

UNIVERSITY OF GHANA



COLLEGE OF HUMANITIES

**PUBLIC PRIVATE PARTNERSHIP AND THE PERFORMANCE OF PUBLIC
ENTERPRISES IN GHANA: A CASE STUDY OF THE INTERCITY STC COACHES
LIMITED.**

BY

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MPHIL IN POLITICAL SCIENCE.**



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DECLARATION

I, **SADAT NUHU UMAR**, certify that this study apart from the quoted and referenced works is my original study conducted under the supervision of the undersigned towards the award of **MASTER OF PHILOSOPHY IN POLITICAL SCIENCE**. I bear the sole responsibility of any shortcoming.

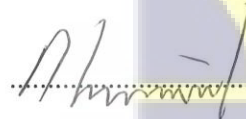


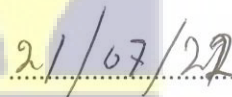


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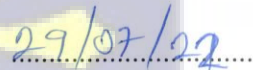


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DEDICATION

This work is dedicated to my paternal grandmother, Fammara Walla, for the instrumental role she played in my upbringing.



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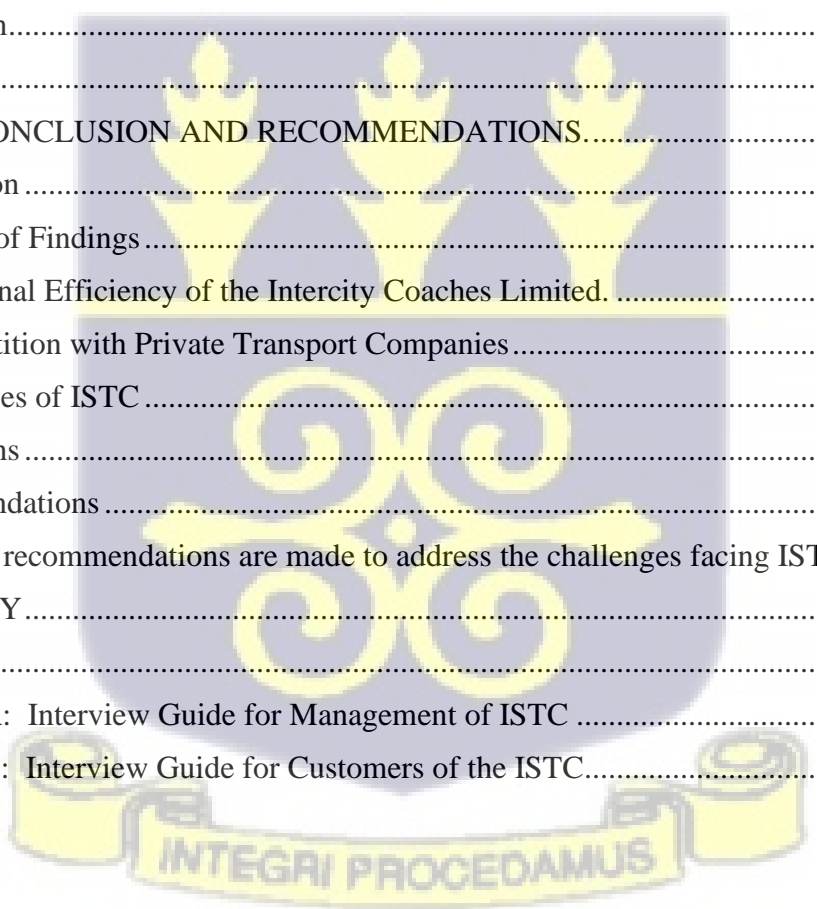


TABLE OF CONTENT

ACKNOWLEDGEMENTS.....	iv
TABLE OF CONTENT.....	v
LIST OF ABBREVIATIONS.....	ix
ABSTRACT.....	x
1.0 Background to the Study.....	1
1.2 Statement of Research Problem.....	6
1.3 Research Objectives.....	11
1.4 Research Questions.....	12
1.5 Significance of the study.....	12
1.6 Organization of the Study.....	13
1.7 Conclusion.....	13
CHAPTER TWO.....	15
LITERATURE REVIEW.....	15
2.1 Conceptual Overview of Public Enterprise.....	15
2.1.1 The Origin and Challenges of Public Enterprises in Africa.....	17
2.2 Public Enterprise Reform.....	19
2.2.1 Commercialization.....	19
2.2.2 Privatization.....	20
2.3 The Concept of Public Private Partnership.....	22
2.3.1 The Success Factors of Public Private Partnership.....	24
2.3.2 Types of Public Private Partnership.....	25
2.3.2.1 Service Contracts.....	26
2.3.2.2 Management Contract.....	26
2.3.2.3 Concessions.....	26
2.3.2.4 Lease Contract.....	27
2.3.2.5 Build-Operate-Transfer (BOT) and Similar Arrangements.....	27
2.3.2.6 Joint Ventures.....	28
2.4 Public Private Partnership in Ghana.....	28
2.5 Public Private Partnership in Transport Service Delivery.....	30
2.5.1 Urban Rail Transit System.....	30

2.5.2 Bus Rapid Transit (BRT) System.....	32
2.6 Assessing the Effectiveness of Service Delivery in Bus Transport Sector	34
2.7 Enhancing Effectiveness of Public Private Partnerships in Service Delivery	36
2.8 State Involvement in Transport Service Delivery in Ghana	38
2.8.2 Omnibus Service Authority (OSA).....	39
2.8.3 Metro Mass Transit Limited.....	39
2.8 Empirical Studies	40
2.9 Conclusion.....	41
CHAPTER THREE	44
THEORETICAL FRAMEWORK	44
3.0 Introduction	44
3.1 Origin of the Rational Choice Theory.....	44
3.2 Propositions of the Rational Choice Theory	44
3.3 Strengths of the Theory.....	45
3.4 Weakness of the Theory.....	45
3.5 Deployment of the Theory	46
CHAPTER FOUR.....	49
RESEARCH METHODOLOGY.....	49
4.0 Introduction	49
4.1 Research Approach	49
4.2 Research Design.....	49
4.3 Target Population	51
4.4 Sampling Technique and Sample Size.....	51
4.5 Research Instrument.....	52
4.6 Sources of Data Collection.....	53
4.7 Criteria for Measurement	53
4.8 Data Collection Procedure	54
4.9 Data Analysis technique.....	54
4.10 Ethical Consideration	55
4.11 Conclusion.....	55
CHAPTER FIVE	56
DATA ANALYSIS AND DISCUSSION OF FINDINGS.....	56

5.0 Introduction	56
5.1 Operational Efficiency of ISTC	56
5.1.1 Quantity of Service.....	56
5.1.2 Quality of Service Delivery.....	58
5.1.2.1 Convenience	58
5.1.2.2 Safety.....	60
5.1.2.3. Comfort	61
5.1.3 Profitability of ISTC	63
5.3 Challenges of Intercity STC Coaches	67
5.3.1 The Outbreak of Covid-19 and the land border closure.....	67
5.3.2 High Operational Cost.....	68
5.3.3 Non-Replacement of Broken-Down Buses	69
5.4 Conclusion.....	69
CHAPTER SIX.....	71
SUMMARY, CONCLUSION AND RECOMMENDATIONS.....	71
6.0 Introduction	71
6.1 Summary of Findings	71
6.1.1 Operational Efficiency of the Intercity Coaches Limited.....	71
6.1.2 Competition with Private Transport Companies.....	72
6.1.3 Challenges of ISTC	73
6.3 Conclusions	76
6.4 Recommendations	77
The following recommendations are made to address the challenges facing ISTC.....	77
BIBLIOGRAPHY	79
APPENDICES	94
APPENDIX A: Interview Guide for Management of ISTC	94
APPENDIX B: Interview Guide for Customers of the ISTC.....	97



LIST OF TABLES

Table 1: Quantity of services of the ISTC before and after PPP 56
Table 2: Expenditure and Revenue figures of ISTC’s bus operations from 2012- 2019..... 63
Table 3: Comparison of ISTC and Private Transport Companies 65
Table 4: Fares for Selected Routes 67



LIST OF ABBREVIATIONS

ADB	Asian Development Bank
BOT	Build – Operate -Transfer
BOFO	Build-Operate-Finance-Operate
BOO	Build-Own-Operate
BRT	Bus Rapid Transport
CES	City Express Services
CSFs	Critical Success Factors
DBFMO	Design-Build-Finance-Maintain-Operate
DBOT	Design-Build-Operate- Transfer
ISTC	Intercity STC Coaches Limited
MMT	Metro Mass Transit
OSA	Omnibus Services Authority
PE	Public Enterprise
PFI	Private Finance Initiative
PPP	Public Private Partnership
STC	State Transport Company
UK	United Kingdom.



ABSTRACT

Public enterprises are used by governments across the world to deliver public goods and services. However, public enterprises, especially, those in developing countries have faced challenges in delivering on their mandate. In response to this, public private partnership has been adopted as a reform strategy to deal with the inefficiencies of these entities. In Ghana, the management of Intercity STC Coaches Limited, in 2015, entered a public private partnership arrangement to revive the operations of the company. Against this backdrop, this study was conducted to assess the impact of Public Private Partnership on the performance of Intercity STC Limited.

A qualitative research approach was used to collect and analyze the data of the study. The study employed the purposive and simple random sampling techniques to select the management and the customers of ISTC respectively. The primary data was collected through personal interviews, and secondary data were retrieved from journal articles, books, and reports. The study found that, the public private partnership arrangement has led to an improvement in the quantity of services in terms of fleet size, number of routes and terminals. It has also led to an improvement in the comfort, safety and availability of service. However, the arrangement has not led to a significant improvement in the profit of the ISTC. The study further found out that, despite an increase in the fleet size, the ISTC still cannot compete with the biggest private transport companies. Additionally, the study found out that the partnership arrangement has brought about improvement in the convenience, comfort and safety of service delivery. However, the closure of the land borders because of COVID-19, high operational cost, and the inability to procure new buses have affected the operations of ISTC. The study recommends among others the need for ISTC to improve upon its maintenance culture in order to prevent the frequent breakdown of the buses.

CHAPTER ONE

INTRODUCTION

1.0 Background to the Study

The evolution of the modern state has been characterized by the assumption of responsibility beyond its traditional role of ensuring peace and security, and it now engages in economic activities by establishing public enterprises that undertake commercial activities (Meheret, 2014). In many countries, public enterprises (PEs) are used by governments to provide essential public infrastructure and services, such as energy, transportation, and waste management (Naqvi and Ginting, 2020).

However, a myriad of problems has exposed the limits of PEs as major players of economic development (Balbuena, 2014). Management inefficiencies coupled with corruption and excessive political interferences have over the years resulted in the failure of public enterprises especially in developing countries (Balbuena, 2014; OECD, 2018; Corrigan, 2014).

The persistence of the problems of public enterprises necessitated the need to adopt reforms to achieve government cost effectiveness in service delivery through the involvement of the private sector (Potter, 2015). Notable among such reforms is the Public Private Partnerships (PPPs). Globally, these arrangements have become new a trend used to provide public goods and services (Wang et al, 2018).

Basically, in PPP, there is a contractual agreement between public and private actors and as partners, they pool resources together, share risks and rewards, in order to achieve efficiency in the provision of public infrastructure and services (Greve and Hodge, 2007; Wang et al, 2018) Services rendered through PPPs include transportation, water, energy, health and sewage whilst

infrastructure projects like the construction of roads, railways and airports are the projects executed through PPPs (Babatunde et al, 2012; Wang et al, 2018).

The private partners of PPP arrangements are not only limited to business organization but may include development agencies, international organizations and non- government organizations (Khanom, 2010). The functions or roles of the government's partners in PPPs involve designing, building, rehabilitating, operating, financing, and maintaining projects and programs (World Bank, 2015; Cultain & Betts, 2017).

PPP arrangements provide a range of benefits for the government namely: increased innovation, ensuring value for money, increasing efficiency and transferring risks to the private partner (Carbonara & Pellegrino, 2018). Consequently, in the last two decades, there has been an upsurge in the use of PPP for providing government infrastructure and services all over the world (Wang et al, 2018).

In the USA, PPP has emerged as an innovative way to recondition, replace, and improve physical infrastructure (Casady & Geddes, 2016). Similarly, in China, PPP has played an important role in its sustainable development agenda, and it is used as a tool to bridge the infrastructure gap and to alleviate local debts (Tan and Zhao, 2019). PPP policies were initially used to attract foreign investment in public infrastructure and in later years, the domestic private sector actors became the new partners in PPPs and played a crucial role in developing urban public utilities and ultimately relieving local government debts (Chen, Li and Man, 2019).

In the developing world, PPP arrangements are highly concentrated in Latin America and South East Asia but in Sub-Sahara Africa, there are on small scale. Nonetheless, there has been an increase in the number of PPP projects in Africa (Babatunde et al, 2012). Developing countries

largely have huge infrastructural deficit (Osei-Kyei et al, 2017) and the persistence of budgetary constraints, make PPP an ideal alternative for financing infrastructure projects (Zaato & Ohemeng, 2017). Ghana has not been an exception when it comes to the adoption of PPP by governments all over the world. The reduction of government financial burden, promotion of quick delivery of public infrastructure and risks sharing are the motivation behind the adoption of PPPs in Ghana (Osei-Kyei et al, 2014). PPP has been used as an approach to initiate infrastructure development in order to meet the rapid urbanization growth (Osei-Kyei et al, 2017). Studies show that the government is using PPP arrangements in infrastructure development, solid waste management, and energy sector development (Osei-Kyei et al, 2017; Yeboah-Assiamah et al, 2017).

In the transport sector, the last twenty years has witnessed the use of PPP as an innovative way to improve such a sector through the provision of infrastructure and services (Willoughby, 2013). PPP transport infrastructure undertakings involve the construction and operation of an infrastructure for a specific period of long period (Willoughby, 2013) and examples of such works include; road bridges, subways, railways, expressways, airports and seas ports (Willoughby, 2013; Siemiatycki, 2013). PPP arrangements in the transport involve at lot of contracts such as DBFMO (Design-Build-Finance-Maintain-Operate) and Concession (Vickerman & Evenhuis, 2010). In a DBFMO, the private partner is responsible the designing and building of the infrastructure, providing the funding for the construction and subsequently operating and maintaining the same infrastructure (Lamman et al, 2013). With the concession agreement, a transport facility is given to the private partner to maintain/or operate for a period of time and it is paid through either user-paid tolls or direct payment from government (Willoughby, 2013). According to Valila (2020), risks are not usually shared between the private partner and the government because such concession projects are profitable as compared to other PPP contracts.

In Europe, transport is regarded as a high priority investment area and as such EU members and the European commission have adopted PPP as a tool to attract investment for the sector (Medda, Carbonoara and Davis, 2013). As a result, transport is the highest PPP sector in value terms as an estimated €7.6 billion worth of transactions was recorded in 2017 (European PPP Expertise Centre, 2018). In US, over \$500 billion worth of transport infrastructure projects have been delivered using PPP as a financing model since 1985 (Siemiatycki, 2013).

