

**UNIVERSITY OF GHANA**

**COLLEGE OF HUMANITIES**

**PUBLIC-PRIVATE PARTNERSHIP FOR IMPROVED SERVICE  
DELIVERY IN GHANA: A CASE STUDY OF THE INTERCITY STC**

**COACHES LIMITED**

**BY**

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**A THESIS SUBMITTED TO THE UNIVERSITY OF GHANA, LEGON IN  
PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE AWARD  
OF AN MPhil IN PUBLIC ADMINISTRATION DEGREE**

**JULY, 2018**

## DECLARATION

I, Clement Mensah Damoah, do hereby declare that this work is a result of my own research and has not been presented by anyone for any academic award in this or any other university. All references used in the work have been fully acknowledged. I bear the sole responsibility for any shortcomings.

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DATE

## CERTIFICATION

I hereby certify that this thesis was supervised in accordance with procedures laid down by the University.

.....

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.....

DATE

## **DEDICATION**

This work is dedicated to my parents (Mr. Kofi Mensah Asare and Ms. Hannah Doris Quarm), my sister (Freda Osei Bonsu), and Mr. Samuel Owusu Ansah (Dhino) for their immeasurable support in my life. The efforts of Nana Kwaku Gyamfi, Mr. Ernest Kusi Ababio, Mr. Michael Kofi Oppong, Mr. Kingsley Oduro Agyeman, Mr. Kwabena Osei Appiah, Chaplain & Mrs. Elorm Edison, Chaplain Greg Davis, Mr. Yaw Acheampong Adjei, Ms. Dedo Kofi, Mr. Caleb Nyarko, Mr. Samuel Ampaw, Mr. Alex Osei-Kojo, Mr. Owusu Opoku Mensah, Mr. James McKeown Amoah and the Friends Through Worship family (Prince Emmanuel SDA, Ringway Estate, Osu) cannot pass unnoticed. I thank you all for availing yourselves for the Lord to use you to bless me. I am extremely grateful and pray our Lord Jesus blesses you and grants you eternal life when He shall appear in His glory.

## **ACKNOWLEDGEMENT**

My earnest gratitude goes to my Maker and King for sustenance throughout my life and this study. Likewise, I thank my supervisor, Dr. Kwame Asamoah for his time, encouragement and assistance during this thesis period. Additionally, I am immensely grateful to Mr. Thomas Prehi Botchway, Ms. Priscilla Mbama Abasi, Ms. Kristeena Daniella Abbey and also to the management of the Intercity STC Coaches Limited, Smice International and Nordic Logistic Limited.

## TABLE OF CONTENTS

<b>DECLARATION</b> .....	<b>i</b>
<b>CERTIFICATION</b> .....	<b>ii</b>
<b>DEDICATION</b> .....	<b>iii</b>
<b>ACKNOWLEDGEMENT</b> .....	<b>iv</b>
<b>TABLE OF CONTENTS</b> .....	<b>v</b>
<b>LIST OF TABLES</b> .....	<b>ix</b>
<b>LIST OF FIGURES</b> .....	<b>x</b>
<b>LIST OF ABBREVIATIONS</b> .....	<b>xi</b>
<b>ABSTRACT</b> .....	<b>xii</b>
<b>CHAPTER ONE</b> .....	<b>1</b>
<b>GENERAL INTRODUCTION</b> .....	<b>1</b>
1.0 INTRODUCTION .....	1
1.1 BACKGROUND OF THE STUDY .....	1
1.2 STATEMENT OF PROBLEM.....	4
1.3 RESEARCH OBJECTIVES .....	6
1.4 RESEARCH QUESTIONS.....	7
1.5 SIGNIFICANCE OF THE STUDY .....	7
1.6 JUSTIFICATION OF THE STUDY .....	8
1.7 CHAPTER ORGANIZATION .....	8

<b>CHAPTER TWO</b> .....	<b>9</b>
<b>LITERATURE REVIEW</b> .....	<b>9</b>
2.0 INTRODUCTION .....	9
2.1 DEFINITION OF THE CONCEPT OF PUBLIC-PRIVATE PARTNERSHIP .....	9
2.2 THEORETICAL EXPLANATION FOR PUBLIC-PRIVATE PARTNERSHIP: THE NEO-LIBERAL THEORY .....	17
2.3 EMPIRICAL BASIS FOR PUBLIC-PRIVATE PARTNERSHIP .....	23
2.5 PUBLIC-PRIVATE PARTNERSHIP IN TRANSPORTATION.....	31
2.6 LEGAL AND REGULATORY FRAMEWORK FOR PUBLIC-PRIVATE PARTNERSHIP IN GHANA .....	35
2.7 CONCLUSION .....	36
<b>CHAPTER THREE</b> .....	<b>38</b>
<b>RESEARCH METHODOLOGY</b> .....	<b>38</b>
3.0 INTRODUCTION .....	38
3.1 RESEARCH PARADIGM .....	38
3.2 RESEARCH DESIGN .....	39
3.3 UNIT OF ANALYSIS .....	40
3.4 INSTRUMENTS OF DATA COLLECTION .....	43
3.5 LIMITATION AND CHALLENGES .....	43
3.6 DATA MANAGEMENT AND ANALYSIS .....	44
3.7 ETHICAL CONSIDERATIONS .....	44

3.8 RESEARCH VALIDITY AND RELIABILITY .....	45
<b>CHAPTER FOUR</b> .....	46
<b>ANALYSIS AND PRESENTATION OF FINDINGS</b> .....	46
4.0 INTRODUCTION .....	46
4.1 THE ACTORS IN THE ISTC PUBLIC PRIVATE PARTNERSHIP.....	46
4.2 THE NATURE OF THE PARTNERSHIP BETWEEN ISTC AND ITS PARTNERS .....	48
4.3 IMPLEMENTATION OF INTERCITY STC COACHES LIMITED’S PUBLIC-PRIVATE PARTNERSHIP.....	53
4.4 IMPLEMENTATION OUTCOMES .....	57
4.4.1 INTERCITY STC COACHES LIMITED PERSPECTIVE OF OUTCOME.....	58
4.4.2 PRIVATE PARTNERS’ PERSPECTIVE OF OUTCOME .....	62
4.4.3 CLIENTS OF INTERCITY STC COACHES LIMITED SERVICES PERSPECTIVE .....	63
4.5.1 RECRUITMENT AND MANAGEMENT OF DRIVERS.....	67
4.5.2 NON-FULFILMENT OF BUS DELIVERY DEAD LINES.....	68
4.5.3 DEDICATED ROUTES .....	69
4.6 CONCLUSION .....	70
<b>CHAPTER FIVE</b> .....	72
<b>SUMMARY, RECOMMENDATIONS, AND CONCLUSIONS</b> .....	72
5.0 INTRODUCTION .....	72
5.1 SUMMARY OF KEY FINDINGS .....	72
5.2. IMPLICATIONS FOR EXISTING LITERATURE.....	75

5.3 IMPLICATIONS OF THE STUDY FOR THEORY .....	76
5.4 RECOMMENDATIONS FOR THE EFFECTIVE IMPLEMENTATION OF THE PARTNERSHIP .....	77
5.5 CONCLUSION .....	78
REFERENCES .....	79
APPENDICES .....	93

## LIST OF TABLES

Table 1: Operation by ISTC-owned buses .....	60
Table 2: Operation by Private Companies .....	61

## LIST OF FIGURES

Figure 1: Analytical Framework of the Study .....	22
Figure 2: Summary of implementation process of the partnership .....	57

## **LIST OF ABBREVIATIONS**

BLO- Build, lease and operate

BOO- Build, own and operate

BOOT- Build, own, operate and transfer

DB- Design and build

DBFO- Design, build, finance and operate

EU- European Union

IMF- International Monetary Fund

ISTC- Intercity STC Coaches Limited

LOO- Lease, own and operate

NPG- New Public Governance

NPM- New Public Management

PPP- Public-Private Partnership

PWC- PriceWaterHouse Coopers

SMICE- Servicing Mining, Industrial and Construction Equipment

UK- United Kingdom

UNESCO- The United Nations Educational, Scientific and Cultural Organization

## **ABSTRACT**

The objective of the study was to assess the implementation of the public-private partnership (PPP) of the Intercity STC Coaches Limited (ISTC), and how it has impacted on service delivery. An exploratory qualitative research approach was adopted for the study. Key respondents were purposively selected for the part of the Intercity STC Coaches Limited and their partners, while clients of ISTC were randomly selected and primary data were collected using a semi-structured interview guide. Also, secondary data regarding the operations of “alliance” buses were further subjected to a thorough analysis. The key findings of the study show that the PPP of the Intercity STC Coaches Limited takes the form of franchising and strategic partnering. The existing features of the two make it difficult to clearly classify the nature of the public-private partnership. The study further unearthed that, PPP has helped the Intercity STC Coaches Limited to increase the number of their fleets, though it is considered as still inadequate based on the increasing demand from Intercity STC Coaches Limited clients. The major challenges that affect the effective implementation of the partnership are the management of the drivers by Intercity STC Coaches Limited, the inability of some partners to meet the full obligations of contracts, and the non-adherence on the part of the Intercity STC Coaches Limited to keep to their dedicated routes. The study therefore recommends that, to ensure that the private partners comply with the terms of the contracts, there should be a form of bonding fee which the private firms will be required to pay once they default in meeting the deadline of the agreement. Also, Intercity STC Coaches Limited should look for more investors to procure additional buses for them to meet the growing demand of their clients.

## **CHAPTER ONE**

### **GENERAL INTRODUCTION**

#### **1.0 INTRODUCTION**

This study examines the processes and outcomes of a public-private partnership in Ghana, using the Intercity STC Coaches Limited as a case. The study additionally examines some challenges in the implementation of the public-private partnership and how these challenges have obstructed the outcomes. The chapter begins with the background to the study and the statement of the research problem, the objectives of the research and research questions. The chapter also looks at the significance of the study, the scope of the study, and the organization of the study.

#### **1.1 BACKGROUND OF THE STUDY**

The goal of public administration is the provision of goods and services, the enactment of policies and their subsequent implementation to address public problems. The public sector can be said to be the fulcrum around which the government operates. The progress and development of any country can arguably be said to hinge on the effectiveness and efficiency of its public sector (Adjetey, 2015; Mouraviev & Kakabadse, 2015; O’Nolan & Reeves, 2017). As a result, various governments around the world have embraced various mechanisms aimed at resourcing the public sector to meet the needs of their citizens.

Due to constraints and the inability of governments to raise the needed revenue for development, governments are sometimes compelled to engage in various ventures with the goal of empowering the public sectors to be more effective and efficient. In order to meet the incessant demands of

citizens, governments globally have engaged in various reforms to make the public sector effective and efficient. The government of Ghana is not an exception to this case (Haruna, 2003).

Since independence, various governments have embarked on several transformational policies in different spheres of the economy such as local government administration, finances, and legal issues (Haruna, 2001). Notwithstanding the experiences and lessons learnt from the various reforms embarked on, the government of Ghana has further engaged some multinational corporations and development partners like the United Nations Educational, Scientific and Cultural Organization (UNESCO), the World Bank and the International Monetary Fund (IMF) in order to achieve its development agenda as the state is observed to be insufficient in assets to exclusively satisfy public services (Finney & Grossman, 1999). The engagement of these private organizations is germane in that, it serves as a source of financial resource, technology and human expertise that the government needs in order to make the development agenda attainable. Consequently, the notion of public-private partnership (PPP) has become a lucrative mechanism where governments all over the world shop for opportunities and expertise from the private sector to help in the delivery of public goods effectively and efficiently.

Basically, public-private partnerships are engagements which concern government and private sector bodies for the purpose of providing public infrastructure, community facilities and related services (Babatunde, Opawole, & Olusegun, 2012; Bayliss & Van Waeyenberge, 2018; Bovaird, 2004; Eggers, 2004; Hodge & Greve, 2007; Ministry of Municipal Affairs, 1999; Saussier, 2013). Partnerships as such involve the sharing of investment, risk, responsibility and reward between the partners. There exist varied reasons for entering into partnerships but they generally comprise issues of financing, design, construction, operation and maintenance of public infrastructure and services (Ministry of Municipal Affairs, 1999).

