffic (Amendment) Act (CAP 403) of 2019. 2. National Transport and Safety Authority (NTSA) Act (CAP 404 of 2012). 3. Transport Network Companies (TNC) regulations (under Kenya Subsidiary Legislation Legal Notice No. 120, 2022)
2. Ministry of Co-operatives and Micro, Small and Medium Enterprises (MSME) Development	4. State Department for Co-operatives 5. Co-operative Alliance of Kenya (CAK) 6. State Department for Micro, Small, and Medium Enterprises (MSME) Development 7. Micro and Small Enterprises Authority (MSEA)	4. National Co-operative Policy (Sessional Paper Number 4 of 2020) 5. Co-operative Amendment Bill (2024) 6. Micro and Small Enterprises Act (CAP 499C of 2012)
3. Ministry of Information, Communications, and the Digital Economy	8. ICT Authority 9. Office of the Data Protection Commissioner (ODPC)	7. National Information, Communications and Technology (ICT) Policy 2019 8. Digital Economy Blueprint 2019 9. Data Protection Act (No. 411 of 2019) 10. Data Protection (General) Regulations (Legal Notice 263 of 2021), 11. Data Protection (Complaints Handling and Enforcement Procedures) Regulations (Legal Notice 264 of 2021) 12. Data Protection (Registration of Data Controllers and Data Processors) Regulations, (Legal Notice 265 of 2021)
4. Ministry of Labour and Social Protection	10. National Labour Board (NLB) 11. National Industrial Training Authority (NITA) 12. Labour and Employment Court (LEC) 13. Social Health Insurance Fund (SHIF) 14. National Social Security Fund (NSSF) 15. Retirement Benefits Authority (RBA)	13. Employment Act (CAP 226 of 2007) 14. Employment (General) Rules (Legal Notice 28 of 2014) 15. Industrial Training Act (Act 3 of 2024) 16. Industrial Training (Trade Testing) Regulations (Legal Notice 100 of 2021) 17. Employment and Labour Relations Court Act (CAP 8E of 2011) 18. Occupational Safety and Health Act (CAP 15 of 2007) 19. National Social Security Fund Act (Cap. 258 of 2022) 20. Retirement Benefits Act (CAP 197 of 1997 Amendment of 2023) 21. Retirement Benefits (Occupational Retirement Benefits Schemes) Regulations (Legal Notice 119 of 2000)
5. Ministry of National Treasury and Planning	16. Kenya Revenue Authority (KRA)	22. Value Added Tax (VAT) Act (No. 35 of 2013) 23. National Treasury (National Payment Systems) Regulations (Legal Notice 109 of 2014) 24. Tax Procedures Act (CAP 469B of 2015) 25. Excise Duty Act (No. 23 of 2015) 26. Income Tax Act (No. 22 of 2022) 27. Banking Act (Cap 488 as of December 27, 2024)

6. Ministry of Interior and Coordination of National Government	17. National Police Service (NPS) 18. Directorate of Criminal Investigations (DCI) 19. Department of Immigration Services (DIS) 20. National Registration Bureau (NRB)	28. Computer Misuse and Cybercrimes Act (CAP 49C of 2018) 29. Proceeds of Crime and Anti-Money Laundering Act (No. 9 of 2009) and (No. 9 of 2009) 30. Proceeds of Crime and Anti-Money Laundering Regulations (Legal Notice 153 of 2023)
7. Ministry of Investments, Trade, and Industry	21. Competition Authority of Kenya (CAK) 22. Kenya Bureau of Standards (KEBS) 23. Kenya Investment Authority (KenInvest)	31. Competition Act (No. 12 of 2010) 32. Investment Promotion Act (CAP 485B of 2004) 33. Standards Act (No. 23 of 2019) 34. Trade Descriptions Act (No. 15 of 2003) 35. Consumer Protection Act (No. 46 of 2012),
8. Ministry of Devolution and Arid and Semi-Arid Lands (ASALs)	24. County Governments 25. Council of Governors (CoG)	36. County Governments Act (No. 17 of 2012)

### Appendix III: Institutions Partnering with Co-operative University of Kenya

Co-operative Institutions	Description
<b>United States of America</b>	
Democracy at Work Institute (DAWI)	DAWI offers training and resources for worker co-operatives, including those in the platform economy. They provide workshops, technical assistance, and resources for workers transitioning into co-operatives. Website: <a href="https://institute.coop/">https://institute.coop/</a>
Platform Cooperativism Consortium (PCC) and International Co-operative in Digital Economy (ICDE).	Based at The New School in New York City, the Platform PCC supports the development of platform co-operatives. They offer educational resources, conferences, and an online community for worker platforms. Website: <a href="https://platform.coop">https://platform.coop</a>
US Federation of Worker Co-operatives (USFWC)	USFWC offers training, networking, and resources for worker co-operatives across various sectors, including platform co-operatives. They organize events like the annual Worker Coop Conference and have resources on platform co-ops. Website: <a href="https://www.usworker.coop/en/">https://www.usworker.coop/en/</a>
<b>Germany</b>	
German Co-operative and Raiffeisen Confederation (DGRV)	DGRV is a central body representing co-operative organizations in Germany. They provide various training and resources related to co-operative business models, including digital and platform co-operatives. Website: <a href="https://www.dgrv.de/">https://www.dgrv.de/</a>
Co-operative Network for Platform Co-operatives (KoopNet)	This German network provides resources and training for platform co-operatives. It aims to support the development of co-operatives in the digital economy, with a focus on worker co-operatives. Website: <a href="https://www.koopnet.de/">https://www.koopnet.de/</a>
<b>United Kingdom</b>	
Co-operative College	The Co-operative College in the UK offers education on co-operative models, with some programs focusing on worker and platform co-operatives. They also provide online courses and training. Website: <a href="https://www.co-op.ac.uk/">https://www.co-op.ac.uk/</a>

Co-operatives UK	Co-operatives UK is the national trade body representing the co-operative sector in the UK. They offer training, workshops, and support for the development of worker co-operatives and platform co-operatives. Website: <a href="https://www.uk.coop/platform-cooperatives">https://www.uk.coop/platform-cooperatives</a>
<b>Canada</b>	
Canadian Worker Co-op Federation (CWCF)	CWCF provides support, training, and resources for worker co-operatives across Canada. They offer programs on co-operative management, governance, and worker-owned businesses. Website: <a href="https://canadianworker.coop/">https://canadianworker.coop/</a>
Centre for the Study of Co-operatives (University of Saskatchewan)	The Centre offers educational programs, research, and resources on co-operative governance and business models, including platform co-operatives. They have specialized courses on worker co-operatives. Website: <a href="https://www.usask.ca/">https://www.usask.ca/</a>