In the developing world, governments have embraced the idea of PPP following its success in the developed regions (Osei-Kyei & Chan, 2016). Also, given the persistent financial constraint and the huge infrastructure gap that have characterized developing countries, governments PPP is regarded as an alternative for financing government infrastructure projects (Osei-Kyei et al 2017; Zaato and Ohemeng, 2017). PPP transport projects in the developing world are highly concentrated in Latin American and East Asian countries (Willoughby, 2013) and comparatively, South Sahara Africa (SSA) has few transport PPP projects (Osei-Kyei & Chan (2016). According to Osei-Kyei & Chan (2016) some notable examples of PPP transport infrastructure in SSA are; Lekki Toll road concession project (Nigeria), N4 toll road (South Africa/Mozambique) and the Port of Maputo (Mozambique). In Ghana, the involvement of the private sector in transport infrastructure such as roads, railways, bridges and airports, have been relatively low (Osei-Kyei, Chan & Dansoh 2017). The Accra –Kumasi toll road is an example of PPP arrangement in the transport infrastructure. This project was awarded to Arterial Toll Roads Company Limited for a concession of 30 years. (BrockleBank, 2014). Refurbishment and expansion of Accra-Tema motorway, construction of overpass on Teshie link, and western corridor roads phase I (Elubo- Sunyani) are other road projects planned as PPP projects (BrockleBank,2014).

PPP in the transport sector is not limited to only the provision of infrastructure but also involves delivering transport services using a model such as the Bus Rapid Transport (BRT) in urban areas (Willoughby, 2013) and Intercity express (Damoah & Asamoah, 2020) and urban rail transit system. (Chang & Phang, 2017). A BRT is a public transport system designed to ease congestion, increase efficiency, and reduce air pollution in cities. It is based on dedicated lanes reserved for only buses operated by BRT companies (Spooner, 2019). TransMilenio BRT, Bogota (Columbia), Ahmedabad BRT (India) and Rea Vaya BRT, Johannesburg (South Africa) are notably examples of BRTs managed through a public private partnership arrangement (Siemiatycki, 2018; Swamy and Patel, 2014). TransMilenio is the world largest BRT carrying about 2.4 million people each day (Spooner, 2019). In the PPP arrangement used to manage this BRT, the public sector is responsible for providing the infrastructure (stations, terminals and lanes) whilst the private partners are tasked with acquiring, operating and maintaining the buses (Siemiatycki, 2018; World Bank, 2019). The private bus operators are then paid on a formula based on vehicle kilometers travelled and ridership volumes (Siemiatycki, 2018).

With regards to urban rail transit, there is a large concentration of PPP in the provision of heavy metro services in East Asian metropolises like Tokyo, Hong Kong, Singapore and Beijing (Chang & Phang, 2017). Large population densities and vehicle restriction measures have made it possible for rapid scale of urban rail transit development in these cities (Choi & Loh, 2013). Yongin Everline rail transit (Seoul, South Korea) and Beijing No. 4 metro line (China) are notably examples of urban rail transit PPPs (World Bank, 2019; Chang, 2013). The Beijing No.4 metro line is the first rail transit PPP purposely built for the 2008 Olympics. According to this PPP arrangement, the public sector finance the whole infrastructure whilst the private entity

managements it for a 30 year period, and received the operational revenue from the fares (Chang, 2013).

In Ghana, there is active of participation of the private sector in the provision of Intercity express service and mass transport service using the two transport companies Intercity STC Coaches Limited (Damoah and Asamoah (2021) and Metro Mass Transit Limited (Baah-Mintah and Adams (2012) respectively. According to Damoah and Asamaoh (2020), the intercity STC Coaches Limited has partnered with private companies like Smice International, Nordic Logistics Limited, AMPS Family and M Plaza Transport Limited as a way of improving upon its mandate of delivery intercity transport services. It is in the light of the role of PPP in Ghana's transport service delivery that this study is opportune in order to examine the impact of such an arrangement on the performance of the ISTC.

1.2 Statement of Research Problem

The provision of public services such as electricity, water, and transport is traditionally the responsibility of governmental organizations (Nellis, 2005). Both developed and developing countries have used public enterprises as vehicles to accelerate economic and social development (Rondinelli, 2005).

However, in the early 1980s, as corruption and management ineffectiveness of public enterprises in providing services became glaring, steps were taken to restructure their operations (Abdullahi & Usman, 2014). Additionally, governments all over the world faced budgetary constraints and this made it difficult for them to provide public infrastructure and services (Zaato & Ohemeng, 2017). Consequently, many countries adopted PPP as a reform strategy to improve upon the performance of public enterprises in the provision of public goods and services (Abdullahi and

Usman, 2014). According to Osei-Kyei & Chan (2018), the efficiency of the private sector is often regarded as the main rationale for the use of PPP arrangements.

The Intercity STC Coaches Limited (ISTC) in the last decade suffered sudden loss of confidence from the public as a result of poor nature of its operations and customer services, and poor performance. A 2010 committee of inquiry on the financial malfeasance at ISTC revealed that an estimated GHc81 million from 2000 to 2009 could not be accounted for (myjoyonline, 2010). To address the ISTC's longstanding operational and financial challenges and as well make it profitable, a partnership arrangement with private companies was adopted. With this PPP arrangement, private partners purchase buses for ISTC to operate using the drivers of the partners. After the deduction of the operational costs like maintenance and remuneration of staff, the profit is shared on an agreed percentage (Asamoah, 2015). After the deduction of the operational costs like maintenance and remuneration of staff, the profit is shared on an agreed percentage (Asamoah, 2015). According to Damoah and Asamoah (2020), the private partners take 90 percent whilst the ISTC takes 10 percent of the net profit. The ISTC has since partnered with private entities like Smice International, Nordic Logistics Limited, AMPS Family and M Plaza Transport Limited (Damoah and Asamoah, 2020). Theoretically, PPP is essential in the provision of public goods and services. However, one cannot assume a positive outcome in the management of public enterprises through PPPs without an empirical study of the outcome of the arrangement. Research into PPP arrangements have shown that they are largely efficient and successful (Yeboah-Assiamah at al, 2017; Abdullahi and Usman, 2014, and Kururu et al, 2019). In contrast to these findings, other scholars have also found that the use of PPP in water utilities has failed (Aral, 2009) and Ameyaw and Chan (2015) identified water pricing and uncertainty of tariff, political interference and nonpayment and delay of bills as the causes of failure.

With regards to PPP in the transport sector, a lot of studies have been conducted on many topics. A study by Wibowo and Alfen (2014) concluded that the success of PPP projects depend on certain critical conditions. Debela (2019) identified the presence of an enabling PPP policy; stable political and social environment; favorable legal frameworks; good governance; appropriate risk allocation and sharing; and transparent procurement process as critical success factors (CSFs) of PPP road projects. In a study by Ahmadabadi and Herari (2019), the relationship between CSFs and the success of PPP projects was examined using three stages, construction, operation and transfer. It concluded that, appropriate risk allocation and favorable legal and political environments have effects on the success of PPP highway projects at the construction and operation stages respectively, and the success of transfer stage also depend on the success of the operation stage.

Risks associated with PPP projects are high as a result of the huge investment and long concession periods. Managing such risks is critical for the success of PPP projects (Carbonora et al. (2015). Various studies have identified and categorized risks associated with transport PPP in different forms (Le et al. 2019; Likhitrungslip et al. 217). In using transportation PP projects in Vietnam as a case, Likhitrungslip et al. (2017) identified thirty- three (33) risks factors and the most critical among them are; land acquisition and compensation, delay in projects approvals and permits, inadequate feasibility studies and financial market. Le et al. (2019) also identified and classified risks in PPP transport projects using the phases of the projects cycle; identification, procurement, design and construction, operation and maintenance, and transfer.

Given the mixed evidence of the performance of PPP in general, one wonders whether success or failure of PPP arrangements is function of context and sector. This question is asked because the context of developed countries is different from that of developing countries. In the developing context, the unique contextual characteristics include: lack of funds; inadequate human capital;

endemic corruption; difficult logistics; political logistics; regime instability; just to mention a few (Mohammed, 2018). In the context of developing countries, these debilitating factors vary in their prevalence and impact from country to country. The implication of all this is that, since developed countries and developing countries are characteristically different, and since developing countries further differ in these characteristics, there is potential for asymmetries in response outcomes to any policy intervention to occur in the different contexts. Thus differences in impact are more likely to result from the implementation of PPP in characteristically different contexts. This study therefore seeks to investigate whether the implementation of PPP in a developing context of Ghana produces asymmetrical outcomes to those reported in extant literature in the developed context and other developing contexts.

This question is asked also for the reason that different sectors of the economy have different characteristics and these different characteristics may affect the operation of PPP differently and thus may produce different outcomes. For example, the gestation period for the construction of express highways or the building of hydro-electricity dams is far longer than that of building a market complex or establishing and running a transport service. Equally, outlays; human capital type and mix requirements; political support or opposition to the different projects; and so on, are undoubtedly different for different sector PPP undertakings. Together, these factors can influence the attainment of asymmetrical outcomes for different sector using PPP arrangements.

Moreover, in terms of transport sector PPPs, the focus in extant literature is usually on the track while the other dimensions of transport are neglected. There are three components in transport which namely the track, the vehicle and the terminal. Most studies on the transport sector are concentrated on the viability or otherwise of PPP arrangements in the three stages of the track: construction, operation and transfer (Ahmadabadi and Hearari, 2019). In so doing, little attention,

if at all, has been paid to PPP arrangements, terminal and operation of transport services with the vehicle from terminal to terminal. So the question that is asked is: Does PPP arrangements in the transport sector focusing on the subfield of running bus services from terminal to terminal produce outcomes that are symmetrical to PPP involving the construction, operation and transfer of the track? This question is interrogated using the ISTC in Ghana, a transport service sector as a case study.

This case is chosen for study for several reasons: first, it is one of the very few public enterprises in Ghana that survived after the comprehensive privatization and divesture of the over public enterprises in the mid-1980s. It is also one of the very few public enterprises that have introduced PPP arrangement in to its operations. It is also one of the very few public enterprises that have introduced PPP into its operations and what outcomes it has produced. Second, most typical PPPs involve one public organization and a private one to provide a particular good or service. In the case of ISTC, there is one public organization having PPP arrangements in turns with a number of private companies to procure buses and run intercity transport services. It will therefore be insightful to know which of these multiple PPP arrangements was most efficient and effective and why. This investigation will provoke a further question the answer to which will have important implication for rethinking the assumptions underpinning PPP theories or updating our knowledge on PPP literature. This question is: Does multiple PPP arrangements with one public organization to produce the same service or good produce better outcomes than a single PPP arrangement with one organization? Third, PPP arrangements can involve the rare case of both domestic and foreign companies in PPP arrangements. So, investigating the case of ISTC in PPP arrangements will illuminate on the comparative performance of foreign and domestic private companies. There is the perception that foreign companies are more efficient and effective than domestic companies in

Third World settings so this study will contribute either to the confirmation or invalidation of that perception. Finally, many years have since ISTC adopted the PPP arrangement. It is therefore apt to evaluate for results and draw lesson that will inform policy reform.

This study is different from other works in several important respects. First, some previous research examined critical factors that are needed for PPP arrangements to be successful (Wibowo and Alfen, 2014). This study is not about the examination of precondition for successful PPP narrative. Rather it is about the investigation of the real factors that determine success and/or failure in PPP arrangements. Second, while some previous works on PPP arrangement focus on one or two dimensions of its performance for example, service delivery and the expansion or contraction of fleet of vehicles (Damoah and Asamoah, 2020), this study examines ISTC's performance holistically. This comprehensive examination of performance involves: service delivery, revenue mobilization, outlays, profits, routes plied, and ISTC shareholder relations, before and after the adoption of PPP. Third, the investigation also compares the performance of domestic and foreign private companies in the PPP set up- a line of inquiry which has not been pursued in extant literature.

1.3 Research Objectives

The main objective of this study is to assess the impact of Public private partnership on the performance of Intercity STC Limited.

The specific objectives are to:

1. Assess the operational efficiency of ISTC (Quantity and quality of service delivery, revenue mobilization, expenditure, profit).

2. Assess the extent to which PPP has affected Intercity ISTC's ability to compete with private transport companies.
3. Determine the challenges that confront ISTC and how they can be resolved.

1.4 Research Questions

In line with research objectives, the research questions for the study are as follows:

1. How has PPP impacted the operational efficiency of ISTC?
2. How has PPP affected ISTC's ability to compete with private transport companies?
3. What challenges confront ISTC and how can they can be resolved?

1.5 Significance of the study

Public enterprises are the major providers of services in the country but over the years, some have been mismanaged and thus been rendered unprofitable. The government therefore decided to revive ISTC through public private partnership agreements. Research has shown that PPPs yield good results in the performance of public enterprises (Kururu et al, 2019).

The study seeks to provide an empirical evidence about the impact of Public Private Partnership on the performance of Intercity ISTC. It is hoped that the findings of this study will have both theoretical and practical implications for the future studies of PPPs in the public enterprises.

Theoretically, the study is expected to contribute to the advancement of knowledge about the impact of PPPs on the performance of public enterprises in Ghana. Practically, the study will further provide civil society, individuals and groups who are involved in the promotion of efficiency in public enterprises additional data for contextual analysis and decision making.

In terms of academia, the literature from this study will serve as the basis for future studies for researchers and also a reference point for students interested in the study of public enterprise reforms and public private partnerships. Thus findings and recommendations of this study may inspire other studies about the use of PPP by the government to provide infrastructure and services.

1.6 Organization of the Study

The study was organized in six chapters. Chapter one provides general overview of the research work, the statement of the research problem, research objectives and questions as well as significance of the study. Chapter two presents a review of related literature. It critical defines and discusses concepts in public enterprises and public private partnership. Chapter three discusses the theoretical framework of the study. Chapter four discusses the research methodology of the study. This comprises the research design, sampling and sampling size, data collection, and procedures for analysis. Chapter five analyzes the data collected whereas the sixth chapter summarizes the findings, discusses the implications of the findings for the theory and practice of PPP arrangements, and makes recommendations in light of the findings for improving the performance of public enterprises and draw conclusions.

1.7 Conclusion

This chapter has discussed the introduction, statement of research problem and the research objectives. Developing countries established public enterprises to achieve economic development through the provision of goods and services. However, most of them failed in the pursuit of this goal, and public private partnership was adopted as a reform strategy to improve upon the performance of public enterprises. Both developed and developing countries used this strategy in

key sectors of the economy to provide infrastructure and services, and the transport sector is no exception.

In the delivery of transport services, PPP arrangements have been applied in Bus Rapid Transit (BRT), Intercity Bus Services and Urban rail transit. In Ghana, following the financial and operational challenges of the Intercity STC Coaches Limited, the management partnered with local and foreign investors to revamp the operations of the state transport company. Using the ISTC as a case study, the researcher seeks to assess the impact of PPP arrangement on the performance of public enterprises in Ghana.



CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter reviewed the scholarly work on public enterprise and public private partnership. Specifically, the following major themes are discussed in this chapter: Conceptual Overview of Public Enterprise, Public Enterprise Reforms, The Concept of Public Private Partnerships, Public Private Partnership in Transport Service Delivery, Enhancing Effectiveness in PPPs in Service Delivery and State Involvement in Transport Service Delivery.

2.1 Conceptual Overview of Public Enterprise

The evolution of the modern state has been characterized by the assumption of responsibility beyond its traditional role of ensuring peace and security, and it now engages in economic activities by establishing entities that undertake commercial activities (Meheret, 2014). In many countries, public enterprises are used by governments to provide essential public infrastructure and services, such as energy, transportation and waste management (Naqvi and Ginting, 2020).

Public enterprise (PE) has no authoritative and universally accepted definition (Laleye, 2002). Kauzaya (2005) defines a public enterprise “as an organization established by government under public or private law as a legal personality which is autonomous or semi-autonomous and produces/provides goods and services on a full or partial self-financing basis, and in which the government or a public body/agency participates by way of having shares or representation in its decision making structure”. Laleye (2002) on the other hand, describes a public enterprise (PE) as “an organization that is set up as a corporate body and as a part of the governmental apparatus for an entrepreneurial or entrepreneurial like objective”. It is worth noting that Kauzayas’s (2005)

definition resonated with Laleye's when he defined public enterprise as "an organization that is set up as a corporate body and as a part of the governmental apparatus for an entrepreneurial or entrepreneurial like objective". The definitions of Kauzaya and Laleye, to a large extent, distinguish a public enterprise from private enterprise in terms of ownership, because private enterprises are owned private individuals(s) whilst public enterprises are owned by the government or state.

According to Tangri (1999), the meaning of public enterprises has two key components: public ownership and notion of enterprise. Public ownership implies the government is majority shareholder of PEs (at least 50% per cent shares) whilst the notion of enterprise implies the production and sale of goods and services. Laleye (2002) noted that, the entrepreneurial or entrepreneurial objective of a PE connotes a business orientation which should not be equated with profit making; the aim of some PEs is to promote efficiency, cost-consciousness, and cost reduction.

Governments have primarily used public enterprises to pursue economic, social, and political objectives (Naqvi and Ginting, 2020). In both developed and developing countries, PEs are used to solve market failures, promote economic development, and reduce mass unemployment. In the latter countries, they are used to ensure a nationalist control of the direction of their economies (Basu, 2005). Some of these PEs were established as a response to the private sector's failure or unwillingness to invest in productive activities which were essential to the industrialization process (Adhikari and Kirkpatrick, 2002).

In Western Europe, the early 19th century saw the involvement of the state in the operation of railways and utilities - telecoms, post, electricity and natural gas, and in the 20th century, Germany, Italy and Spain PEs were focused on manufacturing, and it was all in a bid to achieve military and

economic strength (Millward, 2011). Public enterprises were also instrumental in managing the consequence of World War II and economic crisis in the 1930s (Laleye, 2002). In United Kingdom (UK), after the two world wars, the role of the state became socialist inclined and a welfare state was adopted in the areas of health and education (Basu, 2005).

In Asia, public enterprises are instrumental in the development of the economies of the newly industrialized countries. (Naqavi and Ginting, 2020). In terms of contribution to the economies of Asia countries, state owned enterprises account for about 30%, 38% and 25% of the Gross Domestic Product(GDP) of China, Viet Nam and Thailand respectively (Kim and Ali,2017). The Republic of Korea became an industrialized economy through the establishment of large corporations (Jeong, 2020). In China, state owned enterprises have been very critical to its economic progress (Lin et al, 2020).

From the literature, it is worth noting that, PEs have been an integral part of both developed and developing countries. However, in the beginning of the 20th century, there were varied reasons for their establishment in both countries. In the former countries, they were set up to solve economic crisis, to boost their military strength, and help in war efforts. The latter countries, however, adopted the establishment of PEs as a development strategy with the ultimate objective of achieving industrialization.

2.1.1 The Origin and Challenges of Public Enterprises in Africa

In Africa, PEs could trace their origin to the colonial era, where public utilities (water and electricity) and infrastructure services (ports and railways) were organized as state enterprises (Tangri, 1999). In the early years after former European colonies gained independence, there were few PEs but the 1970s saw a proliferation of PEs in all sectors. The weak private sector, lack of

infrastructure, unfavorable social, economic, and financial environment were deduced as reasons for this proliferation of PEs (Laleye, 2002). The leaders of new independent states were of the view that, governmental control of the economy was the best way of managing the affairs of a country, and as a result, socialism became as an ideology of most African countries (Nellis, 2005). As a result a number of public enterprises were therefore established as import substituting industries, and were predominant in the extractive, manufacturing and financial sectors (Ikechukwu, 2013).

In Ghana, the experience with state owned enterprises began in the colonial era with the establishment of utility services such as electricity, water and post offices in urban areas. In the early 1960s, the Nkrumah government created state-owned enterprises as a means of achieving rapid industrialization (Potter, 2015). By mid-1980s there were over 300 public enterprises operating in all sectors of Ghana's economy (Appiah-Kubi, 2001).

In the 1980s, the limits of PEs as agents of economic development were exposed (Khan, 2005). Public enterprises were faced with a myriad of problems and the resultant effects made them not able to either contribute to economic development or perform their public functions efficiently (Rondinelli, 2005). According to Ayee (2008:77), their failures incurred so much loses, and huge subventions used to cushion them contributed to an increasing national debt. The failure and challenges of PEs in Africa can be attributed to various reasons (Khan, 2005). First, one major fundamental problem of public enterprise was multiple and conflicting objectives (Nellis, 2005). PEs are expected to be operated on commercial and profitable manner, and as well provide goods and services at prices less than the cost-recovering levels (Nellis, 2005). Second, excessive political interference is another problem facing public enterprises (Khan, 2005). The appointment of the board of directors by ministry in charge of PEs. Senior government officials and members

of parliament are largely part of the board. Such appointments always compromise the board members, and therefore cannot operate due to undue interference (Corrigan, 2014). Last but not least, several reports on the failures PEs have revealed that such entities have been used to perpetuate acts of corruption and nepotism (Balbuena, 2014; OECD, 2018). Findings from a OECD report (2018) concluded that as a result of nepotism and cronyism, appointment into PEs in Africa are subjected to any standard selection, assessment and interviews.

2.2 Public Enterprise Reform

Public enterprise were established to promote economic and social development. However, increasing evidence proves most PEs either failed to contribute to development or perform their functions (Rondinelli, 2005). The problems of public enterprises necessitated the need to adopt reforms in order to achieve government cost effectiveness in service delivery (Basu, 2005). Demircuc-Kunt and Levine (1994) explain that public enterprise reform consist of two approaches namely private sector approach and the corporatization approach. The former involves privatizing PEs and encouraging private sector development in order to ensure efficiency and reduce the size PEs. The latter has do with enhancing managerial incentives and remedying PE budgetary constraints, so as PE improve performance without the government relinquishing ownership.

The public enterprise reforms involve a lot strategies and notably among them are enterprises include; international management reforms, commercialization, public private partnership and privatization or liquidation (Rondinelli, 2005).

2.2.1 Commercialization

Commercialization as a management reform involves the process of increasing accountability, management independence and profit orientation of a state owned enterprise by introducing

corporate governance practices (Asian Development Bank, 2008). Unlike privatization, commercialization does not involve the change or transfer of state ownership and control; government continues to be the sole owner of the public enterprise (Ayee, 2008:82). Commercialized enterprises are expected to run like privatized enterprises by adopting a commercial orientation and financial self-sufficiency (Chukwuma et al. 2016). Commercialization according to Laleye (2002) can either be full or partial. Fully commercialized enterprises are entirely self-sufficient with the capacity of contributing to the treasury. On the other hand, partly commercialized PEs are expected to cover at least the of cost operation (Laleye, 2002). Such PEs are also expected to operate like the fully commercialized ones in terms of management efficiency and profit orientation but as a result of low prices of their products and services, the government would still provide financial assistance for capital projects (Chukwuma et al. 2016).

The commercialization of state owned enterprises leads to increased efficiencies, reduced costs and improved service delivery (Nellis, 2005). ADB (2008) also identified that, such a reform strategy strengthens corporate governance, and introduce transparency and accountability mechanisms in the operations of state-owned enterprises.

2.2.2 Privatization

In the 1980s, privatization emerged as a reform following the drain state enterprises had on the economy (Basu, 2005). The failure of PEs to achieve their developmental objectives prompted many African countries to seek help from the Bretton woods institutions (Edoun,2015).Both the World Bank and the International Monetary Fund (IMF) used privatization as a policy condition for developing countries to receive financial assistance (Potter,2015).

Privatization is loosely defined as the transfer of productive assets from the state to private hands (Estrin and Pelletier (2018). Ikechukwu (2013) noted that such a reform includes the expansion of the scope of the private sector activities in the economy and the adoption by the public sector of efficiency enhancing techniques employed by the private sector. According to Laleye (2002), privatization can be full or partial. The fully privatized PEs are those the government surrenders their ownership entirely whilst the partial privatized PEs are those that the government considers strategic and wants to keep under its supervision though minority shareholding. Schneider (2003) noted that governments adopt privatization as a reform strategy because of several objectives such as: achievement of economic efficiency of underperforming public enterprises; improvement in the fiscal position as a result of unwillingness or inability of the government finance the budget of public enterprises; and financing budget deficits from the proceeds from privatization.

In developing countries especially those in Arica privatized a lot of state-owned enterprises. (Nellis, 2006). In Ghana, the PNDC government in the late 1980s initiated a major economy reform by privatizing majority of state enterprises (Appiah-Kubi, 2001). Notably examples include Ghana commercial bank, Cocoa Processing Factory, Ashanti Goldfields Company Limited and Ghana Telecom Limited (Ntiri, 2010).

Studies by Adeyemi and Bin Arif (2016) and Nellis (2006) have revealed that, privatization has led to a rise in profitability and efficiency, an improvement in the quality and quantity of goods or services produced, and generated revenue for the government. In the developing world, revenue accrued from divestiture of PEs totaled \$250billion, of which 55% were generated in Latin America, 21% in the Eastern Europe and Central Asia, 18% in east-Asia and south Asia, 3% in the Middle East and North Africa and 3% in sub-Saharan Africa (Khan, 2005). In Ghana, the revenue generated from the privatization programme was equivalent to 14% of the mean Gross Domestic

Product (GDP) of 1988-1998 (Appiah-Kubi, 2001). The revenue accrued from privatization is used by governments for infrastructural development, and provision of services (Gberevbie, 2015).

Despite the numerous benefits of privatization as a reform strategy, it has received a lot of criticism by scholars (Oji et al 2015; Osunde, 2015). Oji et al (2015) argued that privatization is not a guarantee ailing corporations will be revamped economically. Osunde (2015) contends that, privatization also leads to massive jobs losses, and increment in the prices of goods and services previously provided by PEs.

2.3 The Concept of Public Private Partnership

This is no single accepted definition of public private partnership (Marsilio et al, 2011) and as a concept, it has been defined by various scholars in different ways (Khanom, 2010). Greve and Hodge (2007) loosely defined PPP as a cooperative institutional arrangements between public and private actors. Martin (2016) views PPP as a contract for the construction or rehabilitation of public facilities and infrastructure, and for the provision of supportive services. In the work of Boardman et al (2016), PPP denotes a long term contractual agreement between a government agency and a private sector firm whereby the private sector firm is required to provide a range of project services and at least private capital.

PPP has also been defined by various international organizations and governments (World Bank, 2014; Republic of Ghana, 2011:2). The World Bank's Reference Guide on Public Private Partnership, defines PPP as a long-term contractual contract between a private party and a government entity, for providing a public asset or service, in which the private party bears significant risk and management responsibility and remuneration is linked to performance (World Bank, 2014). In Ghana's National Policy on Public Private Partnership, PPP is defined as 'a

contractual agreement between a public entity and a private sector party, with clear agreement on shared objectives for the provision of public infrastructure and services traditionally provided by the public sector' (Republic of Ghana, 2011).

From the above definitions, it is worth noting that, there are two most important aspects of a PPP namely: one, a contractual agreement between a public entity, and two, the agreement is purposely for the provision of public infrastructure or services.

The origin of public private partnership can be traced to the United Kingdom (UK) in 1992 following the establishment of Private Finance Initiative (PFI) as a means of involving the private sector in the participation of provision of public services (Ismail, 2011). PFI involves a long-term contractual agreement between the private sector and the government whereby the private sector designs, builds, finances, and operates facilities and in return, the government makes payments to the private sector (Ismail, 2011). In 1997, the Labour government renamed the PFI as public private partnership (Ismail, 2011).

Since the introduction of PPP in UK in the 1990s, a lot of countries have adopted this arrangement to procure infrastructure and services using the private sector finance and expertise (Boardman et al, 2016). Wang et al (2018) postulate that, services rendered through PPPs include transportation, water, energy, health and sewage. According to Babatunde et al. (2012) and Boardman et al. (2016), this arrangement has also been used to provide and maintain infrastructure including roads, railways, airports, roads, schools, prisons and wastewater treatment plants.

Generally, fiscal constraints have been cited as the main reason why PPP has been developed as an innovative approach to the provision and financing of infrastructure and services in both developed and developing countries (Republic of Ghana, 2011; Buso et al. 2017). In the

developing world, huge infrastructure deficit coupled with budgetary constraints (Zaato and Ohemeng, 2017; Osei-Kyei et al. 2017) makes PPP an ideal alternative since it has the ability to reduce public sector financial constraints as well as raise funds from the private sector for projects (Osei-Kyei et al. 2014).

PPP arrangements provide a range of benefits for the government which are namely: increased innovation, ensuring value for money, increasing efficiency and transferring risks to the private partner (Carbonora and Pellegrino, 2018; Wang et al. 2018; McCann, 2017). These assertions provide some foundation for this work. The study sets out to investigate the impact of PPP on the performance of Intercity STC Coaches Limited in terms of profitability, service and competition with private transport companies.

2.3.1 The Success Factors of Public Private Partnership

The success of PPP projects depends on the management of risks (Carbonora et al, 2015). This management involves the identification and allocation risks between the public and private partner (Valipour et al, 2016) and this is vital in achieving value for money in PPP projects (Republic of Ghana, 2011). Risks may originate from project level, market level, and country level and should be allocated appropriately (Wang et al. 2018). Risk associated with PPP projects are numerous and various studies have categorized them into various forms (Ameyaw and Chan, 2013; Likhitruangslip et al. 2017). Ameyaw and Chan (2013) identified 40 risks associated with water PPP projects and classified them into eight categories. Delay and non-payment of bills, public opposition and weak regulatory systems and monitoring regime just to mention a few are some common examples of risks Ameyaw and Chan (2013) identified with water supply projects in Ghana. Similarly, Likhitruangslip et al. (2017) identified 33 risk factors associated with transport

PPP projects and notable examples are land acquisition and compensation, delay in projects approvals and permits, inadequate feasibility studies and financial market.