Research on PPP as a policy strategy has often deemed partnership as a mechanism for development and an effectual substitute to total privatization (Grimsey & Lewis, 2007; Hodge & Greve, 2005; Koppenjan, 2005; Osborne, 2002; Wettenhall, 2003). As a result, PPP is spreading at a fast pace just like “errant-bushfires” across the African continent and elsewhere starting from the 1990s (Sharma, 2012). Moreover, there is evidence to prove that PPPs have provided infrastructural avenues for the growth of some economies like that of the United States of America and China. In addition, at certain points in time, “big” banking and manufacturing firms including the American International Group (AIG), and General Motors respectively, have had to receive a bailout from the public sector so as to prevent them from winding and filing for bankruptcy protection (Busler, 2014).

Notwithstanding the successes chalked by PPPs, most countries, especially in the third world, have not been able to attract the necessary partners and investment for the successful implementation projects on PPP. However, according to the Private Participation in Infrastructure (PPI) database (2010), governments of third world countries are progressively engaging in PPPs as a mechanism to plan, finance, build and operate infrastructural projects under contractual agreements. The use of PPP in third world countries is characterized by the improvement in the quantity and quality of services and infrastructure. These governments are making conscious efforts to advance the telecommunication, transportation, electricity, waste management and water projects via PPP arrangements (Fay & Yepes, 2003; Mehta, 2011; Osei-Kyei, Chan, & Dansoh, 2017; Sharma, 2012).

The mechanisms and arrangements of PPP have offered Ghanaian governments the opportunity to procure the desired infrastructure to help in the provision of services aimed at improving the economy of the country. It has been argued in some studies on PPP and how governments and

their representatives engage in these partnerships with the private sector with the goal of providing workable and equitable means in public service through concrete infrastructure is essential in the development of any economy (Adjetey, 2015; Asare & Frimpong, 2013; Buabeng, 2015). It is for this reason that researchers ought to meticulously scrutinize the alleged and actual potentials or threats of PPPs which seek to provide avenues for improved service delivery opportunities. And, it is against this backdrop, that this study seeks to examine a specific case of a PPP agreement between the Intercity STC Coaches Limited and its private partners.

## 1.2 STATEMENT OF PROBLEM

The demand for improved service delivery in the public sector by the growing populations of the world, both in first and third world countries, has increased lately (Quium, 2011). Nonetheless, orthodox funding processes, which are the consolidated fund and taxes through which the governments procure funding for their projects have been marred by inefficiencies. Consequently, Yahaya (2008), opines that interactions on how governments can develop the public sector have moved from focusing on just restructuring the public sector to the search for more novel ways of doing things. Additionally, the literature seems to suggest that various governments have embraced Public-Private Partnership as a possible solution to these inefficiencies and anomalies, that is, the poor delivery of services in the public sector (Bland & Overton, 2016).

Considering the increasing rate of competition in the transport sector with the coming in of VIP Transport, OA Travelling & Tour Limited, inter alia, as well as the increasing demand for good transportation system, the Intercity STC Coaches Limited (ISTC) has had to look for apposite ways of delivering its mandate without jeopardizing and compromising the safety of its clients. The ISTC is perceived to lack the technical capacity and human resources, and faces other challenges in delivering the transport services it is mandated to do as observed by its former

Managing Director, Mr. Samuel Nuamah Donkor (Daily Graphic, 2014). Consequently, the ISTC has entered into a partnership with some private partners, such as Smice International, the Nordic Logistics Limited, the AMPS Family, and the MPLaza Transport Limited to help in delivering transport services to the Ghanaian populace.

In theoretical terms, PPP is deemed as a significant means of improving infrastructure and service delivery in the growth and development of an economy. Yet, the outcomes of PPP arrangements, whether positive or negative, cannot be presumed without an empirical research into the area of service delivery. Although there have been many studies that have looked at PPP engagements in first world countries and have projected its success: value for money, enhanced efficiency, risk transfers and cost savings (Jefferies, Gameson, & Rowlinson, 2002; Li, Akintoye, Edwards, & Hardcastle, 2005; Osei-Kyei & Chan, 2017a; Qiao, Wang, Tiong, & Chan, 2001; Siddiquee, 2011), other scholars have argued to the contrary that PPP arrangements have not lived up to their expectations (Boardman, Siemiatycki, & Vining, 2016; Ismail & Haris, 2014; Mladenovic, Vajdic, Wüdsch, & Temeljotov-Salaj, 2013; Sfakianakis & van de Laar, 2013) and are “mad, bad and, on occasions, dangerous to be involved with” (Tarrant , 2007, p.48). Some scholars have also argued that there is an enormous financial burden on the government in engaging the private sector than in doing things itself (Mouraviev & Kakabadse, 2016).

PPP as a development strategy is not a new phenomenon in Ghana, because, the private sector has been active in public service delivery since the early 1990s. However, their participation has generally focused on the management of public services in the sanitation, telecommunication, and energy sectors. An important sector like transportation seems to have been ignored (Osei-Kyei & Chan, 2017b; Osei-Kyei et al., 2017; Osei-Kyei & Chan, 2016).

As observed from the above, there seems to be contradictory opinions about PPP arrangements based on some studies, and this makes a strong case for an empirical research to be done in the case of the ISTC which lies in the transport sector. Again, in the transport sector of Ghana, there seems to be the “lack of systematic evaluation of actual practice, reasoned debate on the thorny policy issues and common implementation challenges” (Sagalyn, 2007, p. 7). As such, this paper seeks to examine the ISTC-private partnership, the specific nature of the partnership, its implementation outcomes and the challenges encountered in the course of implementation. Again, there appears to be paucity in the literature regarding PPP engagements in the transportation business in Ghana, and these are ample justifications for the conduct of this study.

### 1.3 RESEARCH OBJECTIVES

The main objective of this research is to understand the ISTC’s public-private partnership (PPP) and within this overarching objective, the following objectives are outlined:

- i. To examine the nature of the ISTC’s Public-Private Partnership.
- ii. To examine the processes of implementation of the ISTC’s Public-Private Partnership.
- iii. To examine the extent to which the partnership has contributed to efficient service delivery by ISTC or otherwise.
- iv. To identify the challenges of implementing the ISTC’s partnership and proffer some plausible recommendations to address these challenges.

#### 1.4 RESEARCH QUESTIONS

In agreement with the research objective, the broad research question for investigation is: What are the origins, processes, outcomes and challenges of the ISTC's public-private partnership (PPP)? In order to achieve the purpose of the research and for analytical clarity, these specific questions are asked to help in the research:

- i. What is the nature (or form) of the PPP of ISTC?
- ii. What is the expected outcome of the ISTC partnership?
- iii. What are the challenges of implementation of the ISTC's partnership?
- iv. What lessons can one learn from this partnership and for future similar undertakings in Ghana?

#### 1.5 SIGNIFICANCE OF THE STUDY

In a bid to ensure efficiency in public service delivery, there has been the introduction of PPP in several public agencies in Ghana. However, only a few studies have attempted to investigate the implementation of PPPs in the transport industry. With the growing discourse by scholars in the field of public administration in the area of PPP, the study contributes to the literature in response to the need for researchers to appreciate the results of PPP introduction and implementation in the transport industry in Ghana.

## 1.6 JUSTIFICATION OF THE STUDY

There are several studies on PPP, for instance, on how PPPs stimulate economic development (Busler, 2014; Sharma & Sehgal, 2010), the successes chalked by PPP (Chan, Lam, Chan, Cheung, & Ke, 2010; Pessoa, 2010), and how PPPs have been involved in the provision of services (Reside & Mendoza, 2010; Sharma, 2012; Yehoue, Hammami, & Ruhashyankiko, 2006). Notwithstanding the numerous studies on PPPs, studies on assessing the outcomes of PPPs and arrangements of service provision with regard to expectations and objectives appear not to have been comprehensively studied in the context of Ghana. In view of this, this study sought to examine the case of the ISTC on its implementation and challenges, since there appears to be limited volume of literature on the specific case of PPP in Ghana. The paper also provides feedback on policies driving the implementation of public-private partnerships in Ghana. Also, this study adds to the literature on public-private partnerships.

## 1.7 CHAPTER ORGANIZATION

Chapter one provides an overview of the research work, providing a general background and problem statement to the study, objectives of the study and research question, as well as the significance of the research. Chapter two presents a review of the related literature. It critically defines and discusses concepts in public-private partnerships, providing necessary theories and frameworks to address issues of concern. Chapter three examines the methodology, analyses of the data and sources of relevant information for the research work. Chapter four focuses on the presentation of the results. Finally, Chapter five focuses on the summary, conclusions, and recommendations for future research.

## CHAPTER TWO

### LITERATURE REVIEW

#### 2.0 INTRODUCTION

This chapter deals with some scholarly works on public-private partnerships. The first part focuses on definition of concepts. It is then followed by the theoretical underpinnings of the study. Finally, the chapter studies the various empirical cases of PPPs across borders, and also applies it to that of the Ghanaian context.

#### 2.1 DEFINITION OF THE CONCEPT OF PUBLIC-PRIVATE PARTNERSHIP

There is no unanimity on the concept of public-private partnership. This has resulted in different definitions by scholars and practitioners (Mouraviev & Kakabadse, 2016). As a phenomenon, PPP is basically conceived of as contractual agreements between public agencies and a private sector firm, notwithstanding the fact that some basic characteristics are mentioned in the various definitions proposed by academics.

Bayliss and Van Waeyenberge (2018) characterize PPP as an understanding in which a government agency and a private firm, for-profit or non-profit commonly perform or embrace a customarily public venture. Therefore, it is an included contract regularly incorporating no less than one government organization, or unit, and a consortium of private firms made to set up huge, capital-intensive, civic redevelopment project. Private capital and management of the design, building, maintenance and long-term operation of the infrastructure, and capital expenses, are the qualities of such undertakings, alongside inevitable public possession.

On their part, Trebilcock and Rosenstock (2015), assert that PPP is seen in terms of contractual arrangement between the public sector and the private sector, which is typically characterized by the public sector agency tasking its private partner in the areas of construction, renovation, maintaining, or managing a public facility, whether in whole or in part to aid in the provision of public goods. Under these agreements, the public agency does not grant ownership of the facility, but the private partner generally puts in its own capital in the designing and development of the property.

Inferring from the aforementioned, public-private partnerships can be said to be the convergence of public and private sectors to create and provide public goods and services without changing the public ownership of the services offered. The underlying element for establishing a partnership is that both parties have special characteristics that offer them advantages in a specific aspect of service planning and deliverance. The most successful partnership arrangements draw on the strengths of both the public and private sectors to establish complementary relationships (Bland & Overton, 2016; Santandrea, Bailey, & Giorgino, 2016).

According to Estache and Saussier (2014), a PPP is thought of as a long-standing contract between a government agency and a private agency but this time around, the provision of services and risk of financing rests on the shoulders of the private entity. Engel, Fischer, and Galetovic (2014), postulate that PPPs are arrangements that are built with the aim of meeting the needs and providing benefits, or value, to a populace via the suitable distribution of means, assets, risks and rewards between the public sector and private sector. Grimsey and Lewis (2002), on their part provide a more elaborative meaning of PPP as an:

*agreement where the public sector enters into long-term contractual agreements with private sector entities for the construction or management of public sector infrastructure*

*facilities by the private sector entity, or the provision of services (using infrastructure facilities) by the private sector entity to the community on behalf of a public-sector entity.*

(p. 108)

Bovaird (2004, p. 200) defines PPP to be “a commitment above and beyond contracts”. Thus, he places much emphasis on the mutuality of PPP arrangements. Consequently, PPPs can be said to be not only focusing on how the private sector finances public ventures with the aim of making profits, but also, on how private sector expertise and management practices are employed to galvanize the delivery of services in the public sector (Hodge & Greve, 2005). From the above, it can be seen that there exists some sort of mutual understanding between the two sectors as to what their responsibilities and commitments are, as well as benefits.

Notwithstanding the difference in responsibilities of public and private sector partners, the overall role and responsibilities of government as the public service provider does not commute. In addition, PPP is one of a number of ways of delivering public goods; it does not substitute for substantial and efficient organization and decision making by government. In all cases, the government remains responsible and accountable for delivering services and projects in a manner that protects and promotes the public interest (Ministry of Municipal Affairs, 1999).

Bajwa, Kitchlew, Shahzad, and Rehman (2017) suggest that,

*PPP is not a partnership rather, a new organization in itself. It is an interdependent form (I-Form) organization that embraces two dominant groups, representing public and public-sector partners, which are different in their characteristics but dependent on each other for achievement of their respective and collective interests and goals (p.1).*

Concluding on the aforementioned, the researcher defines Public-Private Partnerships to be the convergence and alliance of the public and private sectors to create and provide public goods and services for synergy and transformation.

### 2.1.1 TYPES OF PUBLIC-PRIVATE PARTNERSHIPS (PPPS)

There exist various models of PPP: design and build (DB), design, build, finance and operate (DBFO), build, lease and operate (BLO), build, own, operate and transfer (BOOT), build, own and operate (BOO), lease, own and operate (LOO), and alliance (Bayliss & Van Waeyenberge, 2018; Lohmann & Rötzel, 2017; Trebilcock & Rosenstock, 2015). However, this study adopts Skelcher's (2005), categorization of the forms, or types of PPP which are: Public leverage, contracting out and competitive tendering, franchising, joint venture and strategic partnering. These five forms are expounded below.

#### i. Public Leverage

According to Skelcher (2005), public leveraging occurs when a government uses the resources (legal and financial) it possesses, to lay a fertile environment that is conducive for business establishment and development. Various academics have different connotations of this type or form of PPP, but the basic underpinning of this approach is that, a government provides an enabling milieu that propels businesses to grow. Schaeffer and Loveridge (2002), have denoted this approach as the "leader-follower" approach, because a government provides an environment that enables the development of private businesses.

In addition, leveraging is also seen to be a means through which the private sector mobilizes capital as a result of public sector financial instruments (Brown & Jacobs, 2011), as cited in Adjetey, 2015). The argument here is that, private sector managers have limited options than to align their policies with that of the public through the enabling environment provided. Boyle (1993) is of the view that, public leveraging is very significant in that, it provides regeneration strategies for deprived societies where the state provides business support, fiscal incentives and ensures development in infrastructure, while promoting economic activities within the societies.

With regard to the above, leveraging in the public sector can be thought of as the state simply providing fertile grounds for the development of businesses and the closure of an infrastructure gap. This, however, may not be the case, as MacDonald (2000), posits that leveraging in the public sector can be a medium through which governments be it central or local, cede some of their primary functions on the provision of public goods and infrastructure to privately-owned organizations, or even not-for-profit organizations. It is conventional for governments to provide leveraging through subsidies and tax breaks, inter alia.

## ii. Contracting-Out

PPPs are generally considered as projects (Renda & Schrefler, 2006). This type of PPP is usually characterized by the public agency going into a contractual agreement with a private entity for the provision (building and operating) of an infrastructure or delivery of service which is anchored on the terms of the contract. Most of the time, this is premised on a functional specification, and it is observed that several governments have engaged in this type of PPP. Under this approach, the onus lies on the government to dictate the quality it wants of a project or service, and the duration

and number of projects. For instance, in Ghana, provision of infrastructure, maintenance of public facilities, engineering services, street lighting etc. have been seen to be contracted to some private firms by some local government agencies (Awortwi, 2002), and in Malaysia, the construction of the Kuala Lumpur's light rail transit (LRT) is an example of this form of PPP.

Most studies on PPP suggest this type of PPP to be the most widely used by governments in their business. Colverson and Perera (2012), postulate that concession PPP is a form of contracting-out. This can be said to be when the private sector entity is expected to invest, operate and maintain a facility whose ownership still rests with the public entity. Thus, a concession PPP refers unambiguously to the “manner in which the private sector generates its income or is paid for its services, which is generally through the collection of user fees (tolls, water usage), such as in the case of a tolled roadway” (Colverson & Perera, 2012, p. 3).

The reasons why governments contract-out is to seek for a reduction of cost, while promoting efficiency and improvement in the quality of public service (Skelcher, 2005). Awortwi (2008), argues that the main disadvantage of this form of PPP is that, it is deficient in attracting significant private capital into the system, and quality is usually overlooked since the government seeks to minimize cost and thus will go for the firm with the lowest bid.

### iii. Franchising

This form of PPP is characterized by the state agency involved, licensing the private entity to do business, or provide a service on its behalf. It is through the use of user fees that the private company gets its income. There appears to be a thin line between contracting out and franchising in that, in both cases, the government is the “arranger”: but in contracting-out, the agency involved

pays the private entity for the service rendered, whereas, in franchising, it is the users of the service who pay the private entity (Savas & Savas, 2000).

Scholars like Murphy (2010), have sought to equate franchising to licensing. Franchising always involves licensing, as well as assistance. He further argues that a license which is purported "not a franchise" still involves the above elements.

In franchising, the private entity is required to develop or provide the infrastructure to be used in the delivery of the service. Pietroforte and Miller (2002), observe that, in most cases, the ownership of the infrastructure is bequeathed to the government when the terms of the franchise cease. Private entities receive the right to operate the franchise through competitive tendering and the government then cedes its monopoly power to them (Pollitt & Smith, 2002). In addition, risks involving the provision of service, coupled with operational risks, are seen to be the burden of the private party, with the government just acting as a regulator.

#### iv. Joint Ventures

According to Schaeffer and Loveridge (2002, p. 178), a joint venture "occurs where two parties wish to engage in a collaborative project in a way that retains their independence". The management of a joint venture is in such a way that, it is managed through a special purpose vehicle that is, a partnership agreement. Ball (1998), opines that this type of PPP is employed in the provision of infrastructure and renovation that encompasses hospitals (Javed, Lam, & Chan, 2013), transport (Roumboutsos & MR Macário, 2013), roads (Koppenjan, 2005), customer satisfaction (Jamali, 2007), and the economic sector (Sfakianakis & van de Laar, 2013). The procedural cost of a joint venture separated is not accounted for the public cost, and this forms part of the benefit got from a joint venture.

In addition to the above, Van Ham and Koppenjan (2002), argue that the risk involved in a joint venture is bequeathed to the private party, since it is believed that, private sector organizations are able to manage costs well. Risks on the part of the government are of such nature as those which may come as a result of a country's democratic system, and the risk of private sector discontinuity. The private sector, on the other hand, faces the risk of exploitation, policy risk, unanticipated high costs etc. It is observed that joint ventures are used when a government wants to embark on a huge infrastructural project.

According to Hall (2008), joint ventures can be referred to as institutional PPP (IPPP). This, according to him, can be in two forms: the first being when the firm is jointly owned by the government and the private entity and is mandated to provide services without any time limitation, while the other is when a jointly-owned company has a delegated service, and it may have a contract that includes regulations of the service provision.

#### v. Strategic Partnering

Ashkenas, Ulrich, Jick, and Kerr (2002), suggest that “strategic partnering between public and private agents involves a situation in which there is no boundary in terms of the distinctions between the constituent parties.” In addition, strategic partnering has been defined by Grimshaw, Vincent, and Willmott (2002, p. 482), as "permeable organizing practices that are intended to yield mutually beneficial outcomes." On the other hand, researchers like Schaeffer and Loveridge (2002), emphasize on the open-ended nature of this partnership while acknowledging the sharing of risks and regards in their entirety under this form of partnership. According to Roumboutsos and Chiara (2010), strategic partnering brings about a win-win benefit after a strength, weakness, threats and opportunities (SWOT) analysis have been carried out in the various sets of the respective sectors. It further provides an opportunity through which costs that arrive from supplier

procurement, regulations and service specification can be minimized as compared to contracting out.

The rationale for the adoption of Skelcher's (2005), categorization of PPPs is that, the ISTC's PPP can be clearly identified with his categorization. Thus, for instance, in terms of public leveraging as indicated by Skelcher, the ISTC which is solely public-owned possesses key resources that are conducive for fertilizing the business environment. Thus, it is already an established brand with several routes of operation; it has several terminals at vantage points across the country and elsewhere; its legal standing is well-established, etc.

Moreover, it is evident from the study that the ISTC's PPP fits well into what Skelcher describes as 'contracting-out'. Simply put, ISTC has brought on board capable private partners and allotted to them routes and terminals for operation and these partners in return have the responsibility to manage their own buses while returning certain percentages of the profits made to the ISTC for operating under its established brand and premises. This arrangement also more or less fits into what can also be referred to as 'franchising'. Moreover, whereas the ISTC's PPP is a form of 'joint venture', it is also clearly seen as a 'strategic partnering' as can be inferred from the above illustrations. Latter chapters of the study will throw more light on most of these issues here referred to.

## 2.2 THEORETICAL EXPLANATION FOR PUBLIC-PRIVATE PARTNERSHIP: THE NEO-LIBERAL THEORY

This study uses the neo-liberal theory as its theoretical basis. According to the neo-liberal theory, the private sector is perceived to be excellent in the delivery of services than the public sector. It

is argued by neo-liberal theorists that little interference by government, and superior economic accomplishment in an economy by the private sector brings about competition and efficiency (Nellis & Kikeri, 1989). Thus, neo-liberalism is basically a resurgence of classical liberalism (Asare & Frimpong, 2013). Advocates of classical liberalism like Adam Smith argue that the interference of government and supervision in an economy with controls, subventions, tariffs, and other controls encumber growth, prosperity, competition and efficiency (Roskin, Lord, Medeiros, & Walter, 1991).

Consequently, an economy must be left alone by the government, that is to say, it should act as a laissez-faire government and this will, in turn, promote free competition. According to this view, companies, or producers which are inefficient will wind up, while the efficient ones prosper and grow. The overall aim of this is that the people in general stand to enjoy the competition via the availability and provision of better services.

Dissimilar to classical liberalism, neo-liberalism has gained much prominence stemming from the 1980s (Asare & Frimpong, 2013). Neo-liberalists argue that the welfare of the entirety of the society will improve as there are minimal restrictions from the government in the implementation of business-friendly policies (Munck, Saad-Filho, & Johnston, 2005). The theory again posits that, there is a dearth in the ability of governments to manage large industrial and commercial companies. Subsequently, governments should withdraw and privatize, except in sensitive areas like the administration of equity, income distribution and public-good infrastructure, and others of such importance (Harvey, 2005). The objective of neo-liberalism as contended by Heywood (1997), is to diminish the influence of the state, while focusing on the market and the individuals.

Analogous to neo-liberalism is the public choice theory. Comparable to neo-liberalists, public choice theorists like Buchanan and Tullock (1977), have advocated for the constraining of

governments through stringent guidelines, while market transactions and property rights are encouraged. The argument is that, as convenient and possible as it can be, market solutions ought to be employed when it comes to individual preferences (Hepple, 1989). Thus, the rights that are enjoyed by individuals must be protected against the supremacy of the masses, while the government only acts as a flaccid provider of the electors' needs and revenue maximizing behaviour of politicians and civil servants who are adept in agenda setting, influencing budgets, and escalating their own selfish ambitions (Hepple, 1989).

The substance of the public choice theory is that, government officers, whether they were elected or not, must be perceived to be acting in the interest of the public. Furtherance to this, the theory holds that holders of public offices are rational human beings with individualistic desires or tendencies. They pursue selfish ambitions to maximize their desires, or at best, that of influential interest groups to the detriment of the entire populace (Turner & Hulme, 1997). Basically, the public officials are deemed as 'rent seekers' unlike their counterparts in the private sector. This rent seeking behaviour inhibits the efficiency and effectiveness with which goods and services are provided. Therefore, the instituting market machineries will successively heighten the supply of public services (Jütting, 1999).

The public choice theory, however, exaggerates the egoistic tendencies of public office holders, in that some public officers may be selfless and public-spirited. Their actions are purely based on seeking the wellbeing, or general will of the people.

The neo-liberal theory is thus appropriate for this study. It places much emphasis on the influence and impacts of the inclusion of the private sector in the delivery of services. Privatizing service delivery promises higher productivity gains, efficiency and effectiveness. It also brings to light the competitiveness that comes to bear as a result of engaging private institutions. In this regard,

governments have extensively used PPP areas of infrastructure and public services, such as transportation, water and sewage, energy, environment protection, education, and public health services due to the notions of efficacy, effectiveness and other qualities suggested by the neo-liberal theory which characterizes the private sector (Shiji, 2014; Wang, Xiong, Wu, & Zhu, 2018). Pursuant to this ideal, urban waste management and sanitation services have, therefore, been largely privatized in Ghana (Asare & Frimpong, 2013; Pimpong & Bi, 2016).