Furthermore, the success of PPP projects according to Wibowo and Alfen (2014) also depends on certain critical conditions known as critical success factors (CSFs). Notable examples include: the presence of an enabling PPP policy; stable political and social environment; favorable legal frameworks; good governance; appropriate risk allocation and sharing; and transparent procurement process (Debela, 2019). Babatunde et al. (2012) concluded that, identifying CSFs ensures successful implementation and attainment of objectives of PPP arrangements. A study by Osei-Kyei and Chan (2017) on the empirical comparison of CSFs in developed and developing countries, concluded that, favorable and regulatory framework is very critical in both context. However, socio-political conditions such as political support and stability are highly ranked in the latter whilst the organization and relationship of PPP projects is highly ranked in the former.

2.3.2 Types of Public Private Partnership

There are wide varieties of PPP models (Bayliss and Waeyenberge, 2018). The classification of PPP types is based on the degree of public and private sector involvement in the designing, construction, maintenance, financing, operation, management, and allocation of risks in public services and/or construction of public infrastructure (Turina and Car-Pušić, 2006). The Asian Development Bank (2005) classification of models or types of PPP include: service contracts, management contracts, leases contracts, franchising, concessions, joint ventures, and build-operate- transfer and similar features.

2.3.2.1 Service Contracts

Under service contracts, there is an agreement between a public authority and private partner to carry out specific tasks for a period, usually 1-3 years (Turina and Car-Pušić, 2006). The public authority provides the infrastructure service whilst the private partner is tasked with its operation. The service performed by the private provider is set at an agreed cost and the payment of the predetermined service fee is based on the private partner meeting performance standards set by the public authority. The private partners of service contracts do not have any interaction with consumers (Asian Development Bank, 2005).

2.3.2.2 Management Contract

In management contract, there is a transfer of responsibility for operation and maintenance of government-owned entities to the private sector (Delmon, 2010). The provision of service continues to remain the obligation of the government, however, the daily management and control is assigned to the private partner (Asian Development Bank, 2005). The duration of management contracts is relatively for a short time period, usually from 2-5 years (World Bank, 2020a). Under the management contract, the private operator is paid a fixed fee for managing utility, plus a performance fee for meeting financial and service improvements targets (Groom et al.2006).

2.3.2.3 Concessions

In a concession arrangement, the private partner (concessionaire) is responsible for the operation, maintenance, management and rehabilitation of assets for a period between 25-30 years (World Bank, 2020b). The role of the public partner is to establish a legal and regulatory framework detailing the requirements for the operations of the concessionaire and the signing of concession agreement between the public authority and the concessionaire (Yescombe, 2013:5). The

concessionaire charges the general public service fees using the facility; the users pay tolls for facilities such as bridges, tunnel or road (Yescombe, 2013:5).

2.3.2.4 Lease Contract

Under a lease contract, the private partner (Lessee) leases the assets of an enterprise from a government authority (Lessor) and assume full responsibility for operations and partial responsibility for operations and partial responsibility (Asian Development, 2005). The duration of the leasing contract is typically between 8 and 15 years (World Bank,2020c) and maybe renewed for up to 20 years with the private partner bearing all the financial and operational risks (Asian Development Bank,2005). The government retains title to the assets and bears the responsibility for financing the establishment of the assets. The revenue collected through user fees or tariffs in the case of utility services is used to remunerate the private partner for its cost and the remainder for the payment of the lease fee (Asian Development Bank, 2005).

2.3.2.5 Build-Operate-Transfer (BOT) and Similar Arrangements

Under Build-Operate-Transfer (BOT) and similar arrangements, the private partner builds and finances the construction of a new infrastructure project and uses it to provide service under the control of the public entity (Asian Development Bank, 2005). In BOT, the private partner operates the facility for a period of time, mostly between 15- 30 years, and upon the expiration of the period, the facility is transferred back to the public partner (Turina and Car-Pušić, 2006). There are various variants to the BOT model and some of which are Build-Operate-Finance-Operate (DBFO), Build-Own-Operate (BOO) just to mention a few (Asian Development Bank, 2005).

2.3.2.6 Joint Ventures

In a joint venture arrangement, an infrastructure facility is co-owned and operated by the public sector and private operators (Asian Development Bank, 2005). Under a joint venture, an existing public utility or state enterprise sells its shares to a private company or partner (World Bank, 2020d). Also, good corporate governance structures are established to ensure the private partner maintains independence from the government. The government as both a partner and regulator may be tempted to interfere in the company's operations (Asian Development Bank, 2005).

2.4 Public Private Partnership in Ghana

In Ghana, partnership between public and private entities in the design, finance and management of public infrastructure and services dates back to the early 1990s (Alidu, 2018). Successive governments have adopted this strategy as a result of the efficiency of the private sector in delivering goods and services (Alidu, 2018). According to Osei-Kyei et al. (2014), PPP arrangements are adopted in Ghana because of the varied reasons: reduces public sector administrative cost, allows for shared risks, reduces public sector budget constraint, and private sector's ability to raise funds for project.

Government's engagement with the private sector received a major boost under President John Agyekum Kuffour, following the establishment of Ministry for Private Sector Development and, development of policy guidelines for Public-Private Partnership in 2004 (Alidu, 2018). Over the past decade, the private sector has played an active role in the delivery of public services especially in the management of solid waste, urban water supply, and transport services (Yeboah- Assiamah et al, 2017; Abubakari et al. 2013; Damoah and Asamoah, 2020).

In the sanitation sector, the government has partnered with Zoomlion since 2006 to manage solid waste in the country (Asare and Frimpong, 2013). Similarly, the Ghana Water Company Limited entered into a public private partnership with Aqua Vitens Rand Ltd from 2005-2011 (Abukakari et al. 2013). Under this management contract, Aqua Vitens Rand Ltd was tasked with the responsibilities related to treated water quality, treatment plants operations, reduction in power consumption, public water consumption, and interruptions and emergency actions (Ghana Water Company, n.d). The Government of Ghana also entered into a PPP arrangement with Befesa Aqua of Spain for the establishment of the Teshie-Nungua Desalination Water Project. It involves the desalination of sea water at Teshie by Befesa Aqua of Spain. The plant is a 25 year Build-Own-Operate and Transfer (BOOT) arrangement that has the capacity to produce 13.2 million of water daily to residents of Nungua, Teshie, Burma camp, Baatsona, Sakumono and parts of Laddekotopon (Ghana Water Company, 2021).

In the transport sector, the government has partnered with private entities to establish Metro Mass Transit Limited in 2003 (Baah-Mintah, 2012). A similar arrangement was adopted to turn around the fortunes of Intercity STC Coaches Limited using private partners like Smice International, Nordic Logistics Limited, AMPS Family and M Plaza Transport Limited (Damoah and Asamoah, 2020).

There are a lot of success stories with regards to the governments (GWCL, n.d; Damoah and Asamoah, 2020). A review of the partnership between Ghana Water Company Ltd and Aqua Vitens Rand Ltd revealed an improved performance of the former in areas such as chemical usage, treatment plant operations, power consumption, and public water consumption (GWCL, n.d). A study by Damoah and Asamoah (2020) revealed that, the use of PPP in the operations of the

intercity STC Coaches Ltd has led to an increase in the number of fleet, and as well improve customer service following the introduction free Wi-Fi and onboard urinal.

Despite the above successes, the successful delivery of PPP projects in Ghana is faced with a lot of challenges (Osei-Kyei and Chan, 2017). Alidu (2018) contended that, there is poor competition in the award of public private partnership at local level. In the award of waste management contract, the bidding process is done on the basis of sole sourcing without any meaningful competition (Yeboah- Assiamah et al, 2017) and, this provides opportunity for contracts to be awarded to party loyalists, relatives and friends (Asare and Frimpong, 2013). Also, the absence of PPP law in Ghana affects the contracting and execution of projects at the local level (Alidu, 2018). Osei-Kyei and Chan (2017) stated that the existence of a legal framework will clearly state the rights of potential inventors, and indicate the payment mechanism.

2.5 Public Private Partnership in Transport Service Delivery

PPP in the transport sector is not limited to only the provision of infrastructure but also involves delivering transport services using a models such as the Bus Rapid Transport (BRT) in urban areas (Willoughby, 2013) and Intercity express (Damoah and Asamoah, 2020) and urban rail transit system(Chang and Phang, 2017).

2.5.1 Urban Rail Transit System

In the last two decades, there has been a proliferation of public private partnership in the development, maintenance and operation of Urban Rail System (URS) across the world (Chang and Phang, 2017). Most urban rail systems in the world are funded and operated by the public agencies (Pulido and Hirschhorn, 2015). However, fiscal constraints have hindered the governments' ability to undertake the development of urban rail transits. As a result, governments

have turned to the involvement of the private sector to address the funding gap (Chang and Phang, 2017). Furthermore, rapid urbanization and vehicle restriction measures have made it possible for the rapid scale of urban rail transit development (Choi and Loh, 2013).

PPP urban rail projects developed in the 1990s and early 2000s have a mixed record; some have been successful whilst others failed to meet expectations (Pulido and Hirschhorn, 2015). The failure of projects were as a result of delays in project construction due to inadequate public sector planning (Pulido and Hirschhorn, 2015), and shot fall of operating revenue due to low volume of ridership (Carpintero and Petersen, 2014). Nonetheless, there is a fast growing interest in the private sector participation in urban rail as transportation needs exceeds the public sector resources (Pulido and Mandri-Perott, 2018).

The development of urban rail systems around the using PPP as a procurement involves the use of different contract models (Cruz et al. 2015). Most PPP arrangements in urban rail system either involves the development of new rail system through Design-Build-Operate- Transfer (DBOT) according to Cruz et al (2015) or contracting of rail and subway services through a concession (Yong,2009). With the DBOT model, a contract is awarded or signed between a public entity and a private company for the design, construction, operation and maintenance of urban rail system for specific period of time (Dehornoy, 2012) and later transferred to the government at the end of the contract (Cruz et al. 2015). In a concession contract, the public sector finance the whole infrastructure whilst the private entity manages it for a period, and receives the operational revenue from the fares (Chang, 2013).

The private sector partnership in the provisions of urban rail transit service is largely concentrated in East Asia metropolises like Tokyo, Hong Kong, Singapore and Beijing (Chang and Phang, 2017). Yongin Everline rail transit (Seoul, South Korea) and Beijing No. 4 Metro line (China) are

notable examples of urban rail transit PPPs (World Bank, 2019; Chang, 2013). The Beijing No.4 Metro line is the first rail transit PPP developed in china and was purposely built for the 2008 Olympics (Chang, 2013).

2.5.2 Bus Rapid Transit (BRT) System

Cities around the world are mostly faced with increasing challenges of congestion, air pollution, and injuries and deaths from traffic incidents. In developing and developed countries, Bus Rapid Transit (BRT) system have been adopted as a public transport policy to address these challenges (Munoz and Hidalgo, 2013). A BRT system is a transport system that operates on a dedicated lane purposely designed to ease congestion, increase efficiency, and reduce air pollution in cities (Spooner, 2019). Munoz and Hidalgo (2013) noted that BRT systems have become the preferred alternative to urban rail systems because it is relatively easier to implement and more flexible, and according to Cervero (2013) it is more cost-effective.

This transit model was first developed and implemented in South America (Trubia et al. 2020) but it has since been implemented in cities across the world (Paget-Seekins, 2015). According to BRT Data (2021), globally, BRTs are operated in 177 cities, with a total length of 5,331km and a ridership of about 34million passengers per day. Taking into account the importance of BRT system to provide an efficient and cost-effective transit service, it has become a major mode of mass public transit (Trubia et al. 2020) and governments authorities have partnered with the private sector to provide transport services using such a model through PPP arrangements (Willoughby, 2013). The TransMilenio BRT, Bogota (Columbia) and Ahmedabad BRT (India) are the two notably examples of BRTs managed through a public private partnership arrangement (Siemiatycki, 2018; Swamy and Patel, 2014).

TransMilenio, BRT system in Bogota, Columbia, became operational in 2000 and currently operates as the world largest BRT system with a ridership of about 2.4 million people each day (Spooner, 2019). This BRT model has been marketed to developing cities around the world by development banks as a design standard model for the operation of public private partnership in BRT system (Paget-Seekins, 2015). In India, as at 2015, BRT systems have been implemented across eight cities with an increase in total ridership (Kathwria et al. 2016). Ahmedabad and Indore are the two BRT systems managed through PPP arrangement (Swamy and Patel, 2014). Out of 127 million total ridership in a year, Ahmedabad BRT system carries about 31 percent of the total daily passengers (Kathwria et al. 2016).

Public Private Partnership used in the management of BRT systems involves the government and a private company performing different roles (Spooner, 2019). The former is responsible for the provision of the infrastructure (stations, terminals and lanes) whilst the latter acquires, operates and maintains the buses (Siemiatycki, 2018; World Bank, 2019).

From the literature, PPP as a procurement model is very common in the transport sector. However, these can be critique for their focus infrastructure development whereas that of service delivery has been relegated to the background. As a result, this study sets to contribute to the literature in transport service delivery by the assessing the impact of PPP on transport service delivery using the Intercity STC Coaches Limited as case study.

It is also important to note that, some studies have been conducted in transport service delivery (Cruz et al. 2015; Willoughby, 2013; Chang, 2013; Kathwria et al. 2016; Siemiatycki, 2018; Damoah and Asamoah, 2021). The works of Kathwria et al. (2016) and Siemiatycki (2018) examined the payment models for the private partners. The payment of revenue to the private

partner is based on three models namely: the kilometer, contract, and passenger based payment were identified (Kathwria et al. 2016). However, according to Siemiatycki (2018), the kilometer and passenger based model are the widely used revenue payment models. The private bus operators are paid on a formula based on vehicle kilometers travelled and ridership volumes.

The works of Cruz et al. (2015) and Chang (2013) examined the types of PPP models used for the operation of transport service delivery. These works identified that DBBOT and concession are the most common PPP arrangements used for the operation of transport services.

Even though these works established evidence of the use of PPP in transport service delivery, they are over-centered on the contractual arrangements without assessing the impact of PPP on the transport service delivery and performance. This study fills such a gap by using Intercity STC Coaches Limited as a case study.

2.6 Assessing the Effectiveness of Service Delivery in Bus Transport Sector

Service is regarded as the work or experience offered by one party to an opposite party (Poor et al. 2013). The service sector has become a strong pillar of any economy, contributing to higher percentage to gross domestic product (Kar, 2016). Transportation is one of the subsectors of the service economic (Singh and Singh, 2017).

Service has the quality to satisfy customers' demands and needs (Poor et al. 2013) and as a result, the objective of every service provider is to deliver quality services to the consumers (Alzaydi et al. 2017). The demand of services has generally increased due to globalization (Kar, 2016) and companies are striving to satisfy the needs of customers in order to stay in business and, as well improve profitability (Gbotbabadi et al. 2012). Studies by Kim-Soon (2014) and Albarq (2013)

revealed that, an improvement in service quality can enhance customer satisfaction and loyalty respectively.