A public-private partnership is not complete privatization (Reynaers, 2014), because, it gives the actors involved, be it the citizens or private sector actors, the opportunity to "become involved and accountable to the public and to be creative in solving immediate social and economic problems" (Grossman, 2012, p. 185). It can thus be said that being a combined effort from both the private sector and the public sector, PPPs offer high standard services. Additionally, PPPs have been perceived to be collaborative efforts of actors from both public and private sectors who exhibit similar principles and believe that their decisions have long-term implications (Phua, Ling, & Phua, 2014).

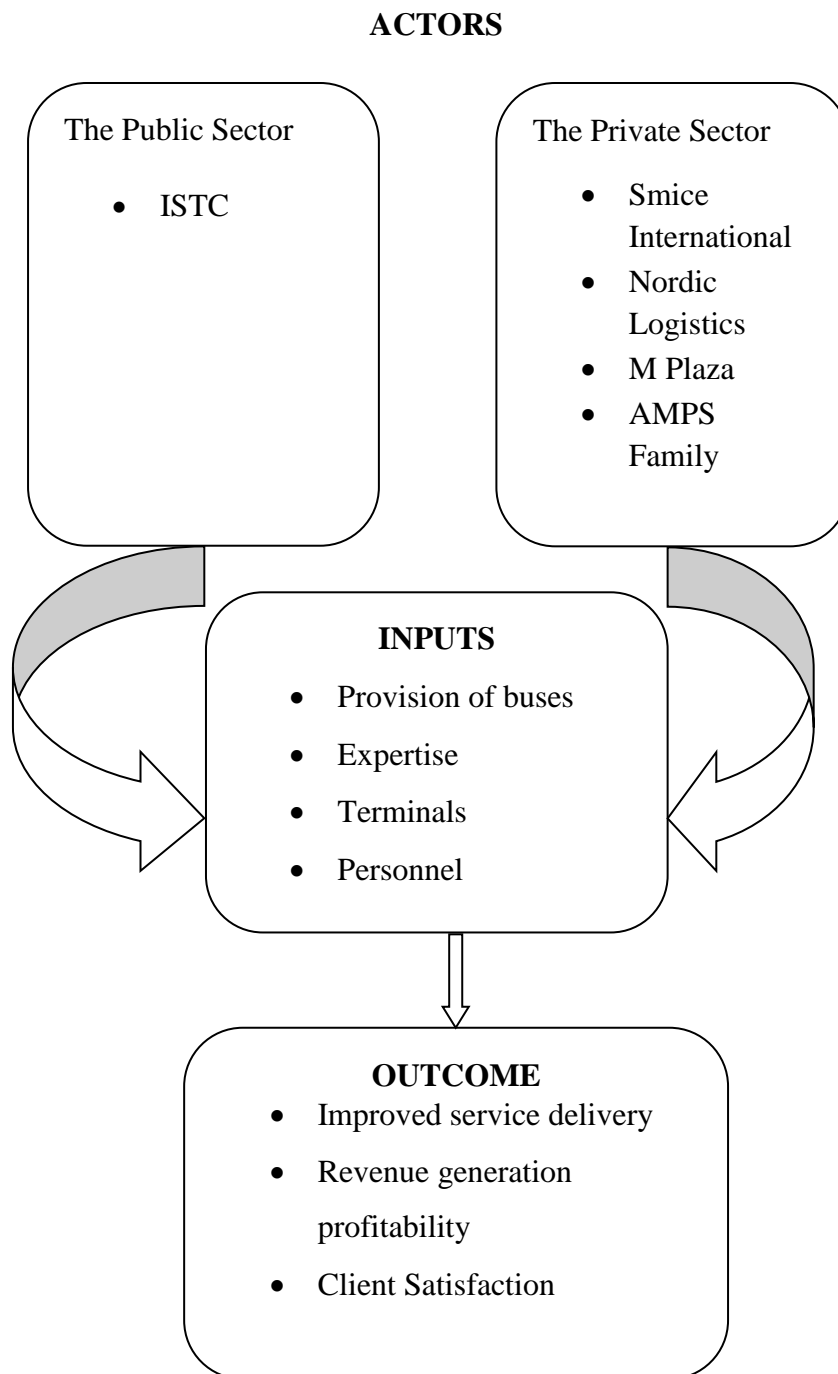
Furthermore, it is generally accepted that resources are scarce to governments, and that they also lack the ability to find solutions to the numerous challenges confronting them alone (Vinogradov & Shadrina, 2018). As a result, these partnerships seek to harness the combined efforts of the public sector's "authority to legislate and regulate, and its solemn obligation to sustain the public interest with the private sector's capacity for risk-taking, innovation, marketing, and for tapping a variety of financial resources" (Finney & Grossman, 1999 as cited in Asare & Frimpong, 2013, p. 115). The combination of the 'strength' from both sides helps in salvaging the many problems of the society (Finney & Grossman, 1999). As noted by Awortwi (2004), apart from the limiting the risks involved in PPP, it also has the tendency to help share the investment risks partners encounter

in the course of a project. The public sector is able harness resources, expertise, and skills from their partnering with the private sector.

Lastly, PPP is seen as an important and innovative administration tool (Linder, 1999). Again, it is seen as a reorganisation tool, used in urging the public sector to be more effective, efficient and responsive to deliver public goods and services. It is argued that service delivery in the public sector has been a sham, and with the introduction and adoption of PPP, it envisages improving efficiency and effectiveness.

Basically, congruent with the New Public Governance (NPG) and New Public Management (NPM) philosophy of public sector management with the private sector's expertise and entrepreneurial skills, public-private partnerships proffer greater productivity in public sector service delivery (Velotti, Botti, & Vesci, 2012). The prospects of public-private partnerships notwithstanding, maximum care should be taken so that the private sector which is bent on maximizing profit will not exploit the masses and also the government will not engage in partisan oriented arrangements which undermine the general good of the society (Grossman, 2012).

Figure 1: Analytical Framework of the Study



Source: Author's Construct, 2018

Figure 1 above depicts the analytical framework of the study. This framework comprises three separate actors, namely the public sector, private sector and end users of the services. Under this

framework, the public sector is represented by ISTC, and the private sector is made up of four separate companies: Smice International, Nordic Logistics, MPLaza and AMPS Family. It also encompasses inputs, which are expertise (from both private and public partners), terminal (provided by ISTC), personnel (management and drivers involved in the partnership), and buses (provided by the private partners). Finally, there are outcomes of the PPP. By outcomes, we are talking about the end results of the partnership, which include, improved service delivery, revenue generation profitability, and client satisfaction.

### 2.3 EMPIRICAL BASIS FOR PUBLIC-PRIVATE PARTNERSHIP

This section of the study examines how PPPs have been practised in both the developed and developing worlds. According to Tieman (2003), the United Kingdom (UK) was the first among the European Union (EU) members to have brought about PPP in the form of Private Finance Initiative (PFI) as a means of procuring infrastructure from the private sector through finance, build and operate government initiatives, and other services spanning for about 25 to 30 years. The PFI has been the preferred means through which the government procures public infrastructure since it came into being (Handley-Schachler & Gao, 2003).

Colverson and Perera (2012), assert that the period spanning from 1990 to 2009 has seen more than 1,300 PPP contracts over €5 million signed within the EU jurisdiction, with a combined capital value in excess of €250 billion. The U.K., Spain, Germany, Italy, France and Portugal are said to be the foremost advocates of PPP in Europe, and together, accounts for about 92% of all PPPs between 1990 and 2009. The U.K. is the top user of PPP, with some 67% of the total EU numbers, while Spain, being the closest competitor, is in a distant second position with 10% (European Union Commission, 2009). With regard to the allocation of PPP resources in Europe,

the transport sector remains the dominant sector, where between 2005 and 2009 it represented 41% of the number and 76% of the value in PPPs. Education and health come as the next significant sector, contributing 26% of the total PPP numbers and 11% of total value. In addition, PPPs in the environmental sector have shown a steady decline, with numbers falling from just under 30% in the period 1995 to 1999 to just below 10% in 2005 to 2009 (Kappeler & Nemoz, 2010).

In the year 2000, the UK created Partnership UK to take over from the Treasury Taskforce in overseeing the implementation of PPP projects. It is the mandate of Partnership UK to provide project advice, look for investment for PPP, develop government policies and also help in co-sponsoring PPP projects. Although there has been a wide spread of PPPs in Europe, the success stories among member states differ and also among various sectors of the economy, and a global survey carried out in 2007 tells of the fact that, only 4% of all public sector investment comes about as a result of PPP (European Union Commission, 2009).

As part of the neo-liberalization process, the Conservative government of the UK birthed PPPs during the 1990s and it is believed it took a worldwide turn later on (Colverson & Perera, 2012; Greve, 2010; Hearne, 2009). It is argued by scholars like Macário, Costa, and Ribeiro (2015), that, the limitation of state resources, coupled with the incessant demands from citizens in the area of services and infrastructure in most developing countries, has made it necessary to engage the private sector in the government's duty of providing services and infrastructure. Furthermore, the use of PPP arrangements in developing countries such as Ghana, Nigeria, and Rwanda inter alia, is said to have been driven by the increasing demand for better public sector services and performance, the effective use of technology and efficient management skills as opposed to the apportioning of the risks in projects as the driving force in the developed world (Jamali, 2007; Skelcher, 2005).

In addition to the above, according to the 19<sup>th</sup> Annual International Major Project Survey (2010), which has observed the emergence and progress of PPPs since the 1980s "the United States has had a total of 363 funded PPP projects between 1985 and 2010, with a total value in excess of US\$59.5 billion". The aforementioned notwithstanding, the USA had shown some disinclination to undertake PPP agreements prior to 2007 as reported by a Price Waterhouse Coopers (PWC) 2010 report. The reason for this hesitancy has been attributed to doubts and misunderstanding on the side of government officials. But it is observed that, after the year 2007, PPP projects have gathered force, perhaps through need and suitability following the credit crunch in the U.S. Some States are currently rolling out PPP-enabling legislation to provide the authority for transacting a structured finance deal (PWC, 2010, as cited in Adjetey, 2015).

Macário et. al (2015), studying PPP activities in Europe brought out that, PPP investment in Ireland up to 2009, accounted for over 7% of GDP as measured in 2013. Ireland exceeded the average level of the European Union's 5% investment, and was third among the countries analysed in ranking. PPP as an investment tool has contributed significantly to the provision of infrastructure in various sectors of the Ireland economy (Sheppard & Beck, 2016).

Countries found in the global south too have embraced the idea of PPP. Stemming from the late 1990s, several developing countries are seen to have embarked on industrialization strategies which are driven by the involvement of the private sector in the provision of services and infrastructure. The World Bank's Private Participation in Infrastructure gives us an analysis of how low to middle-income economies have used PPPs (Colverson & Perera, 2012).

Babatunde et al. (2012) adduce to the fact that, Nigeria lags behind in infrastructure and in fact, it needs about \$12-\$15 billion annually for the next 6 years in order to salvage the situation. However, the government alone cannot fund this infrastructural agenda. Consequently, the private

sector needs to be employed in the quest to salvage the situation. It is therefore not surprising to see most of the infrastructural projects embarked on at both the State and Federal levels being driven by PPPs (Alitheia, 2010).

Benmansour (2016), asserts that, in Tunisia, PPPs have been a tool for the modernisation of the public sector for many years. The construction and management of the Enfidha Airport worth \$605 million USD in the Maghreb Region, has been one of the largest private-sector investments that the country has ever witnessed and deemed as a vital feature in the success of the government's public-private partnership initiative.

In examining the successes PPP and factors that militate against the implementation process in local governments in Ghana, Buabeng (2015), asserts that PPP indeed has improved service delivery in the Ga West Municipal Assembly, and the Adentan Municipal Assembly in the area of revenue collection and mobilization, and waste management. He however contends that, major structural, political interference, poor feasibility studies and institutional challenges fights against the proper implementation, and the subsequent success of the PPPs. He therefore concluded that, PPP has the propensity of augmenting the local government services effectively and efficiently, if the aforementioned challenges are mitigated.

Again, Mehta (2011), postulates that, the implementation of PPP in urban bus transport in the State of Maharashtra of India has helped in providing accessible and affordable transport services. Also, Medda , Carbonaro and Davis (2013, p. 83), contend that, “most EU member states and the European Commission regard PPP as an important tool to attract additional financial resources for high priority investments such as transport”.

It was characteristic of government to resort to total privatization of public facilities during the 1980s in the case of Ghana (Ford & Zussman, 1997). As the years went by, it became politically

"suicidal" and "controversial" for government to move on the path of total privatization as public opinion and political influence affected government decision (Asquith, Brunton, & Robinson, 2015; Boyer & Van Slyke, 2018). As a result, PPPs became an immediate option. As it is in Ghana, the onus lies on the government to create a "vibrant investment and performance-based environment that will enhance the benefits of PPP initiatives" (Ghana National Development Planning Commission, 2013).

It is widely asserted that, for a PPP to work well, all the partners involved should be ready to accept the challenges of adaptation and implementation (Al-Shareem, Yusof, & Kamal, 2015). According to Hodge and Greve (2007), the effects of PPPs still raise some questions, seeing how effective they have been in public service delivery. Hence, parties involved in PPP engagements must evaluate the effects, be it positive or negative of PPP before its adoption and implementation.

Several factors, including but not limited to high participation costs, high project costs owing to a great deal of management time spent in contract transaction, high risks involved in the reliance on the private sector, lack of expertise, excessive restrictions on participation, reduced project accountability, and less employment positions have been cited as obstacles impacting PPPs negatively (Cheung, Chan, & Kajewski, 2010; Li et al., 2005; Singaravelloo, 2017; Sorsa & Johanson, 2014; Takim, Ismail, Nawawi, & Jaafar, 2009). A case in point is that of Malaysia as noted by Ismail and Haris (2014), where they observe that some barriers to the implementation of PPP include delays in negotiation, a dearth of guidelines and procedures on PPP on the part of government, higher charge to direct users, and confusion over governments objectives and evaluation criteria.

## 2.4 PUBLIC-PRIVATE PARTNERSHIPS FOR IMPROVED SERVICE DELIVERY

The focus of literature on PPPs has often been centred on the infrastructural sector rather than the service delivery sector (Adjetey, 2015). Governments, however, search for avenues to accelerate development aiming to curb the several public service issues they have to solve, amidst limited resources. Governments are over-stressed financially and, in their struggle, to cope with this fiscal stress, they have chosen a number of avenues to lighten their financial loads; among them is PPP. It has thus become necessary to contract out to reduce costs, while ensuring efficiency and improvement in the delivery of public goods (Skelcher, 2005; S. R. Smith & Smyth, 1996). Researchers have postulated that regardless of the several risks factors and their negative impact on PPPs (Cheung et al., 2010; Tan, 2012), a lot of achievements have been made through the use of PPPs in the provision of public services (Boyer & Van Slyke, 2018; Monbiot, 2000).

In addition to the above, Farlam (2005), contends that PPPs introduce a system of efficiency from the private sector into the public sector. By this, he stresses that these segments of the economy; road tolling, ports, prisons, telecommunications, ecotourism, water and electricity have been efficacious and services in these segments have advanced via in-depth planning, good communication, strong commitment from both parties, effective monitoring, regulation and enforcement by governments.

Though there was a lot of the privatization of public water services during the 1990s in Ghana, it is recognized that there has not been significant improvement in the areas as was expected (Adjetey, 2015). The promises of low prices were not achieved, and tariffs surged up disabling poor households from patronizing the services promised to be bringing lower prices and this led to the non-renewal of the contract in the city of Paris by the year 2009 (Raman & Björkman, 2008).

Also, several researchers have made the case that the partners involved in PPPs ought to be adequately prepared to implement a PPP. Readiness, not only bothers on the ability of an organization to implement innovative ideas, processes or products, but also, encompasses the capacity of an organization to firmly deal with the challenges that may thwart the implementation of new projects (Burns & Stalker, 1961; Vakola, 2013).

Quium (2011, p. 18), identifies some factors which must be put in place by the private partners in a PPP to ensure sustainability in the partnership. These factors are discussed below:

- i. They should examine to see if there exists any office set up by the government which is in charge of PPP projects and is capable of ensuring proper implementation and development of the PPP project.
- ii. Examine previous PPP experience by the government while focusing on its ability to implement the PPP project.
- iii. Risk and security involved in investing in the project must be thoroughly assessed by the private partner.
- iv. The budget for the project must be keenly examined while looking for avenues to fund the project.
- v. With regard to the risk involved and other contingencies, it is expedient on the part of the private partner to ensure that there are reasonable returns on the investment and it is guaranteed.

Just as the private partner is ensuring its level of safety and security of the partnership, the government is also expected to make the private partner come to the table with the needed competencies in executing the project. The International Bank for Reconstruction and

Development (2012, p.76) offers some views on what the government should do prior to the engagement of the private sector;

- i. *Value for Money*: The service intended to be offered by engaging the private partner should provide "better quality for a given cost or lower costs for a given quality output" (Al-Shareem et al., 2015). In essence, PPPs strive to boost the use of public vis-à-vis private resources as well as maximizing user satisfaction (Santandrea et al., 2016).
- ii. *Transparency*: Information or data regarding the decision-making process and discussions on preparation, conception, design and development stages must be made open to the two parties with reference to the laid down laws and policies.
- iii. *Competition*: Competition should be the basis of engagement for the selection of a party, and by this, judicious use of resources at lower costs can be proven in the provision of the services to be offered. Sole sourcing is discouraged, particularly with this arrangement in order to achieve good results.
- iv. *Adequate Risk Allocation*: The risk involved in the partnership should be known and appropriately distributed between the two parties. Meaning, the risks must be allotted to the partner that has the muscle to manage the risks at a minimal cost taking while ensuring the overall public interest.
- v. *Budgetary Responsibility*: This refers to the Government's ability to ensure that the needed budgetary arrangements have been done and all contingencies have been taken care of for

the successful implementation of a PPP project while avoiding compromise on the sustainability and continuous provision of the public service.

The aforementioned is unexhaustive. However, it incorporates key factors that a government agency may want to examine prior to entering into any PPP project to ensure that, there is a total satisfaction to the populace while achieving value for money. Developing countries are characterized by market systems that are still not well developed. This invariably adds more uncertainty to PPP projects other than “releasing financial pressure on the national and local government, transferring risks and improving value for money” (Adams, Young, & Zhihong, 2006, p.392). Issues regarding risk are still a major challenge since there exists a considerable difference in the recognition of risk under PPP from the perspective of the two sectors.

## 2.5 PUBLIC-PRIVATE PARTNERSHIP IN TRANSPORTATION

Although there may not be a standard definition for sustainable transportation, Jeon, Amekudzi, and Vanegas (2006) assert that,

*several adopted definitions reflect that a sustainable transportation system should be effective and efficient in providing safe and equitable access to basic economic and social services, promote economic development and support environmental integrity (p. 172).*

Soliño and Gago de Santos (2010), contend that, issues relating to good procurement practices in public-private partnerships have received much attention. The general assumption is that, PPPs are inclined to higher transaction cost than when it is provided through the traditional public method. In their studies, they contrast

*the hypothesis that transaction costs in transport PPPs depend, to a large extent, on the procurement mechanism used in each case, comparing the Negotiated and the Open procedures* (p. 389).

They further opine that,

*PPPs may offer considerable benefits and significant savings over the entire life cycle of the project” and that “it is essential for PPPs to minimize those costs that undermine efficiency gains and that deter private involvement”* (p. 389).

Their study however focuses and over emphasize the procurement process of PPP in transportation infrastructure and value for money measurement, while ignoring how PPP can help improve service delivery in the transport sector.

According to Juan, Estache, and Trujillo (2007), the 21<sup>st</sup> century has seen quite a significant decline in the idea of privatisation and an increased rejection of the private sector in the financing and subsequent management of public services. This shift in ideology they assert, is not only predominant in developing countries, but also, in developed ones. The above notwithstanding, PPPs “continue to be on the agenda of many politicians in both developed and developing countries” (p. 1). They also assert that, the primary motivation for the adoption of PPP is the need to reduce fiscal cost in the transport sector. There are also concerns of cutting unit cost. It is further postulated that, “the conviction that private operators are likely to be able to deliver services more efficiently is indeed often also a key driver of the continued effort to get into PPPs” (p.1).

In recent years, China has needed extra financing in the area of transportation infrastructure than what the government alone can provide. Consequently, the ability of the government on its own to provide an effective and efficient public service has been questioned and reassessed at various levels (Yuan, Skibniewski, Li, & Shan, 2010). Accordingly, recent years have witnessed the

promotion of “private investors in the development of Metropolitan Transportation Systems (MTS)”, and the adoption of more PPP models (Yuan et al. p. 5). However, China’s quest for transportation infrastructure projects has been in the area of urban development, for instance, bridges, highways and tunnels, and much attention seems not to have been paid to the area of improvement in transportation service delivery.

Adoption of PPP in the delivery of public service infrastructure has the propensity of effectiveness and efficiency because it is enhanced by capitalising on the private sector’s professional and technical expertise, and financial and managerial competence. This, also, augments the necessary maintenance and operation of infrastructure. According to Rao and Vokolkova (2007),

*this allows public services to be delivered more efficiently and effectively, which allows Government resources to be channelled into other areas where direct public investment and intervention is required. It is also true that partnerships need not necessarily mean mega investments but could also be involving more citizens to be part of partnerships that can bring in all the desired results normally associated with PPPs, more so in the transport sector of Botswana (p. 3).*

Traditionally, in the United States of America, the medium through which transportation infrastructure has been financed has been through gas tax, and not through direct tax like road tolls. It is opined by Murray (2007), that,

*traditionally, in the US, the public sector shouldered the main responsibility for managing transportation—acquire right-of-way (ROW), design, finance, operate, own, and maintain while the private sector was only allowed to build roads following all the regulation and permits introduced by the government. The reformed PPP model awards ‘design-build’*

*contracts on a competitive ‘best-value’ basis instead of the conventional ‘low-bid’ basis and thus turn over the design build responsibility to the private sector leaving with the government the financing and maintenance of the roads. The idea is to give road to everybody while allowing the private sector to earn some profit and the public sector to save some money (p. 53).*

In their view, Soomro and Zhang (2013), postulate public-private partnerships to be institutional arrangements that ease private business activities in the public sector. Implementation of transportation PPPs is “based upon governmental efforts to achieve extended efficiency, economy, and effectiveness in comparison to conventional infrastructure procurement systems” (Soomro & Zhang, 2013, p. 1). Transportation PPPs have achieved notable success in infrastructure development goals. That notwithstanding,

*introducing long-term profit-oriented activities for public infrastructures, which basically run on the principles of social welfare, has brought numerous new management issues and risks that were never observed before in conventional infrastructures’ procurement systems (Soomro & Zhang, 2013, p. 1).*

From the above, it can be observed that, indeed PPP has helped in the area of transportation, notably in infrastructure. However, the literature seems to suggest that not much effort and attention has been paid to the improvement of service delivery in transportation, especially when it comes to the day to day travels of people. In view of this, this study tends to focus on the missing gap in the existing literature, namely the efficient and effective provision of services, as well as the nature and management of transport-related PPPs, and how this enhances, or impedes the outcomes or expected outcomes, of PPPs in the transportation industry. The study however focuses on the transport sector in Ghana by limiting the study to the ISTC’s PPP.

## 2.6 LEGAL AND REGULATORY FRAMEWORK FOR PUBLIC-PRIVATE PARTNERSHIP IN GHANA

There is no single legal framework within which PPP in Ghana is operated. In 2011, a National Policy on Public-Private Partnership was birthed and accepted by the then cabinet (Daily Graphic, 2014), to provide a clear and consistent process for all aspects of PPP project development and implementation from project identification, appraisal, selection, to procurement, operation and maintenance and performance monitoring and evaluation (Republic of Ghana, 2011).

Some other legal policies and regulations that govern various kinds of PPP in Ghana comprise the Ghana Investment Promotion Centre Act, 2013 (Act 865), the Financial Administration Regulation 2004, (LI 1802) as well as the Financial Regulation Act, 2003 (Act 654), Procurement Act, 2003 (Act 663), Bodies Corporate (official Liquidation Act, 1963 (Act 180), which is significant because often PPPs entail the creation of “special purpose vehicles” which may suppose a legal status of their own), the Companies Code, and a host of others.

It is worth noting that the lack of a single legal framework governing PPPs in Ghana has been an issue that is currently being addressed by Government (Adjetey, 2015). As of 2015, a Public Private Partnership (PPP) draft Bill was going through some amendments to meet the demands of interested parties. The Ministry of Finance announced this at a media forum on the PPP policy in Accra. It is hoped that the Public-Private Partnership (PPP) Bill will soon be tabled before Parliament for approval to give a clear legal backing to PPPs.