A transport organization becomes effective if it is able to achieve its internal and external objectives (Isoraite, 2005). The effectiveness of a transport service can be measured by using indicators (Iles, 2005; Nor et al. 2014; Mammo, 2010). Iles (2005) measured the effectiveness of transport service as against as reliability, safety, comfort and convenience.

(i) Reliability

Reliability is an important that determines level of passengers' satisfaction. The provision of reliable services attract and retain passengers for a long period of time. The primary determinants of reliability of a transport service is the availability of buses (Iles, 2005). The availability of sufficient buses tend to attract passengers. Limited supply of buses, and existing buses not operating as per schedule makes service delivery to be unreliable (Mammo, 2010).

(ii) Safety

Passengers always desire safety during their travels. Roads accidents which are largely caused by careless driving and poor conditions of buses, are a threat to passengers (Iles, 2005). The tendency of drivers at high speed, poor maintenance, overloading and poor lighting are major source of injury and death of passengers. Hence, measures must be put in place to ensure the safety of the passengers. Rohani et al. (2013) suggest that drivers must first have all the knowledge and skill about handling and maneuvering buses in order to reduce the risk of accident. The bus providers should therefore ensure the drivers get the necessary training.

(iii) Comfort

This is an important element considered by passengers when using transport services. Comfort is determined by spacious arrangement of seats, low level crowding, convenience for elderly and disabled, proper ventilation or air condition, and resting facilities for waiting passengers at bus stations (Iles, 2005). Noor et al. (2014) identify provision of comfort by bus operators as a way of effectively delivering transport service. A study by Birago et al. (2016) concluded that, overcrowding and noise causes discomfort among passengers. The availability of comfortable conditions in buses therefore influences passengers' satisfaction (Iles, 2005)

(iv) Convenience

This comprises of accessibility, waiting time, availability of payment and ease of payment (Iles, 2005). Accessibility is expressed in the distance from the home to the initial bus terminal or stop and from their final bus stop to their final destination. Waiting time is the time passengers have to wait at bus stops for buses. The shorter the time for waiting the greater the level of convenience and the longer the waiting times indicates poor quality of service (Iles, 2005).

Availability and accuracy of information helps passengers to plan their journeys. Examples of information include details about routes operated, fares for the journey, departure times, final destination of routes, and times at intermediate stops and arrival times at the destination (Iles, 2005). It is therefore imperative for bus operators to provide useful and accurate information to the passengers (Rohani et al. 2013).

2.7 Enhancing Effectiveness of Public Private Partnerships in Service Delivery

One of the main rationales for the adoption of PPP is to improve efficiency in public service delivery. The private sector is noted to have the skills and expertise to tackle the inefficiency in

the traditional service delivery of the government (Ismail, 2014). Yeboah-Assiamah (2015) however, suggests that merely engaging the private sector will not guarantee efficiency. The problems associated with public sector could reappear with the private sector if appropriate measures are not taken into consideration.

One of way of enhancing the effectiveness PPP in service delivery has to do with the establishment of legal framework (Osei-Kyei and Chan 2017; Asamoah et al.2021). Osei-Kyei and Chan (2017) states that the existence of a legal framework will clearly state the rights of potential inventors, and indicate the payment mechanism. Asamaoh et al (2021) also contend such a framework will bind partners to performing their obligations. In Ghana, the Public Private Partnership Act, 2020 (Act 1039) provides a framework for the development, implementation and regulation of PPP arrangements between contracting authorities and private entities for the provision of infrastructure and services, and to establish institutional arrangements for the regulation of PPPs (Republic of Ghana, 2020).

Additionally, the bidding processes for all PPP arrangements should be open and transparent (Yeboah-Assiamah et al. 2017). In most developing countries, there is lack of competition in the bidding process and this provides opportunity for contracts to be awarded to party loyalists, relatives and friends (Asare and Frimpong, 2013). The failure to ensure openness transparency will result in all risks pushed to the public partners. It is therefore imperative to be open and transparent in order to attract the private partners with the expertise, human resource, technology and finance (Yeboah-Assiamah et al. 2017).

Lastly, appropriate institutional arrangements should be established to regularly monitor the private partners (Anestina et al (2014). The lack of supervision leads to the provision of sub-standard services (Yeboah-Assiamah et al. 2017) and, reduction of efficiency and effectiveness

(Anestina et al. 2014). Lartey et al (2018) argue that strengthening monitoring and supervision mechanisms will yield improvement by ensuring that the private partners are on track per the contractual arrangement.

2.8 State Involvement in Transport Service Delivery in Ghana

Modern transport system in Ghana dates back to the 1898 when the first railway was constructed to link Takoradi and Tarkwa for the commercial exploitation of gold (Wilson, 2006). Governments over the years have played a key role in providing transport services and this has led to the establishment of State Transport Company (STC), Omnibus Services Authority (OSA), City Express Services (CES) and lately Metro Mass Transit (MMT) Ltd (Ojo et al 2014).

2.7.1 Intercity STC Coaches Limited

The origin of the Intercity STC Coaches Limited began in 1909 as a government transport department to cater for the needs of the central government. Formally known as the State Transport Corporation (STC), it became a corporate body in 1965 meant to run commercial passenger services (ISTC, 2021). According to Fouracre et al (1994), the STC is tasked with the responsibility of providing inter-urban services, mainly between regional capitals and other large urban centers as well as cities in neighboring countries. In 1995, it was incorporated as a limited liability company under Ghana's Companies Act, 1962 (Act 179) in the name State Transport Company. In the 2003, the name of the company was changed to Intercity STC Coaches Limited (ISTC, 2021). Currently, the government has revamped the operations of the Intercity STC Coaches Limited with a public-private partnership arrangement with companies like Smice International, Nordic Logistics Limited, AMPS Family and M Plaza Transport Limited, and it has led to an increase in the number of fleets (Damoah and Asamoah, 2020).

2.8.2 Omnibus Service Authority (OSA)

Omnibus Service Authority was established in 1927 in Accra for the purpose of mass movement of people especially workers to and from work. In 1961, it was renamed the National Omnibus Authority (NOSA) and its services were extended to rural areas. The National Liberation Council Decree 377 abolished NOSA and replaced it with Omnibus Service Authority (OSA). In 1981, a new transport company, the City Express Service, was established with 600 new Tata buses (Fouracre et al.1994) and it was meant to complement the OSA (Adarkwa, 1991).

2.8.3 Metro Mass Transit Limited

The Metro Mass Transit Limited was incorporated in March 2003 (IBIS, 2005).The company was set up to provide reliable and affordable means of transport for commuters within villages, towns, and cities (SIGA, 2021). The establishment of the metro mass transit limited was based on a public private partnership between the government and private institutions. The government holds 45% equity which was subscribed by transferring the physical assets of the OSA transport Ltd to the new transport company(IBIS, 2005).The remaining 55% is held by Agricultural Development Bank (16.67%) Social Security and National Insurance Trust (11.50%), National Investment Bank (9.33%), Ghana Oil Company (7.5%), State Insurance Company (5.83%) and Prudential Bank (1.67%) with 2.5% held in trust by the National Investment Bank (Yobo et al 2015). This new transport company employs about 4,780 workers, operates 423 routes nationwide with its fleets spanning over 1,600 (Yobo et al 2015). Apart from rendering intra-city, urban-rural-rural and intercity bus services, the transit company also provides services such as busing on contract, university campus shuttles and school busing services (Yobo et al 2015).

2.8 Empirical Studies

PPPs have become popular tool to deliver infrastructure and public services in countries all over the world and research in PPP can be grouped into four topical areas: PPP concept, risks sharing among PPP participants, the drivers of PPP adoption, and PPP performance (Wang et al. (2018). Studies in the PPP research is also mainly focused on infrastructure projects (Cui et al. 2018). However, a lot of empirical studies on the provision of public delivery are focused on the transportation (Damoah and Asamoah, 2020), waste management (Yeboah-Assiamah2017) and urban water supply sector (Abubakari and Ahenkan, 2013).

In the waste management sector, studies have shown that, the outcomes or performance of PPP in this sector are mixed (Yeboah-Assiamah et al. 2017; Olukanni and Nwafor, 2019; Alabi et al. 2020). In a by study by Yeboah- Assiamah et al. (2017), a systematic review of empirical studies on PPP and solid waste management in Ghana and India was carried out. The revealed that the use of PPP in solid waste management in both Ghana and India has been successful. In the former, it has led to an increased coverage whilst in the latter the private partners has deployed efficient technology in municipal solid waste management. Despite the success, the PPP arrangement in both countries lacks adequate openness and transparency. Key lessons derived from the study include; first, in order to ensure transparency, all PPP procurements should be open to all potential private partners to bid. Second, there is the need to decentralize all process to the local governments.

In Nigeria, results of private participation in solid waste management in its major states are mixed (Olukanni and Nwafor, 2019). Using Lagos state as a case study, Anestina et al (2014) assessed the performance of PPPs in solid waste management. The study reveals an improvement in solid waste management especially in waste collection. The findings also show that, the quality of

services efficient in high income areas while in quality of service is moderate in medium and low income areas. The study recommends that regulatory agencies should be regularly monitor the private partners in order to ensure proper waste collection.

A similar case study by Alabi et al. (2020) on solid waste management in the state of Ibadan, revealed that, despite the use of PPP in waste management, the collection, transportation and disposal of solid waste still remains ineffective and this is coupled with challenges such as improper locations of solid waste containers, limited budget and equipment, and inadequate capacity to handle increasing solid waste. One key lesson derived is waste sorting and recycling should be given adequate consideration, and the informal waste managers should be mainstreamed into the urban waste management sector.

In the transport sector, studies by Hidalgo et al. (2013) and Damoah and Asamoah (2020) revealed that, PPP has a positive effect on the delivery of transport services. Hidalgo et al. (2013) conducted an ex-post evaluation of the TranMilenio BRT system. The findings revealed that, there is a reduction in air pollution and, injuries and deaths from roads accidents. It also revealed that, there was an increase in employment and tax revenue to the government following the introduction of PPP in the management and operation of the BRT system. In Ghana, Damoah and Asamoah (2020) also revealed the involvement of PPP in the revival of the Intercity STC Coaches Limited, one of Ghana's state transport company, has led to an increment in the number of fleets, and improvement in service delivery.

2.9 Conclusion

In both developed and developing countries, public enterprises were created to achieve economic and social benefits through the provision of goods and services that could not easily be extended

by the private sector. In the short term, PEs provided employment, generated revenue to the government, and provided essential goods and services at reasonable prices but in the latter years, they failed to deliver as a result of management inefficiencies and corruption coupled with political interference.

The failure of public enterprises influenced policy makers and governments across the world to develop mechanism in order for PEs to achieve efficiency and provide quality goods and services; reforms such as privatization, commercialization and public private partnership were adopted to turn around the fortunes of these public entities.

Public private partnership as a reform strategy has been employed in the provision of infrastructure and services in the transportation, waste management, health, and water and energy sectors. Partnership with the private sector enables the government to use the private expertise to efficiently deliver goods and services. Additionally, PPPs ensure value for money and transfer of risks to the private partner. There are various types of PPP and these include service contract, management contract, lease contract, concession, joint venture, build-operate-transfer and similar features. The partnership between the intercity STC Coaches Ltd and the private partners falls under the joint venture type of PPP.

In Ghana, governments since the 1990s have adopted PPP as a strategy to procure goods and services. It is mainly used in the managing waste, delivery of urban water infrastructure and services, and the transport service delivery.

In the transport sector, PPP is used extensively to procure infrastructure and deliver services. In transport service delivery, governments have used this model to deliver transport services in highly

urbanized cities across the world using Bus Rapid Transit (BRT) and Urban Rail Transport (URT) systems.

In Ghana, the involvement of the state in the transport service delivery dates back to the colonial times. Such an involvement led to the establishment of transport companies such as Intercity STC Coaches Ltd, Omnibus Services Authority (OSA), City Express Services (CES) and Metro Mass Transit (MMT) Ltd.



CHAPTER THREE

THEORETICAL FRAMEWORK

3.0 Introduction

This chapter is devoted to the theoretical foundation of the study. The rational choice theory forms the theoretical framework of the study. The origin, propositions, strengths, weakness and deployment of the theory will be discussed.

3.1 Origin of the Rational Choice Theory

This rational choice theory traces its intellectual roots to Adam Smith's work, *The Wealth of Nations* (1772), the foundation on which neoclassical economic theory is constructed (Frederickson et al. 2016). The theory later got empirical validations in the 1950s and 1960s with the works of Downs (1957) *An Economic Theory of Democracy*, Olson (1965) *The Logic of Collective Action* and Buchanan and Tullock (1962) *The Calculus of Consent: Logical Foundations of Constitutional Democracy* contributing to it.

3.2 Propositions of the Rational Choice Theory

The rational choice theory has two main assumptions:

The first assumption of rational choice is only individuals not collectives, make decisions. Individuals, as actors in the society act always as rational beings and their actions are the ultimate source of collective outcomes. Collective decision are therefore the aggregate of individual choices, not a unique property of the group (Buchanan and Tullock, 1962).

Second, rational choice theorists see the average individual as self-interested utility maximizer. According to Green (2002), individuals are rational, and always seek to maximize their utilities or

benefits. Buchanan and Tullock (1962) argued that whenever an individual is expected to achieve certain goals, the person selects an option that will maximize benefits and minimize cost when confronted with the decision to choose from alternatives. According to Sheplse (1989) every action or choice of strategy taken by actors in processes of cooperation, negotiation, and conflict are rationally calculated to achieve self-interested economic results.

3.3 Strengths of the Theory

The Rational choice theory has the following strengths:

First, according to Ogu (2013), one of the advantages of rational choice theory is its generality. This means single a set of assumptions relating to each type of actor in a given circumstance, is compatible with any set of structural assumptions about the environmental setting in which the actor is present.

Also, the rational choice theory is predictive. The theory is essential in predicting the outcome of decisions taken by different actors. The assumptions of the theory have been used to make produce a wide variety of decisive theories, whose predictions about the measurable real world events rule out a much larger set of outcomes than what is already generally accepted to be unlikely (Ogu, 2013).

3.4 Weakness of the Theory

The rational choice just like any other theory has its own shortfalls. Aside the some of the disagreements that have been associated with accepting the basic the assumptions of the rational choice theory, there are a number of other weakness that have been attributed to it.

First, one of the problems with the rational choice theory has to do with inadequate information and uncertainty. This makes it difficult for individual actors to make rational decisions. As a result, they rely on other ways of making decisions (Ogu, 2013).

Another problem with the rational choice theory is that, it considers every action of individuals as rational. By expanding to include every action as rational, it makes any unreasonable action to become part of the theory. By considering every possible form of action in rational choice, it is not clear how standards of what is rational and what is not are constructed.

3.5 Deployment of the Theory

In relation to this study, rational theorists will see the partnership between Intercity STC Limited and private investors as the outcome of rational selection of the best possible decision by actors who want to maximize self-interested outcomes. PPP is one of the strategies used to reform public enterprises (Basu, 2005). In selecting the best possible alternative, an assessment of cost and benefit of each alternative choice is done to maximize utility. The selection of PPP over other reform strategies such as privatization and commercialization makes PPP the best alternative. Rational choice theory explains the rational for preferring one alternative over another is due to its maximum utilities. Green (2002) states that in opting for PPP, the expected outcome of public sector and the desired profits generated by the private sector are considered to ensure both parties successfully achievement maximum benefits from the PPP arrangement. In the selection of suitable partners of a PPP arrangement, decisions about risks transfer and allocation, and value for money and examination of options are done properly to ensure the outcome is utility-maximizing.

Globally, the rational for the adoption of PPP across countries have been influenced by various factors. PPP forms part of a set of forms part of a set of response to public management reform

(Skelcher, 2005). Public private partnership is part of the New Public management (NPM) philosophy of public sector management with focus on using private sector's expertise and entrepreneurial skills to increase productivity in delivery of public sector services (Velotti et al. 2012).

In the developing world, governments embraced the idea of PPP in order to attract foreign investment and as well meeting the demands of structural adjustments and the international donor agencies (Skelcher, 2005). Highly indebted countries following World Bank and IMF sponsored reforms embrace PPP as a budget maximizing tool that frees government scarce financial resources from services that could be provided by the private sector. In the absence of financial resources for the provision of welfare goods to citizens, PPPs become a pragmatic approach for government in developing countries to maximize their budget.

In Ghana, according to the National Policy on PPP, financial constraints have necessitated the need to develop alternative and innovative ways of providing public infrastructure and services. Private partners will be used to supplement the government to finance public infrastructure and services. As a result, the policy will ensure there are proper legal reforms, financing mechanism, incentives and institutional support to encourage private sector participation in PPPs (Government of Ghana, 2011). And as such as the Public Private Partnership Act, 2020 (Act 1039) provides a framework for the development, implementation and regulation of PPP arrangements between contracting authorities and private entities for the provision of infrastructure and services, and to establish institutional arrangements for the regulation of PPPs (Republic of Ghana, 2020).

The financial constraint of the government coupled by the desire by both the government and private partners to maximize profit on agreed terms forms the basis for the adoption of the rational

choice theory to assess the impact of the public private partnership on the performance of the Intercity STC limited as a public enterprise.



CHAPTER FOUR

RESEARCH METHODOLOGY

4.0 Introduction

This section describes how the study was conducted in order to achieve the objectives of the study. It includes the research approach, research design and area of study. It also includes the target population, sample size and sampling method and research instrument as well as tools of data collection, data collection procedure, data analysis technique and ethical consideration.

4.1 Research Approach

In the view of Creswell (2014) research approach consists of the plans and the procedures for research that span the steps from broad assumptions to detailed methods of data collection, analysis, and interpretation. According to Creswell (2014) research approaches can be grouped into three: quantitative; qualitative; and mixed method. For the purposes of this study, the qualitative research approach was employed.

Qualitative approach as a research approach explores a social phenomenon in its natural setting to build a holistic picture of the phenomenon with a detailed descriptive report (Creswell, 2014). According to Denzen and Lincoln (2005), this approach involves the use of field notes, interviews, conversations, photographs and recordings. Qualitative approach was selected for the research because it provides a good plan for soliciting, analyzing, interpreting and representing research findings of a phenomenon such as public enterprise and public private partnership.

4.2 Research Design

A research design is a plan and procedure for research that spans the decision from assumptions to detailed methods of data collection and analysis (Creswell, 2009). According to Kothari (2004),

research design is needed because it facilitates the smooth sailing of the various research operations, thereby making the research efficient and ensuring the gathering of maximal information with minimal effort, time, and money.

A case study design was employed for this study. According to Creswell (2013), case studies aim at generating in depth, diverse, and far-reaching descriptions of a policy or program. For the purposes of this study, the exploratory case study was employed. According to Yin (2003) as cited in Baxter and Jack (2010) exploratory case study is a type of case study used to explore those situations in which the intervention being evaluated has no clear, single set of outcomes. The case study was employed for three reasons. First, with the emergence of public private partnerships in the management and operation of public enterprises, it is necessary to use one particular case study to make generalization. Second, single case studies are not as expensive and time consuming as multiple case studies. Finally, a single case study was selected over multiple case studies because of its effectiveness in assessing the impact of a phenomenon on an existing situation. This case study therefore provided an in-depth understanding of the impact of the public private partnership on the performance of Intercity STC Coaches Ltd.

The main limitation of this study is that its findings cannot be used to generalize to larger populations and applied to different social and political settings. Most research is concerned not only with the effect of one variable on another in a particular setting but also with its effect in other natural settings and on larger populations (Mohammed, 2010). However, these weaknesses are compensated for through an in-depth analysis of the cases. The advantage of this in-depth analysis is that it is suited for the development of what Diesing (1971: 196) describes as typological theory and what George (1979:59) refers to as “rich differentiated theory”, which, in contrast to a general

explanatory theory, is cast in the form of contingent generalizations and has the capability for more discriminating explanation (George et al, 1971:511; Gerring, 2004)

4.3 Target Population

In all social research, the population forms part of the most important elements of a study from where data is gathered and conclusions are drawn. According to Babbie (2005), the population for a study refers to the group (usually a group of people) about whom the researcher wants to draw conclusions. The target population of this study was the management, the workers and customers of Intercity STC Coaches Limited.

4.4 Sampling Technique and Sample Size

Sampling is about using some elements of a population for an experiment with the aim of drawing conclusions relevant to the entire population. A sampling technique is a method that enables a researcher to reduce the amount of data needed to be collected by considering only data from a subgroup rather than all possible cases or elements (Suanders et al. 2007). For the purpose of this study, purposive sampling, thus a non-probability sampling method was used to select the management of Intercity STC Coaches Limited. Sarantakos (2005) describes purposive sampling as a non-probability sampling method where samples are chosen by intentionally seeking individuals or circumstances that meet criteria of interest or are more likely to offer greater understanding of a chosen concept of research. The purposive sampling technique was used for managers of the Intercity STC Coaches Limited of this study because of the nature of the study. The impact of public private partnership on the performance of a public enterprise can be responded to appropriately by the managers of ISTC Limited. Also, the selected respondents possessed the requisite knowledge and experience with regards to the topic. For the customers of

the Intercity STC Coaches Limited, simple random sampling technique was used. This sampling technique helped collect data from the customers are conveniently available for study.

The sample size for this study was twenty- four (24). It included two individuals from the management of the ISTC Coaches Limited and they were: Head of Traffic, and the Head of Finance and Audit. The rest was made up of one personal each from the two biggest transport private bus transport companies (VIP Jeoun Transport Company Limited and OA Travel and Travel Company) and twenty (20) customers of ISTC Coaches Limited.

4.5 Research Instrument

An interview guide was used in collecting data for the study. Interview in qualitative research occur when researchers ask one or more participants general, open ended questions and record answers and later record their answers (Creswell, 2012). Interviews provide useful information when you cannot directly observe participants and they permit participants to describe personal information. It also give the interviewer control over the type of information received because the interviewer can ask specific questions to elicit information (Creswell,2012). One on one interviews was used to conduct in the data collection process and it involved open ended questions solicit the views of the participants.

The interview method was preferred because it provided a means for exploring complexity and detail of process that could not be examined by alternate more structured instruments such as questionnaire or analyzed using quantitative methods (Liamputtong and Ezzy, 2005). The interviews which were conducted from 11th – 28th September, 2021 by author were face to face and open ended. The interviews were conducted in English and in local languages with each interview lasting between 45minutes and one hour.

4.6 Sources of Data Collection

The data for this study was obtained from both the primary and secondary sources. The primary data for the study was gathered mainly through interviews and focus group discussions with the participants of the research.

Also, the secondary data was obtained from books, journal articles, reports, policy documents of governments and internet sources. The secondary information was sourced because it enabled better understanding of the historical context of PPP arrangements. This understanding was gotten through the analysis of data that was collected in different times on similar issues and this afforded opportunity to describe and explain change. The secondary evidence also allowed for comparison of PPP performance between service providers, thematic areas and years. Such comparison enlarged the scope of generalizations and provided additional insights. Moreover, the secondary information was employed for triangulation and this increased the validity of the research findings with the primary data (Mohammed, 2019).

4.7 Criteria for Measurement

This study involved an impact assessment of the effect of PPP on the performance of ISTC. The criteria for measurement was based on developed indicators for assessing the impact of the public-private partnership on the performance of the Intercity STC Coaches Limited. The following indicators were:

(a) **Research Objective One : The Operational Efficiency of ISTC**

Quantity of Service

- Total number of buses before and after of PPP
- Total number of routes before and after of PPP
- Total number of terminals before and after PPP
- Total number of passengers carried annually before and after PPP

Quality of Service

- Convenience before and after PPP
- Safety before and after PPP
- Comfort before and after PPP

Profitability

- This was measured using the total revenue and expenditure figures of to determine the extent of profit/loss. It was based on years the between the involvement of PPP arrangement (2011, 2012, 2013 and 2014) and the years after PPP arrangement (2015, 2016, 2017, 2018, and 2019).

(b) Research Objective Two: Competition with Private Buses Operators (VIP Jeoun Transport Company OA travel and Tour Company).

This was measured using the following the number of fleets, routes, terminals and the fares of selected routes to determine the extent at which public private partnership has affected ISTC's ability to compete with other private transport companies like VIP and OA.

- Selected Routes (Accra – Kumasi, Accra – Tamale and Accra- Wa)

4.8 Data Collection Procedure

The data collection process begun with the researcher given a letter of introductory or approval letter from the Department of Political Science, University of Ghana. The letter of approval was used to seek permission from the Intercity STC Coaches Limited in order to conduct the study. This was followed with an arrangement to meet with the participants of the research and interview schedules was set with the participants.

4.9 Data Analysis technique

The data was analyzed manually to describe the responses gathered through the research instrument. The interview data in the form of audio-tape recordings was transcribed. The

transcription involved listening to each tape repeatedly to familiarize with the conversations and carefully writing down the words of each interviewee.

4.10 Ethical Consideration

In all the steps of the research process you need to engage in ethical processes and practices. Practicing ethics is a complex matter that involves much more than merely following a set of static guidelines such as those from professional associations (Creswell, 2012). In this study, the researcher sought permission from all levels to ensure that the research was conducted ethically. First of all, the researcher secured an introductory or approval letter from the Department of Political Science allowing him to conduct the research. This letter was used to seek permission from the Intercity STC Coaches Limited in order to conduct the research.

The confidentiality and the anonymity of the participants were guaranteed and this was achieved by not asking their names when conducting the interviews and also ensured the recordings and transcriptions were deleted at the end of the study.

In order to avoid plagiarism, credit was given to all scholarly and other works that were sourced and were duly acknowledged.

4.11 Conclusion

This chapter presented the methodology and the techniques that were used by the study. It has identified the various methods, procedures and processes that were used to collect, record, manage and analyze data for the study. Specifically, the chapter examined the research approach and design, sources of data, sample size and sampling techniques, methods of data collection, analysis and ethical consideration. It also provided information on the use of the semi-structured interviews as the main instrument for data collection.

CHAPTER FIVE

DATA ANALYSIS AND DISCUSSION OF FINDINGS

5.0 Introduction

This chapter analyzed the results of the study. It focuses on the operational efficiency of ISTC, competition of ISTC with private transport companies, and challenges affecting the operations of ISTC.

5.1 Operational Efficiency of ISTC

The first research objective explores the operational efficiency of ISTC. It assesses the effect of PPP on the quantity and quality of service delivery and the profitability of the ISTC.

5.1.1 Quantity of Service

This section assesses the impact of PPP on the quantity of service delivery of ISTC. It focuses on the total number of routes plied, number of terminals built, maintained and improved; number of new routes added; number of buses ISTC operated before and after the PPP arrangement; total number of passengers carried annually before and after the PPP arrangement. This will help determine whether there has been an improvement or decline in the quantity of services of the ISTC.

Table 1: Quantity of services of the ISTC before and after PPP

Quantity of Service	Before PPP	After PPP
Number of Buses	50	200
Number of Routes plied	13	36
Number of passengers carried annually	180,000	450,000
Number of Terminals	12	25

Source: Field Work, 2021

Table 1 showed that, before the PPP arrangement ISTC had a total of 50 buses in 2014 and currently has about 200 buses in operation. Out of the 200 buses, 150 belongs to ISTC whereas the remaining 50 belong to the private partners. In terms of routes, the ISTC was plying 13 routes before 2015 and currently plies 36 routes. Out of the 36 routes, 30 are local and the remaining 6 are international. Notably examples of some of the local routes include: Accra-Kumasi, Accra-Tamale, Accra- Bolga, Accra-Takoradi, Accra- Ho just to mention a few. The international routes include: Accra- Lome, Accra-Abidjan, Accra- Cotonou, Accra- Ouagadougou, Abidjan-Lome and Abidjan – Cotonou.

The number of passengers carried annually has increased from an estimated 186, 000 in 2014 to 450,000 in 2019. This change was as a result of the improvement in the fleet size and the subsequent opening of new routes.

Also, ISTC had 12 terminals before the PPP arrangement and currently operates 25 terminals. It is evident from the above that, ISTC as a result of the PPP improved its quantity of services. The Head of Traffic stated that:

“Our major tools we used for service delivery are the buses. Before the involvement of the private partners, the ISTC had about 50 buses and we could not meet the growing demand for our services. Management decided to use a PPP arrangement to get more buses for our operations. The increase in the number of buses led to the opening of new terminals and routes”.

He further stated that:

“Before the private sector engagement, we were plying only 13 routes of which 4 were international. The local routes were limited to only the regional capitals excluding Koforidua but the company currently has routes to almost all the major towns in the country. Our new terminals were strategically opened because of the new routes we added and also to ensure the convenience of our customers. In the Greater Accra region, apart from our main terminal, we have opened new terminals in Tema and Ashiaman. It was done to prevent our clients from travelling long distances to our main terminal”

This above findings corroborates Damoah and Asamoah (2020) who suggests that, PPP in bus transport service delivery leads to an increase in fleet size and passenger numbers.

5.1.2 Quality of Service Delivery

This section assesses the quality of service delivery of ISTC. The assessment of PPP on quality service delivery was done by examining the lived experiences of customers of ISTC bus services. The customers interviewed were users of the ISTC prior to the PPP arrangement, and are currently patronizing the services. They are therefore the most suitable respondents in determining whether have been improvements in the quality of service delivery following the adoption of PPP. The criteria of assessment of service quality include convenience, safety, and comfort.

5.1.2.1 Convenience

The criterion of convenience comprised accessibility, waiting time, availability of payment and ease of payment. The respondents were asked to determine the quality of service based on the above mentioned criteria.