The relevance of a well-founded regulatory framework to control PPP processes has been mentioned in various studies (English & Guthrie, 2003; Kumaraswamy & Zhang, 2001). It can serve as the main indicator through which the success or failure of PPP policy is evaluated. A legal

regulation is required to “assure that a balance of public and private interests is reached through partnering arrangements” (Pongsiri , 2002, p. 488).

Appuhami, Perera, and Perera (2011), contend that, developing countries such as Sri Lanka has faced major challenges in the implementation of PPPs because of the weak nature of their regulatory framework. However, developed countries like the United Kingdom and Australia have been able to successfully adopt PPP policies because they have legal regulations and guidelines which plainly spell out the relationship that should exist between the public and private sectors (Appuhami et al., 2011).

## 2.7 CONCLUSION

From the above, it can be said that PPPs have some significant lessons to be emphasized on. It has been argued by various scholars that PPPs bring about value creation by advancing infrastructure projects in an economy in areas like transport, environment and sanitation, health and education, especially, in countries situated in the global south (Adjetey, 2015). These values created come mostly from “the private partner’s operational efficiency, limited social responsibilities, increased market capitalization, and combined financial and decision-making authorities in the partnerships” (Qingbin & Lindly, 2010, p. 16).

Additionally, the terms of financing a PPP is clearly stated for the understanding of the parties involved. Also, the risk involved is bequeathed to the partner who can manage risks well, while revenues accumulated as part of the project is distributed based on the terms and conditions of the legal arrangement.

Last but not the least, PPPs come as an important mechanism hinged on the assessment of market conditions, and driving on the shoulders of competitive edge. The reason for engaging the private

sector in partnership with the public sector is linked to the argument that, the private sector is good with management and service delivery as opposed to the public sector. It, therefore, seems the neo-liberal theory provides good grounds, theoretically, for understanding the origins, processes and outcomes of PPPs.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.0 INTRODUCTION**

This chapter discusses the procedures and methods used for this study. It fundamentally delves into the philosophical underpinning and the adopted research design for this study. Also, it discusses the method of data collection and analyses used in the study. Issues pertaining to ethics, as well as the validity and reliability of the information gathered are all discussed in this chapter.

#### **3.1 RESEARCH PARADIGM**

This study used the interpretivist paradigm of research as the guiding tool for the research. Proponents of this paradigm contend that, determining what is real and its understanding thereof can only be achieved through the subjectivity of, and the intervention in reality (Saunders, Lewis, & Thornhill, 2000). Unlike tadpoles which can be subjected to experiments, human beings differ. Human behaviour is highly unpredictable and it is dependent on the existing circumstance as at the time of action. Also, there is nothing like a fixed reality, hence, how individuals perceive common issues may be logical but divergent.

Again, since the decision to adopt and implement PPP as a policy strategy is in the context of politics and thus behavioural, the study seeks to appreciate the independent thoughts of the contributors. This paper, seeks to rely as much as possible on the participants thoughts, or perception about the subject under study. Consequently, the researcher seeks to make sense of the meaning others ascribe to the subject of PPP.

### 3.2 RESEARCH DESIGN

A research design shows the methods and procedures to be used in collecting information needed to structure and solve the problem under study, and tells of what information is to be gathered, and from what source.

As contended by Smith and Albaum (2005), an appropriate design warrants that the data obtained is relevant to the problem of the study and also, it is gathered through an objective and economical procedure. There is not one best fit all, or best design. Instead, various designs provide an array of choices, each with its merits and demerits.

This study used an exploratory method in qualitative inquiry to answer the research question: What are the implementation processes, outcomes and challenges of the ISTC's public-private partnership (PPP)? The use of exploratory methods is justified on two grounds. First, given the descriptive nature of the research question, exploratory method was appropriate as it is deemed relevant for descriptive studies (Babbie & Mouton, 2005; Creswell, 2014; Neuman, 2000). Second, given the seemingly non-availability of an appropriate model to measure and test the constructs of PPP as conceptualized in this study, exploratory method was employed in order to gather relevant information for further quantitative analysis. The study employed interviews in data collection for analysis on the part of the workers of the ISTC. Also, random sampling was used to solicit for information from respondents, that is, the clients of the ISTC.

Two main sources of data comprising primary and secondary data were employed for this study. The sources of secondary data included books, journal articles, government reports and documents, newspapers, and magazines, while primary data was collected through interviews. Using purposive sampling, the researcher collected relevant literature for analysis guided by the research question.

Thus, it allowed the researcher to attain an understanding of the study subjects, enabling in-depth description, analysis and presentation of data.

This research sought to study and collect data with the assistance of semi-structured interview guides. The researcher is of the view that, the conduction of interviews gave him the opportunity to understand better, the actions and perceptions of individuals, as well as meanings even while communication transpires. The study investigated the cases of the Intercity STC Coaches Limited. This institution (Government) is selected because it has engaged in PPP practices in the area of service provision and thus was appropriate for the study.

### 3.3 UNIT OF ANALYSIS

According to Yin (2017), a case may exhibit differing characteristics, a case may be concrete like a person, a place, a device, or less concrete like a relationship, a project, or a process. The study sought to use as the unit of analysis, the PPP strategy of ISTC and its impact on its service delivery.

#### 3.3.1 STUDY AREA

The study aimed at exploring how PPP has helped in the improvement or otherwise of service delivery at ISTC. The ISTC began in the year 1909 as a Government Transport Department with the aim of catering for the needs of the central government. However, on 9<sup>th</sup> March, 1965, it was made a body corporate through the Legislative Instrument (LI) number 414, and was to run commercial passenger services and the name was changed to State Transport Company (STC).

In addition, in January 1968, the government created a haulage division to cater for the haulage of both dry and wet cargo. This was also handed over to the STC to manage as a bulk haulage

division, to function alongside the passenger division. The STC was later incorporated in June 1995 as a Limited Liability Company under Ghana's Companies Act, 1962, (Act 179) with the name, State Transport Company Limited. Over the years, the company has gone through changes, and is now known as the Intercity STC Coaches Limited since October, 2003.

The ISTC has as its vision “to be the leader in the road passenger transport industry in Ghana and the ECOWAS sub-region” (Intercity STC Coaches Limited, 2017). Also, it seeks as its mission “to consistently and profitably deliver the safest, most comfortable and reliable road transport and allied services using highly motivated and competent workforce and state of the art facilities to meet the aspirations of all stakeholders” (Intercity STC Coaches Limited, 2017).

As a transport company, its corporate goal is “to be the leader in the Road Transport industry in Ghana and the ECOWAS sub-region, consistently and profitably” (Intercity STC Coaches Limited, 2017).

### 3.3.2 SOURCES OF DATA

The study adopted the use of both primary and secondary sources which made room for triangulation. Additionally, with the assistance of semi-structured one-on-one interviews, the study acquired primary data from staff of the ISTC (5), partners (3), and clients of ISTC (12).

Also, the study used secondary data sources such as books, reports, government policy documents, articles from online academic journals, and other internet sources. The availability of the internet, which stores and serves as a database for important information on public issues, is a crucial tool for the research work. For example, the webpage of the ISTC was an instrumental source of information for the study.

### 3.3.3 TARGET POPULATION

The population of the study is an aggregation of elements from which the sample is actually taken (Trochim & Donnelly, 2001). The population targeted for this study was the ISTC, its partners and some selected customers of the ISTC. The choice of the ISTC and some selected customers is due to the fact that, the ISTC has embarked on PPP policies to enhance their delivery of transportation services. Also, the selection of some customers as respondents is due to the fact that, they are the ones to whom service is rendered and as such, are directly impacted.

The population which the study sought to choose from at the ISTC included the Managing Director, senior administrative and technical staff from both the head office, and the Greater Accra regional office, and customers and partners of the ISTC. Thus, the study targeted the management officials, senior staff of both the ISTC and its partners, and clients of the ISTC.

### 3.3.4 SAMPLING TECHNIQUE

As an exploratory study, purposive sampling technique was used to select staff of the ISTC who possess and are adept at revealing the needed information critical to attaining the goals of the study. These people include: The Head of Marketing and Business Development, Human Resource Manager and the Greater Accra Regional Manager, Head of Traffic, Research and Operation Officer. This sampling technique provided access to staff of the ISTC who possessed the requisite knowledge and experience about the phenomenon under study. Furthermore, in sampling the customers of the ISTC, convenience sampling technique was adopted for a focus group (2 groups of 6 members each) discussion of respondents who were available at the ISTC yard, and were willing to contribute to the research.

### 3.4 INSTRUMENTS OF DATA COLLECTION

In harmony with the adopted qualitative approach, a semi-structured interview was the specific data collection tool used by the researcher to solicit for information from the research field. The researcher asked a set of pre-defined questions, but the interviewees were however allowed to offer answers to other issues, which came up during the interview process. Moreover, a comprehensive interview guide was developed by the researcher to serve as a catalyst in the focus group discussion with participants. Also, this guide was designed to directly reflect the aims and objectives of the research.

Getting access to the participants for the interview was possible after the ISTC had approved the introductory letter which was sent to them by the researcher. All interviews were carried out at the premises of the ISTC for the ISTC participants, and the ISTC clients and the premises of the partners, in this case, Smice International, Nordic Logistics and MPlaza Coach Services. However, secondary data was used in the case of the AMPS Family since it was difficult in getting their management to interview as a source of primary data. All interviews were conducted in the English language. All interviews were carried out only when the participant had granted the permission sought.

### 3.5 LIMITATION AND CHALLENGES

The collection of data was not devoid of some challenges. Some of these challenges were surmounted, while others were not since they were above the researcher's ability. The initial challenge was getting the respondents to agree for their voice to be recorded on an audio device. However, this challenge was surmounted after some discussions and pleadings.

One fundamental challenge was that of accessing some official documents from the ISTC, especially contractual agreements on the partnership. Though it was impossible to access these documents, other operational reports which aided much in the analyses of this study were made available. Also, there were some challenges in locating some of the critical respondents, like in the case of the AMPS Family to conduct an interview for the primary data. However, the researcher was able to secure a secondary data that helped in the analyses of the work.

Transcribing the audio recording was also a major challenge. The lengthy interviews made it difficult and quite uncomfortable to transcribe. Due to ethical issues that bordered on confidentiality, the researcher had to transcribe the interviews alone. Lastly, financial resource was a major hindrance. Due to the spread of the offices of the respondents, and to some extent, the difficulty in allocating some, the researcher had to expend additional funds unbudgeted for.

### 3.6 DATA MANAGEMENT AND ANALYSES

Qualitative data analysis required the researcher to categorize and make meaning out of collected data, with the aim of communicating this information to research audience. All the interviews were recorded with the assistance of a voice recorder and this was augmented with the making of some notes in a notebook. The recorded interviews were then transcribed. Data collected by the researcher was then presented and analysed using themes reflecting in the objectives of the study and the literature review.

### 3.7 ETHICAL CONSIDERATIONS

Prior to conducting of interviews, the researcher sought for the consent of respondents through the signing of a research consent form. The consent form detailed an agreement between the researcher

and the interviewees of guaranteed confidentiality and anonymity of participants. Participants were informed of their right to withdraw from the study as and when they deemed fit without any reprisal. Recordings and transcriptions were deleted from the recorder and computer at the end of the study to prevent re-use, and in protecting the anonymity of participants.

### 3.8 RESEARCH VALIDITY AND RELIABILITY

In order to ensure validity, the research created an ambience of trust through the communication of comprehensive information on the adherence of ethical standards by the researcher to participants. This was done with the aim of ensuring that participants in all honesty answered questions posed to them, and not hide, or be reluctant to offer any important information for reason of being afraid of harassment based on their responses. Follow up questions were asked to seek clarification of vague responses to enhance the validity of the study.

According to Yin (2017), there must be a possibility to repeat the result of a study, in a different or same setting or at a different time for similar results. In order to prove the reliability of the research, primary data collected was corroborated by juxtaposing all available secondary sources of data with it.

## **CHAPTER FOUR**

### **ANALYSIS AND PRESENTATION OF FINDINGS**

#### **4.0 INTRODUCTION**

This chapter has four main sub-sections: the first section discusses the nature of the partnership between the ISTC and its partners: Smice International, Nordic Logistic Limited, and MPlaza Coach Services. The second section explores how the partnership has been rolled out while the third section explores the outcome of the partnership. The final section discusses the challenges that impede the implementation of the partnership.