(a) Accessibility

This is expressed in the distance from home to the bus terminal. The customers of ISTC expressed satisfaction with the accessibility of the bus terminals as a result of the increasing number of terminals. Following the adoption of the PPP arrangements, new buses were added to the existing fleet and, as a result, more terminals were established to improve accessibility. One of the customers recounted that:

“The bus terminals of ISTC are very accessible than before. Formally, the main terminal after Kwame Nkrumah Circle was the only terminal in the Greater Accra region. The company now has terminals at Tudu, Achimota Ashaiman and Tema. It makes it possible to travel from Tema – Kumasi without coming to the main terminal in Accra. Moreover,

customers from Madina and its environs now access the terminal at Achimota instead of going the longer distance to the main terminal around Kwame Nkrumah Circle.

(b) Waiting time

Waiting time is the time passengers have to wait at bus stops for buses. The shorter the waiting time, the greater the level of convenience, and the longer the waiting time the greater the level of inconvenience. With the service of ISTC, a good number of the customers expressed dissatisfaction with the waiting time. According to them, the waiting time at the terminal is longer than expected. One of the customers said that:

“The services of the ISTC are convenient but my only challenge has to do with the waiting times. They do not stick to their departure time. They will ask you to report at let’s say at 5:30pm and depart at 6:30pm but the bus will end up departing at 7:30pm”

Another respondent who usually plies the Accra- Kumasi route also expressed dissatisfaction with the longer waiting time at the terminal when he stated that:

“ISTC usually does not stick to their departure times. I mostly travel from Accra -Kumasi to do business and make a return journey. And with the sort of business I do, I don’t joke with my time. Sometimes, the departure time delays by between 30minutes and one hour, and this is not good for customer comfort. I have missed appointments with my customers because of such delays”.

(c) Availability of means of payment and ease of payment

The availability of means of payment and ease of payment are essential in ensuring convenience of service delivery. The study revealed that, ISTC currently has two means of payment for their services which are namely: electronic payment or cashless payment (mobile money) and the conventional cash means of payment. The electronic means of payment serves as an alternative to customers who do not have physical cash to buy tickets. There is also an ISTC app which was developed to compliment the electronic means of payment. The app can be used to buy tickets and

book seats without any difficulty from the comfort of one's home. One of the customers who usually use the electronic means of payments said that:

“Using the mobile money to buy tickets is simpler and more convenient for me because I do not like carrying on me substantial amounts of cash. So I mostly buy my tickets through mobile money”.

Another customer stated that:

“I like the electronic means of payment because I can buy my ticket without going to the bus terminal. This makes it possible to purchase an advanced ticket and book the particular time and day I will embark on my journey”.

5.1.2.2 Safety

The safety of passengers is an important aspect of transport service delivery and as such they always desire it during their travels. The study revealed that, the customers are satisfied with the safety of service delivery of the ISTC. This is as a result of measures taken by the company to ensure the safety of their passengers. Notably among such measures include: training of all drivers, and the use of two drivers for long journeys. The Head of Traffic affirms this when he stated stating that:

“The ISTC as a transport company deals with human beings and transporting people by road is very risky. As a result, ensuring the safety of passengers is our main priority. We first ensure all our drivers including those working for the private partners are trained at our driving school before they are allowed to hit the roads. Secondly, we use two drivers for long journeys to prevent the incidence of the sleep driving and driver fatigue, which are major causes of road accidents in Ghana”.

Barring any unfortunate incident, the measures taken have since guaranteed the safety of customers of the ISTC. One of the passengers stated that:

“With ISTC, your safety is assured. Accidents are not common with ISTC as compared to their competitors. The drivers of VIP and OA are known to be careless, and mostly unnecessarily drive at top speed. I have observed that, the drivers of ISTC do not over speed like their competitors”.

Another customer recounted:

“Anytime I’m travelling on an ISTC bus to Tamale, the drivers are always two. The use of two drivers is one reason why they do not get accidents. With VIP and OA, they use one driver for long journeys. Their drivers sometimes sleep and this has caused so many accidents on the roads country”.

It is evident from the above evidences that the safety guarantee is one reason why more people patronize of ISTC as compared to their competitors - VIP and OA.

5.1.2.3. Comfort

Comfort is an important element of the quality of transport service delivery. This encompasses a lot but for the purposes of this study, conditions in the buses, and availability of facilities at the bus terminals, will be used to measure quality of service delivery. Generally, the customers expressed satisfaction with the comfort of service delivery.

(a) Conditions in the buses (space arrangement and ventilation in the buses).

The condition in a bus is necessary in ensuring the comfort of passengers. One of such conditions is the spacious arrangement of the seats. The study revealed that before the PPP arrangement and subsequent procurement of new buses, the arrangements of the seats were not comfortable. However, following the adoption of the PPP arrangement, the new fleet of buses now have spacious arrangement in them. One of the customers said that:

“Some years ago, the condition of the buses was nothing to write home about. The seats were least comfortable as they were too close to each other. Passengers then found it difficult to lean backward or forward or stretch their legs. The seats in the current generation of

buses are well spaced and passengers are much more comfortable compared to the situation in the pre-PPP period”.

Another customer also reiterated that:

“Formerly, the long buses of the ISTC were not spacious enough for the passengers. The seats were arranged four in a roll, and this accounted for the narrow spacing. Currently, the seats are arranged three in a roll making the seats spacious for each passenger, and therefore providing a wide walking area in the middle for passengers to maneuver through”.

It was also revealed that, the current buses of the ISTC have air conditions and TV sets which aid in making the passengers comfortable. The former ensure proper ventilation during the course of the journey whilst the latter entertain the passengers with both music and movies.

One of the customers noted that:

“The conditions of the new buses are better as compared to before. The current buses are air conditioned unlike the old ones. Also, the buses are equipped with TV sets for our entertainment during the journey”.

(b) Availability of facilities at the terminals.

In addition to the conditions in the buses, the customers of ISTC acknowledged the fact that they are impressed with the level of availability of facilities at the terminals. Facilities like waiting rooms, rest rooms and eating places can be found at all the terminals across the country. The waiting rooms for the passengers are spacious and also fitted with TV sets for entertainment. With regards to the rest rooms, the toilets and urinals are fitted with water closets and both the floors and walls are skillfully tilled.

5.1.3 Profitability of ISTC

This section analyzes the expenditure and revenue before and after 2015 in order to assess the impact of the PPP arrangement on the profitability of ISTC.

Table 2: Expenditure and Revenue of ISTC’s bus operations from 2012- 2019.

Year	Operational Cost GHC	Revenue GHC	Profit/ Loss GHC
Before the introduction PPP arrangement			
2012	13, 738, 383. 58	13, 284,036.79	- 454,346.79
2013	15, 192, 018.57	16, 324, 181. 86	1,132,163.29
2014	14, 072, 292. 93	15, 076, 633.65	1,004,340.72
Total	43,002695.08	44,684,852.3	1,682,157.22
After the introduction of PPP arrangement			
2015	10, 236, 184.94	17, 125, 310.37	6,889,125.44
2016	25, 862, 802.90	19,873, 022.94	-5,989,779.96
2017	40, 358, 556.68	39, 694, 975.61	-663,581.07
2018	50, 556, 719.88	54,248, 457.31	3,691,737.43
2019	60, 447, 973.24	63,021, 776.38	2,573,803.14
Total	187,462,237.64	193,963,542.61	6,501,304.98
Grand Total	230,464,932.72	238,648,394.91	8,183,462.2

Source: ISTC Head Office

From Table 2, it can be observed that, the financial of performance of ISTC has been mixed over the years despite yearly improvement in revenue.

The data shows that, the total operational cost of ISTC before the introduction PPP arrangement from 2012-2014 was GHC 43,002695.08 whereas an amount of GHC 44,684,852.3 was generated as revenue. Following the adoption of PPP, a total of GHC 187,462,237.64 was used as operational cost from 2015 -2019 whereas GHC 193,963,542.61 was generated as revenue for the same period.

Also, the grand total of expenditure and revenue from 2012- 2019 was GHC230, 464,932.72 and GHC 238,648,394.91 respectively.

The data also shows that, the highest profit realized in 2015 whilst the highest loss ever recorded occurred in 2016. However, the adoption of a private partner in 2015 cannot be credited as the main reason for the profit. The Head of Finance of ISTC posited that:

“The about 6 million profit made in 2015 cannot be mainly attributed to the PPP arrangement... because based on the agreement, the ISTC only get 10% of the profit generated from the operations of the private buses. Such a small percentage cannot contribute to a higher profit. The high profit was as a result of reduction of operational cost and high passenger numbers. The reduction of the operational cost was as a result of the non-payment of salaries for some number of months and the breakdown of some of our buses in 2015”

It was also observed from the data that, despite the involvement of PPP arrangement in its operations, the ISTC recorded a loss for two consecutive years. In 2016 and 2017, it recorded a loss of GHC6, 989,779.96 and GHC 663,581.07 respectively. The Head of Finance also noted that:

“In 2016, our operational cost increased due to an increment in fuel prices and salaries. In addition to that, we missed our revenue targets as a result of the frequent breakdown of our buses for the large part of the year. And it was due to this challenge that the government procured 50 new buses through a loan agreement for the company to replace our old buses”

It is evident from the above that the ISTC has not benefitted significantly in terms of financial gains. The 10% share of the profit generated from the operations of the private buses is not enough to contribute to higher profits. This findings, however, contradict the findings of Hidalgo et al (2013) which found out that, PPP in bus service delivery is a profitable venture for government as a lot of revenues accrue to it.

5.2 Competition between ISTC and Private Transport Companies

The second research objective assesses the impact of PPP on the ability of ISTC to compete with private transport companies.

Table 3: Comparison of ISTC and Private Transport Companies

Transport Company	Estimated Number of Fleets	Total Number of Routes	Number of passengers carried annually	Estimated Number of trips per day (Accra – Kumasi)
Intercity STC Coaches Ltd	200	32	450,000	25
VIP-Jeoun Transport Ltd	700	46	Not available	53
OA Travel and Tour Company	500	36	Not available	36

Source: Field Work, 2021

It can be observed from the data above that, the two biggest private transport companies in Ghana have more buses than the ISTC. The estimated number of operational fleets of the VIP- Jeoun transport Ltd and OA Travel and Tour Company stands at 500 and 700 respectively whereas that of the ISTC stands at 200.

It is evident from the above observation that, despite the increase in the total number of buses from the PPP arrangement, the ISTC cannot still compete with two of the biggest private companies in Ghana in terms of the fleet size. The fleet size of both the VIP- Jeoun Transport Ltd and OA Travel and Tour Company outnumber that of ISTC. It is therefore impossible for the ISTC to compete with these two transport companies. The Head of Traffic of the ISTC noted that:

“The buses are the major tool used for competition and ISTC is not having enough buses. We have about 200 buses whilst others have over 500... so we can't compete. The Accra- Kumasi route is the busiest route in Ghana, we currently do an average of 25 trips a day but the other private companies can do more than 50 trips a day. Sometimes, the buses that leave from Accra to Kumasi do not return early to convey other passengers. For instance, on Fridays we can do about 15 trips by 11am but we have to wait for them to return before we go again”

The above evidence shows that, the transport services of the two biggest transport companies are more reliable than those of the ISTC. This finding corroborates Iles (2005) who suggests that the availability of adequate number of buses makes transport service very reliable whereas according to Mammo (2010) limited supply of buses, and existing buses not operating as per schedule makes service delivery unreliable.

It can also be observed from the data from Table 3 that the ISTC currently plies 32 routes as compared to VIP Jeoun transport Ltd and OA travel and Tour company 46 and 36 routes respectively. The Head of Traffic of ISTC explained that:

“Following the acquisitions of new buses from the PPP arrangement, we have been able to now open new routes already plied by the private transport companies. Most of these routes have a high demand for transport services especially those in the Bono area and northern Ghana. We currently have almost the same number of routes as the private companies despite our small fleet size. The idea of opening new routes is to establish a presence on these routes in the short term, and hopefully, if we acquire more buses, we will be able to compete”.

Another observation made from the data from Table 3 above showed that, the ISTC has data of the total number of passengers carried annually whilst the data of the VIP AND OA is not available. This is as a result of the difference in the computing systems or practices. Whilst the ISTC uses a computerized system to sell tickets to the passengers the VIP and OA largely use a manual system and this makes it difficult to keep track of the total number of passengers carried annually.

Table 4: Fares for Selected Routes

Selected Routes	Prices for selected Routes (Executive Bus)			
	Intercity Coaches Limited GHC	STC	VIP Jeoun Transport Company. GHC	OA Travel and Tour Company GHC
Accra – Kumasi	55		60	60
Accra – Wa	130		140	135
Accra – Tamale	135		140	135

Source: Field Work, 2021.

Table 4 shows that, the ISTC relatively has cheaper fares compared to the OA and VIP. The head of traffic of ISTC explained that

“With ISTC, our fares are relatively cheaper than most private transport companies using long buses for their operations. There is a lot of competition in the market, and we thought it wise to set our fares a little below what most transport companies are charging”.

It is evident from the above that the ISTC has a competitive advantage in terms of transport fares.

5.3 Challenges of Intercity STC Coaches

The four research objective discusses the challenges affecting the operations of the ISTC.

5.3.1 The Outbreak of Covid-19 and the land border closure

The outbreak of Covid-19 and the subsequent closure of the land borders in 2020 have affected the operations of the ISTC. The company operates six (6) international routes and which include

Accra to Lomé, Accra to Abidjan, Accra to Ouagadougou and Accra to Cotonou, Abidjan to Lomé and Abidjan to Cotonou. The closure of the land borders has resulted in the suspension of operations on these international routes.

The Head of Traffic said that:

“The ISTC ply international routes from Accra to Ouagadougou via Lome, and Abidjan We generate a lot of revenue from these routes but the closure of the borders has adversely impacted business. A lot of revenue was lost in 2020 and we are still losing revenue due to the closure of the borders”

He said that:

“The closure of the border has also affected some of the local routes. Accra (Tudu) – Aflao route is one of our busiest routes but it has been adversely affected by the pandemic. Aflao is a border town and majority of the passengers who patronize our services trade in Togo. Before the closure of the border, we used to make not less than 15 trips a day. However, the closure of the border has drastically reduced the number of passengers travelling to Aflao”.

5.3.2 High Operational Cost

High operational cost presents a major obstacle to the operations of ISTC. The increasing cost of operations was attributed to a number of reasons.

The Head of Finance of the ISTC noted that:

“The operational cost of our services is very high and it has doubled for the past five years. The cost of fueling has increased astronomically due to the incessant increases in fuel prices. In addition the wage bill makes a financial impact on ISTC’s resource envelope. We also fulfill statutory obligations such as taxes and the SNNIT contributions of our workers. The ISTC is currently generating a lot of revenue in recent years but our high operational cost is negatively affecting the amount of profit we make”.