#### **4.1 THE ACTORS IN THE ISTC PUBLIC PRIVATE PARTNERSHIP**

This section briefly describes the actors involved in the ISTC public-private partnership, namely ISTC, Smice International, Nordic Logistic Limited and M Plaza Coach Services.

The ISTC came into being in the year 1909 as a Government Transport Department with the aim of catering for the needs of the central government. Subsequent to that, on 9<sup>th</sup> March, 1965, it was made a body corporate through the Legislative Instrument (LI) number 414, and was to run commercial passenger services, and the name was changed to the State Transport Company (STC). It was later incorporated in June 1995 as a Limited Liability Company under Ghana's Companies Act, 1962, (Act 179) in the name, the State Transport Company Limited. Over the years, the Company metamorphosed and it is currently known as the Intercity STC Coaches Limited since October, 2003. As of now, the government of Ghana owns 20%, while the Social Security and National Insurance Trust (SSNIT), owns 80% of the shares of the ISTC making the ISTC a wholly publicly owned company.

The ISTC has as its vision and corporate goal “to be the leader in the road passenger transport industry in Ghana and the ECOWAS sub-region” (Intercity STC Coaches Limited, 2017). Additionally, it seeks as its mission “to consistently and profitably deliver the safest, most comfortable and reliable road transport and allied services using highly motivated and competent workforce and state of the art facilities to meet the aspirations of all stakeholders” (Intercity STC Coaches Limited, 2017).

On the other side of the coin is Smice International Limited. "SMICE" is an acronym for Servicing Mining, Industrial and Construction Equipment. Smice International Limited is wholly Ghanaian owned, and was incorporated on January 31, 1996 as AN Smice, a limited liability company with three shareholders authorized to operate in the following areas:

1. Importation, sale, installation and maintenance of plant and equipment for Mining, Construction, etc.
2. Power Generation, General Industrial Manufacturing.
3. Importation, sale and maintenance of Motor Vehicles of all capacities.
4. Provision of Engineering Services and manufacture of equipment.
5. Manufacturers' Representatives and Commission Agents.
6. Dealers in Lubricants and Petroleum Support Services.

Congruent to its vision of becoming very relevant in West Africa and to take advantage of the global market, the name Smice International Limited was adopted in 2000 to replace A.N Smice.

Also, the MPLaza Coach Services is another partner of the ISTC. MPLaza Coach Services is a subsidiary of Mariset Company Limited, a wholly Ghanaian-owned hospitality holding company.

The objective of this company includes operating luxury inter-city passenger coach services within Ghana and West Africa; the operation of luxury coach hiring services, and the promotion and organization of package tours.

Last but not least of these partners is Nordic Logistic Limited. Nordic Logistic Limited is a registered Ghanaian company located at the Airport Residential area. The company was set up in October 2013 by its current founder and only shareholder, Mr Kwasi Ofori. Nordic was set up with a capital of 100,000 Ghana cedis (around 20,000 Euros) and comprised 100,000 shares. Nordic had been set up initially to import lubricants in Ghana, but this activity was never launched and the structure has been dormant since inception. It was therefore decided that the company would be used as the entity that will manage the bus transportation activity in partnership with the ISTC (the “Nordic Project”).

#### 4.2 THE NATURE OF THE PARTNERSHIP BETWEEN THE ISTC AND ITS PARTNERS

It is evident from the preceding chapters that there exists a partnership between the ISTC, Smice International, Nordic Logistic Limited, MPlaza Coach Services and the AMPS Family, and this partnership can be classified as a Public-Private Partnership. Undoubtedly, these partnerships have come into being strategically to propel the ISTC to provide excellent services to their clients by making sure there are enough buses in their terminals to carry them to their destinations anytime while ensuring their safety. It must however be noted that, there are four distinct partnerships.

The objectives of these partnerships as stipulated by the key respondents include aiding the ISTC in maintaining its market share in the transport sector; preventing the ISTC from relapsing due to the unavailability of buses; strengthening the revenue mobilization of the ISTC; enhancing the

ISTC's competitiveness in the transport sector; ensuring that the ISTC plies identified lucrative routes; and creating opportunities for the private partners of the PPP to ride on the success of the ISTC to grow.

Inter-city transportation is very vital in the development agenda of any country. However, globally, most countries are presently facing an intractable challenge of financing public transport. Due to their poor financial performance, many public transport firms are not able to service their debts and buy new vehicles (Kiggundu, 2009).

The prime objective of this partnership was to ensure that the ISTC did not lose its customer base and long-established roads to competitors. To quote the words of one ISTC interviewee, "...we didn't want to lose some of our major roads to our competitors because we have run these roads for quite a long time" (Interview, 2018). According to this same interviewee,

*...the demand is now so high that the few number of buses that we have cannot suffice the roads, and that as a way of sustaining the roads, we asked these private people to come and join us* (Interview, 2018).

Thus, according to information gathered, the ISTC took the initiative to undertake the PPP upon the realization that it could not on its own satisfy the demands of its customers, considering the countless challenges it faced prior to the PPP. This underscores the age long assertion that publicly owned companies usually enter into PPPs, with the hope of minimizing costs while at the same time ensuring customer satisfaction.

Additionally, these partnerships exhibit some facets that are worth noting. First, Sedjari (2004) opines that PPPs can be originated either by the public sector or, by the private sector. In the PPP of the ISTC, Smice International, AMPS Family, and MPlaza Coach Services, it is observed that the ISTC initiated the partnership. This is further affirmed by the respondents who are parties to

the PPP. It has been asserted by one that “the whole idea was brought up by STC”. According to this respondent, when the ISTC realized the “lucrative” nature of the “Tudu to Aflao route” and their (ISTC’s) inability to make good use of the route due to the lack of buses, they “approached us and asked for investment support” (Interview, 2018). The party in question agreed to the ISTC’s proposal after undertaking feasibility studies and subsequently offered twenty-five buses for the route in question, thereby starting the partnership.

On the other hand, through the data collected it was observed in the case of Nordic Logistic Limited, that the private sector initiated the process of partnership. This is confirmed by an interviewee from the company who also indicated that, it is sometimes the prudent decision to attach oneself to an already established brand so as to avoid some of the needless waste of resources that usually characterizes efforts at starting your own company. According to this Nordic representative, though the ISTC had the difficulty in providing the required number of buses to expand its operation capacity, the company “has their reputation over a number of years” and “we have the buses - we have the capacity to bring in buses”. It was therefore the prudent choice to partner with the ISTC since “they benefit from our buses and we also benefit from their name” (Interview, 2018).

The above corroborates Sedjari's (2004), view that a public-private partnership can either be started by a public company, or a private company as the partnership of the ISTC exhibits both features. Again, Kahyaoğullari (2013, p. 251) contends that, “PPP can be best distinguished in the implementation phase”. Siddiquee (2011, p. 132), notes that, “the degree of public sector involvement varies significantly between types”.

Furthermore, the ISTC partnership shows a form of franchise as stipulated by (Skelcher, 2005). As indicated earlier, franchise is characterized by the issuing of a license by the state agency

involved to the private entity to do business, or provide a service on its behalf, and it is through the use of user fees that the private company gets its income. Thus, there appears to be a thin line between contracting out and franchising since the government becomes the “arranger” in both cases. Though in contracting-out, the agency involved pays the private entity for the service rendered, whereas, in franchising, it is the users of the service who pay the private entity (Savas & Savas, 2000).

In effect, the partnership of the ISTC shows a franchise in nature. For instance, in the case of Nordic Logistics Limited, it was noted by a respondent that “the buses are going to use ... their emblem. They are going to make us use their terminals.... But then we are going to provide our own buses”. With regards to drivers, the same respondent asserts that “we are going to have our own drivers” (Interview, 2018). This is notwithstanding the fact that the buses and drivers operate from the terminals of the ISTC, and also carry the logo of ISTC. The respondent further indicated according to the agreed terms, Nordic Logistic Ltd gives “10% of the revenue” generated to the ISTC, and that is “the kind of agreement that we have with the ISTC” (Interview, 2018).

Additionally, the ISTC partnership with Smice International, AMPS Family, and MPLaza Coach Services operates in a similar manner. In these partnerships also, the fares paid are given to the private companies. Even though in the mind of the commuters they are paying the monies to the ISTC, it is actually the private firms that the money is directly going to, before the ISTCs share is given to them afterwards.

Considering the nature of the partnership, one could deduce that some of the buses operating in the name of ISTC are not actually theirs; instead, they belong to a private company that has been permitted to use the name and logo of the ISTC to operate, while the ISTC benefits from it. This arrangement consequently falls in line with the argument by Pollitt and Smith (2002), that

postulates that the monopoly rights of government are transferred to the private party after the private party acquires the franchise through competitive tendering. However, in the case of the ISTC, there was no competitive tendering, though a contract has been signed by the parties. It is also the case that under a franchise arrangement, the private party bequeaths ownership of the infrastructure involved to the public company (Pietroforte & Miller, 2002), but this is not the case in this arrangement either.

On the other hand, the PPP arrangement between Smice International and the ISTC brings forth the idea of strategic partnering. Ashkenas et al. (2002), as cited in Skelcher (2005, p. 357), argue that “strategic partnering between public and private agents involves a situation in which there is no boundary in terms of the distinctions between the constituent parties.” More so, strategic partnering has been defined by Grimshaw, Vincent, and Willmott (2002, p. 482) as “permeable organizing practices that are intended to yield mutually beneficial outcomes.” On their part, Rouboutsos and Chiara (2010), state that strategic partnering generates a win-win benefit after a Strength, Weakness, Threats and Opportunities (SWOT) analysis have been carried out in the various sets of the respective sectors.

As noted by a respondent from Smice International,

*they (ISTC) realized that the Tudu to Aflao route would be lucrative but they did not have enough smaller buses for this cause. So, the then managing director approached us and asked for investment support. So, we agreed after undertaking feasibility studies. Also, he further stressed that, the partnership is an alliance type, in that we provide buses and they provide the drivers and both of us work to our mutual benefit (Interview, 2018).*

From the above, it can be said while the ISTC was looking for avenues to ply the lucrative Tudu to Aflao route, Smice International was also looking at how they were going to benefit from their

partnering with the ISTC financially, and this is typical of the Kumasi-Accra route, which is operated by M Plaza Coach Services and Nordic Logistics Limited.

In summary, it is observed that based on the first objective of this research, the partnership between the ISTC and its partners take different forms. These partnerships are either strategic or franchising, as espoused by Skelcher (2005). Even though under a typical franchise, a license is normally issued, this is not the case of the ISTC's PPP. However, a mutual agreement in the form of contract has been signed and can be abrogated by one partner if it feels short-changed in the process of implementation when the necessary legal procedures are followed. The contractual agreement can be modified when it becomes necessary. It is worth noting that, there is no specific legal regulatory framework that this PPP operates within apart from the signed contracts.

#### 4.3 IMPLEMENTATION OF THE INTERCITY STC COACHES LIMITED'S PUBLIC-PRIVATE PARTNERSHIP

This section basically gives details about how the contract that exists between the ISTC and its partners are rolled out. It includes what each partner is supposed to do under the partnership, and also, the financial arrangement involved in the partnership.

##### i. Provision of buses

The private entities under this partnership provide the buses as agreed, based on the terms of the contract. In this case, Smice International has provided 25 mini buses, AMPS Family has provided 10 mini buses, Nordic Logistics Limited has provided 7 out of the original 100 mentioned in the contract, and MPlaza Coach Services has provided 10 buses. All these buses run from designated

ISTC terminals. However, these buses are to meet the standards of the ISTC before they can be passed to be used. It was said by one respondent from the ISTC that,

*we (ISTC) have our own specifications so that if you want to bring a bus to partner us, you must meet our specifications. For example, if you can see the new coaches that we are using, we have Wi-Fi on board, we have washroom facility on board, we have ... CCTV camera. All these things are some of the specifications that we want the partners to bring on board. So that if you are bringing a bus and the bus does not have these things, then in fact you cannot meet our standard. The standard that we set for ourselves, we want whoever is coming also to match those standards such that, we don't run different coaches (Interview, 2018).*

From the above, it is evident that though these buses are provided by the private entities, they have to keep to ISTCs standards based on the quality of the buses and their features. Therefore, any bus that does not conform to the standardization of the ISTC is rejected even though a contract might have been signed.