5.3.3 Non-Replacement of Broken-Down Buses

ISTC is unable to financially replace the old and broken-down buses. As a result of financial constraint, the company is unable to purchase new buses, and it has to rely on the government for the procurement of new fleets. The company has on two occasions relied on the government to purchase buses. In 2016 and in 2020, the government through a loan agreement purchased 50 and 100 buses respectively for the ISTC. The company is supposed to work and pay for the loan. The Head of traffic of the ISTC stated that:

“There is an existing arrangement on paper on how to replace buses on regular basis but due to financial constraint we are unable to acquire new basis. The buses we operate are supposed to be replaced every 4 – 5 years. The old buses become a financial burden on us due to high maintenance cost”.

5.4 Conclusion

The study found out that public private partnership arrangement has led to improvement in the operational efficiency of the ISTC in terms of quantity and quality of service. In terms of service quantity, the fleet size has increased, and new terminals and routes have been opened. The customers are satisfied with quality of service as a result of the comfort and safety ISTC provides. However, the partnership has not significantly contributed to the profitability of the ISTC.

The findings also indicate that despite an improvement in the number fleets as a result of the partnership, the ISTC is still not having the capacity to fully compete with the two major private transport companies in Ghana, VIP Jeoun Company and OA Travels and Transport company in terms of fleet size. However, it has been able to open new routes to the major towns in the country, and its fares are relatively cheaper than its competitors.

Finally, the evidence also revealed, the closure of the land borders, high operational cost and the failure to frequently replace broken down vehicles are the challenges negatively affecting the operations of the ISTC.



CHAPTER SIX

SUMMARY, CONCLUSION AND RECOMMENDATIONS.

6.0 Introduction

This thesis sets out to assess the impact of public private partnership on the performance of Intercity STC Coaches Limited. The specific research objectives are to: assess the operational efficiency of ISTC; assess the extent to which PPP has affected ISTC'S ability to compete with private transport companies; and determine the challenges that confront the ISTC and how they can be resolved. The study was guided by the rational choice theory, and adopted the qualitative research approach to draw responses from the management of the ISTC and its customers. The data obtained was analyzed together with existing literature to validate or disapprove the findings. The purpose of this chapter is to summarize the research findings, draw conclusions, and make some recommendations with the hope of making the ISTC viable.

6.1 Summary of Findings

This section summarizes the findings of the study relating to the operational efficiency of the ISTC, its competition with private bus companies, and the challenges that it faces.

6.1.1 Operational Efficiency of the Intercity Coaches Limited.

The study found out that the impact of PPP on the operational efficiency of ISTC has been mixed. First, the study found out that, in terms of quantity of service, the ISTC'S fleet size has increased, and new terminals and routes have been opened.

Second, the study found out that, PPP has improved the ISTC'S quality of service delivery. The customers, generally, expressed satisfaction in terms of the comfort, convenience and safety of

service quality. In relation to comfort of service quality, the customers are impressed with the spacious arrangement and air conditioning in the buses. Formerly, the seat arrangements were not spacious, and inside the buses were poorly ventilated. Also, with regards to convenience of service quality, there has been an improvement in accessibility due to the creation of new terminals. In addition to that, there is the availability of more means of payment, and the adoption of electronic has improved upon the ease of payment. However, the customers expressed dissatisfaction with the longer waiting time at the bus terminals. Finally, in relation to the safety of service quality, the study established that, ISTC had made significant improvement in that area after PPP. Notably measures such as training of drivers, instituting speed limits and using two drivers for long have helped improved the safety of service delivery.

Lastly, the study found that, the partnership has not significantly improved the profit of ISTC. Out of the net profit from the public private partnership, ISTC receives 10% whilst 90% goes to the private partners.

6.1.2 Competition with Private Transport Companies

The study found that, the PPP arrangement has contributed augmenting the fleet from 50 buses to buses 200 buses. Nevertheless, it is important to note that, with 200 buses, the ISTC can still compete with private providers such as VIP and OA. These two private transport companies have larger fleets than ISTC. Despite, the small fleet size, the ISTC currently plies almost all the routes of its main competitors with a relatively cheaper fares – meaning ISTC has a competitive urge over the private transport providers in terms of fares.

6.1.3 Challenges of ISTC

Though the involvement of PPP in the operations of the ISTC has helped improve the quantity and quality of service delivery, the company is still confronted with challenges as revealed by the study. First, the closure of the land border as a result of COVID-19 has caused the ISTC to lose a lot of revenue. Also, ISTC finds it difficult to replace old and broken-down buses without support from the government. In addition to this, the high operational cost of ISTC makes it difficult enough profit.

6.2 Implications of Findings

In the transport sector, PPP is mostly based on infrastructure with few studies on service delivery. Despite a lot of literature on transportation PPP, work on the impact of PPP on the performance of public transport service delivery is yet to be comprehensively examined in a developing country context. This study filled this gap by focusing on the assessment of the impact of PPP on the performance of the ISTC- a public transport service provider. PPP as a reform strategy promises to provide higher profits, cost savings, improvement in quantity and quality of service delivery. With the adoption of PPP, ISTC aimed to: 1) be an economically viable enterprise; 2) wean itself from government support; and 3) to be as competitive as other transport providers.

The findings of this study on the efficacy of PPP in delivering these predicted outcomes are, however, mixed. In terms of the convergence of the findings with the predicted outcomes of PPP, ISTC has increased its fleet size, opened more routes and terminals, which speaks of efficiency dividends of the arrangement. Also, in terms of quality of service delivery, the ISTC performance under PPP is consistent with the literature as comfort and safety of passengers have all improved. In terms of convenience, there is an improvement in accessibility to transport services due to the

establishment of more terminal. Also, with regards to comfort, the new buses are air conditioned with spacious seats arrangement. Finally, the safety of the passengers is assured throughout their journey.

It is also important to note that the findings of this study challenged the literature on PPP. It was found that PPP has not brought about the predicted increase in profits and savings. The ISTC's inability to garner significant profits is primarily as a result of the 10% it receives from net profit from the PPP whilst the 90% goes to the private partners. Also, the company's inability to increase profits and savings is because of high operational cost arising from increasing fuel, and frequent breakdown of buses due to poor maintenance culture and the poor nature of the roads. This suggests that for PPP to work efficiently and effectively the design of the arrangement should be such that it is equitable for the partners in terms of the formula for sharing profits and costs. It also implies that the efficiency and effectiveness of PPP arrangements is a function of context. PPP seems to assume that all contexts for the operations of the arrangement will be the same. This study draws attention to the peculiarities of developing context characterized by poor road infrastructure, poor maintenance culture and inadequate capacity as drawbacks that militate against the optimal functioning of PPP arrangements.

Furthermore, the evidence of the study also challenged the assertion that PPP leads to higher user charges. In the case of ISTC despite an improvement in service delivery, the user charges (transport fares) of ISTC are relatively lower than its direct competitors.

Theoretically, the Rational Choice Theory (RCT) has been found useful in explaining the employment of PPP to deliver services in the public sector. In this vain, the ISTC envisaged that if it adopted PPP it would not only lead to improved service delivery but also higher operation effectiveness. Some of these objectives especially improvement in service delivery and enhanced

competitiveness puts the ISTC on a better pedestal towards achieving good profit margins and sustainability in the future.

The evidence, however, challenged the theory's (RCT) assumption that, the outcome of decisions taken by one actor can be used to predictive the outcome that PPP will always lead to higher profits and savings. In the context of this case study, the ISTC, such prediction did not materialize. The decision of ISTC to partner with the private sector was guided by maximizing benefits such as higher profits but profits have not increased rather operation has escalated. This suggest that in terms of public sector reforms, public entities should be looking beyond PPP and other private sector models like outsourcing, contacting-out and privatization as these have been tried and tested and found ,at best, to produce mixed outcomes. Perhaps it now time to look at governance models such as the new public governance (NPG). The NPG as proposed by Osborne (2006, 2010) adopts a very different starting point from the two earlier public management paradigms (the Old Public Administration and the New Public Management). Unlike the stress on bureaucratic hierarchy and administrative interest as the defining features of the old public administration and managerial discretion, PPP and other contractual mechanisms associated with NPM, the NPG approach places citizens rather than government at the center of its frame reference (Robinson, 2015). It is much broader in that it is construed as the formulation and executive of collective action. Thus, among others it encompasses the direct and indirect roles of formal institutions of government and government hierarchies, as well as the roles of informal norms, networks, community organizations, and neighborhood associations in pursuing collective action by defining the framework for citizen-citizen and citizen-state interactions, collective decision making, and delivery of public services (Robinson, 2015). The NPG approaches public management from the angel of democratic theory, premised on the notion of an active and involved citizenship

Finally, in terms of practice, the findings of this study suggest that PPP arrangement in developing countries is not the panacea for reviving ailing or inefficient public enterprises. This is particularly true in Ghana where a colossal number of public enterprises (about 456) were either completely privatized, commercialized, or inserted with the PPP arrangements or contracted out or modified with the introduction of user charges. Despite these reforms almost all the public enterprises have become liabilities to the state instead of assets. The few surviving ones like ISTC and the National lotteries are such that the former is not operating at a commercial rate of return whereas the latter which used to be profitable is current backsliding due to corruption and mismanagement.

6.3 Conclusions

This study sought to assess the impact of public private partnership on the performance ISTC. From the research findings, the study derives these key conclusions:

First, the PPP has helped the ISTC to increase its fleet size, and subsequently led to the opening of new routes and terminals.

Second, the study found that the PPP arrangement has generally improve the performance of the ISTC. The customers have expressed satisfaction in the safety, comfort and availability of ISTC's service following the involvement of the PPP arrangement.

Thirdly, the study showed that, despite an improvement in ISTC'S quantity and quality of service delivery, the PPP arrangement has not significant increase its profitability.

Finally, despite the involvement of private partners, the ISTC is still faced with challenges that affect its operations. High operational cost and inadequate finance have affected the ISTC's ability to buy new buses without a government loan guarantee. Also, the outbreak of COVID-19 has negatively impacted the revenue of ISTC as a result of the closure of land boarder.

6.4 Recommendations

The following recommendations are made to address the challenges facing ISTC.

- The study found that the ISTC has not accrued much profit from the PPP arrangement because of the 10% it receives from the share of the profit. It is recommended that the profit sharing formula and other unfavorable terms in the PPP arrangement should be revised.
- The study showed, the ISTC has a challenge with replacing broken down vehicles. As a remedial measure, it is recommended that the ISTC improves upon its maintenance culture in order to prevent the frequent breakdown of the buses.
- From the study, it was revealed that the Accra- Kumasi route is the busiest and the most lucrative route in Ghana. However, as a result of the relatively small fleet size, ISTC is not able to make more trips within a day as compared to its competitors. It is therefore recommended that ISTC should redeploy some of its buses from less lucrative routes to augment the current fleet that ply the Accra- Kumasi route.
- The Study found that the waiting time at the terminals is longer than expected. As a remedial measure, efforts should be made by ISTC to improve upon the waiting time at their bus terminals. The waiting time should be shortened and departure times should be honored. Longer waiting times tend to create discomfort for passengers and these delays result in ISTC losing passengers.
- The study found that the poor nature of the roads on some routes is a major cause of the frequent breakdown of ISTC buses. As a remedial measure, the road infrastructure should be improved by government.
- ISTC should consider learning the international best practices in bus travel service delivery, and learn best practices from competitors.

- ISTC should look beyond PPP to embrace other models such as the New Public Governance.
- ISTC should diversify its transport service delivery by introducing bulk cargo division as a new product line.



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APPENDICES

APPENDIX A: Interview Guide for Management of ISTC

Topic: Public Private Partnership and The Performance of Public Enterprises In Ghana: A Case Study of Intercity STC Coaches Limited.

My name is Sadat Nuhu Umar, an MPhil final year student of the Department of Political Science, University of Ghana. The purpose of my research is to assess the impact of the public –private partnership on the performance of Intercity STC Coaches Ltd. Your responses and any information given for this interview will be recorded and shall therefore, be held in strict confidentiality. I count on your kind co-operation. Thank you.

SECTION A: OPERATIONAL EFFICIENCY AND EFFECTIVENESS.

1. What was the total fleet size before the PPP arrangement?
2. What is current fleet size after the PPP arrangement?
3. How many routes were ITSC operating before the PPP arrangement?
4. How many routes are ISTC currently operating?
5. What was the total number of terminals of ISTC before the PPP arrangement?
6. What would you say have been the main strengths or advantages that PPP between ISTC and private actors has brought to the company? Please explain each point citing appropriate examples.

7. What is the total revenue and expenditure of the intercity STC Company Ltd for the following years?

Year	Total Revenue	Total Expenditure
2012		
2013		
2014		
2015		
2016		
2017		
2018		
2019		

SECTION B - INTER CITY STC'S LEVEL OF COMPETITION WITH PRIVATE TRANSPORT COMPANIES.

1. What has been the nature of competition within the road transport industry?
2. What was the level of competition between intercity STC Coaches Ltd and private other private transport companies like VIP and OA before the adoption of public-private partnership?
3. At what point in time would you say the company enjoyed stiffer competition?
4. Did you see it coming?

5. What was the level of competition between Intercity STC Coaches Ltd and private transport companies like VIP and OA before the adoption of public-private partnership?
6. What was the initial reaction of the company?
7. Could the intercity STC have remained competitive acting alone as an entity?
8. How has competition been like following the introduction of public-private partnership in the operations of ISTC?
9. What are the prices for the following routes?
 - (i) Accra – Tamale
 - (ii) Accra – Bolgatanga
 - (iii) Accra- Wa

SECTION C: CHALLENGES OF THE ISTC

1. What would you say have been the main challenges affecting the partnership between ISTC and the private partners?
2. What are some challenges facing the ISTC in its operations?
3. What measures have been taken or should be taken to remedy challenges?
4. Are there any challenges you think customers face in their dealings with ISTC?
5. What lessons do you think ISTC can learn from other private transport companies?
6. Are there any challenges you think customers face in their dealing with ISTC?

7. What lessons do you think ISTC can learn from other private transport companies?

8. What recommendations will you give to ISTC in order to improve their performance?

APPENDIX B: Interview Guide for Customers of the ISTC.

Topic: Public Private Partnership and The Performance of Public Enterprises In Ghana: A Case Study of Intercity STC Coaches Limited.

My name is Sadat Nuhu Umar, an MPhil final year student of the Department of Political Science, University of Ghana. The purpose of my research is to assess the impact of the public –private partnership on the performance of Intercity STC Coaches Ltd. Your responses and any information given for this interview will be recorded and shall therefore, be held in strict confidentiality. I count on your kind co-operation. Thank you.

1. As a customer, are you satisfied with the waiting time before the start of the journey as compared to other bus operators?
2. Are you satisfied with travel time of the ISTC as compared to other bus operators?
3. How comfortable is the sitting arrangement in the bus (space and neatness)?
4. Do you feel comfortable travelling with ISTC as compared to other bus operators?
5. Are you satisfied with the conduct of the drivers and the bus attendants?

6. How professional are the drivers and bus attendants with regards to nature calls, luggage loading etc.?