## ii. Drivers

Per the agreement, ISTC will employ and train drivers. However, these drivers would be paid by the private entity. This is corroborated by a respondent saying, “ISTC has a culture in terms of safety, reliability and comfort and we don't want to lose those credentials” (Interview, 2018). The argument is that these are the hallmarks of “our noble company and therefore when you want to partner us, we don't allow you to bring your own drivers”. Thus, even though the private partners provide the buses, these buses are manned by drivers who have been specially trained by ISTC.

The research revealed that before their employment with the ISTC, all drivers are tested on reading and writing and given further training for one month, which includes two weeks of theory and two weeks of practicals. The purpose of this training is to reorient the drivers into the ISTC driving standards. The training period is then followed with an attachment with senior drivers who monitor and write reports on the trainee drivers for about a month. The ISTC officials consequently assert that even if a private partner “have the best of the drivers”, these drivers “must pass through STC training and recruitment system” before they can be integrated into the ISTC as drivers (Interview, 2018).

### iii. Operations and Operational Costs

With regard to the management of the buses, it rests in the bosom of the private entities. Though though ISTC employs drivers to man these buses and run maintenance services at their workshops, supervision of this maintenance is done by the private companies owning the buses. Operations, which include but are not limited to maintenance, washing and fuelling of the buses are borne by the private partners of the ISTC. A respondent from one of the private entities stresses that “ISTC manages the drivers and we manage the project” (Interview, 2018). This is in line with the general conviction among neo-liberals that the private sector has superior knowledge in managing assets than the public sector. As such, engaging the private sector brings synergy and the public sector's "authority to legislate and regulate, and its solemn obligation to sustain the public interest with the private sector's capacity for risk-taking, innovation, marketing, and for tapping a variety of financial resources" (Finney & Grossman, 1999 as cited in Asare & Frimpong, 2013, p. 115). The combination of the ‘strengths’ from both sides help in salvaging the many problems of the society (Finney & Grossman, 1999). As noted by Awortwi (2004), PPPs not only limit but also shares the

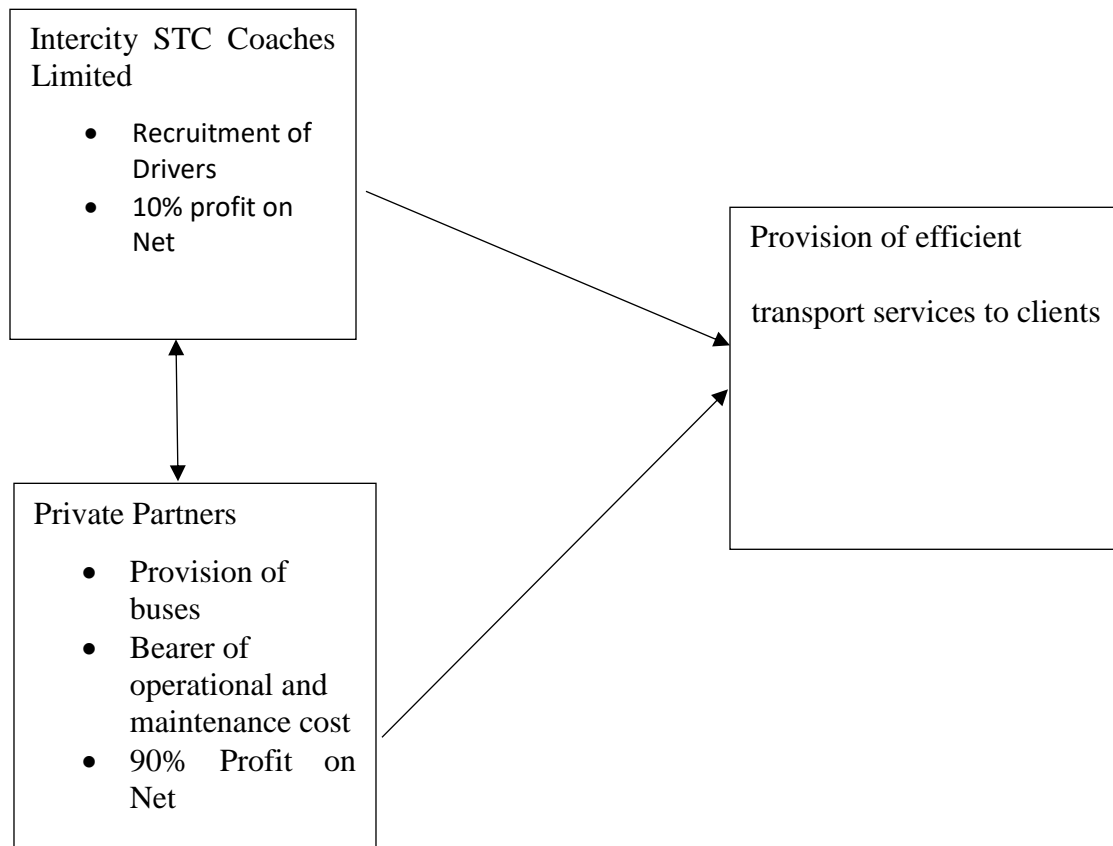
risks associated with investments between the partners. The public sector is able to gain expertise, skills, and resources from their partnering with the private sector, and the sharing of responsibility among the parties to the ISTC's PPP clearly underscores this point.

iv. Profit Sharing

According to the partnership agreement, proceeds from the partnership are shared on a 90% and 10% basis to the private partners and the ISTC respectively. This is done after all operational costs, including the washing of buses, maintenance, and the payment of salaries of the drivers have been settled.

The figure below summarizes how the ISTC is implementing its partnership with Smice International, Nordic Logistics, MPlaza and the AMPS family.

**Figure 2: Summary of implementation process of the partnership**



Source: Author, 2018

#### 4.4 IMPLEMENTATION OUTCOMES

The previous section looked at how the PPP arrangement has been implemented. As a result, this section explores the outcomes of this implementation process. The outcomes are explored based on the perspective of the ISTC; the private partners, and finally on the part of commuters who use ISTC buses.

#### 4.4.1 INTERCITY STC COACHES LIMITED PERSPECTIVE OF OUTCOME

The Intercity STC Coaches Limited was expectant that engaging the private sector will help augment their work. The respondents from ISTC acknowledged during the interviews that, they lacked the capacity to deliver their mandate to their full capacity. Therefore, they engaged the private sector, knowing that they possess ‘superior’ knowledge in management and the financial muscles to propel ISTC to achieve its mandate. This, they believe will boost their market share in the transport sector. Staff of ISTC explains the purpose of this partnership as follows:

*...we are now in a competitive world and we didn't want to lose some of our major roads to our competitors because we have run these roads for quite a long time. But then the demand is now so high that the few number of buses that we have cannot suffice the roads. So, in a way of sustaining the roads, we asked these private people to come and join us. So that even if we are not making profit, we can still serve our customers until the time that our own buses arrive. So, it's a matter of just engaging them to sustain our roads because we see some of the roads to be more profitable. And then if you leave your more profitable roads to your competitors, you are going to be out of business very soon, and we don't want to be out of business (Interview, 2018).*

This was corroborated by the Head of Marketing, Business and Development at the head office of the ISTC. According to him, the ISTC “was a sole ownership of the government of the day” but the current trend in the market requires that there was the need to involve private investors. He opines that “we need to drive business and every serious business minded person will not sit down for the business to relapse before you start doing something about it”. According to him, despite having “a competent, well-structured management team and a board”, the ISTC at the time of initiating the PPP agreement the ISTC had fewer coaches (50) and this would not have allowed it

to achieve its goal of offering world class services to commuters across all the ten regions in Ghana (much more to talk about the West African sub region). This eventually necessitated the need to bring on board “well diligent, well composed, and well resourceful organisations or companies, that have the resources, or coaches, to come into partnership with the ISTC to enable us serve our customers very well” (Interview, 2018).

The Greater Accra manager of ISTC also had this to say:

*The main purpose of the partnership is to bring buses.... The thing is we don't have buses.... We don't have enough buses to operate or to cover our routes. And when it happens like that, the company breaks down. That is why all these agreements came in to bring more buses for us to waken up our services (Interview, 2018).*

He also postulated that,

*if you want to meet competition, you always have to sit down and come up with something that will add value to the service that you are giving out ... because you want to beat your competitors. This is not those days when the ISTC was using seater and the others were using “atonkyene”. [He explains “Atonkyene” to be a lower grade of bus seats]. Then, it was clear monopoly. But now people are using more sophisticated buses, so what else can you do to beat competition. So, the idea came up, that why don't we do something, for these our passengers. So that at least we can catch up with our opponents. So, we sat down and thought about bringing people into the bus to serve the passengers with some snacks. And that has worked out very well. So, these days we are getting more passengers .... (Interview, 2018).*

The above assertions illustrate the rationale for the PPP, at least, from the perspective of the ISTC management. There is the indication that as far as the management of the ISTC is concerned, the PPP is serving its purpose, though some challenges still linger. Thus, in the meantime, through the partnership, the ISTC is now able to offer more customers adequate buses, and better services, as compared to the years immediately preceding the PPP. The tables below give further details.

Table 1.0: Operation by ISTC-owned buses

Year	Trips	Number of passengers carried	Revenue GH¢
2013	9,428	254,675	10,425,135.82
2014	6,848	186,572	11,778,934.27
2015	6,402	165,463	12,139,703.61
2016	8,230	214,216	15,554,925.86
2017	14,498	483,222	34,162,429.12

Source: ISTC Head Office, 2018.

From Table 1.0, above it is observed that, there was a decline in the number of trips and passengers carried from 2013 to 2015, though revenue generated increased, and this is due to the increase in fare year by year. However, the decline in the number of trips and passengers carried is attributed to the breakdown of buses (ones owned prior to their partnership) which hindered the operation of the ISTC. It is as a result of the decline in number of buses due to the poor management of these buses that the ISTC sought to bring on board private companies. In 2016 and 2017 however, it is

observed that, the number of trips increased and this affected the number of passengers carried. But this change is due to the fact that, the government in 2016 procured 50 new buses to support the operations of ISTC.

Table 2: Operations by Private Companies

Smice	Operations	2015	2016	2017
International	Trips	8,993	10,244	10,816
	No. passengers	125,902	143,416	151,424
	Revenue	2,703,400.00	3,054,240.00	3,524,780.00
AMPS Family	Trips	-	957	2,860
	No. passengers	-	13,398	40,040
	Revenue	-	251,356.00	834,204.00
Nordic Logistics Ltd.	Trips	-	-	322
	No. passengers	-	-	10,414
	Revenue	-	-	443,240
M Plaza	Trips	-	-	-
	No. passengers	-	-	-
	Revenue	-	-	-

Source: ISTC Head Office, 2018

Table 2.0 shows the operations by the private partners of the ISTC. It is evident from the table that, the ISTC has been able to service thousands of commuters as a result of these partnerships. Additionally, they have increased their revenue base, and this has gone a long way to propel the

ISTC forward. Consequently, the Head of Marketing, Business and Development at the ISTC Head office when asked about the outcome of the partnership avers that:

*We have so far not encountered any disappointments, but rather, the alliance is helping. It is giving us much returns, our revenue has increased because we now have buses to carry our clients. Also, we are not making losses because all operational costs are catered for before we take our 10% (Interview, 2018).*

He further opined that:

*Now we can meet all our responsibilities to SSNIT, staff and even pay our arrears... Drivers' salaries have increased and we are considering every worker too, including management. We are also able to pay for the buses bought for us by the Government. We have been able to pay \$1 million each for the three payments we have done so far (Interview, 2018).*

From the above, it can therefore be argued that the PPP has so far been beneficial to the ISTC in the sense that, a company which was virtually winding up, is now able to meet its obligations and even increase the salaries of workers.

#### 4.4.2 PRIVATE PARTNERS' PERSPECTIVE OF OUTCOME

The expectations of these private entities can be ascertained on various fronts: the mobilization of revenue and the ISTC delivering on their part of the partnership, management of buses, etc.

Firstly, due to the lucrative nature of the partnership, the returns on the investment have been good.

A respondent from one of the private entities attests to this:

*of course, nobody goes into an agreement that will not be beneficial to him. And this partnership has proved to be worthwhile. When you take off the operation cost which include maintenance and the payment of the salaries of the drivers, we get a fair share of deal, and that is good for us (Interview, 2018).*

Again, the buses have so far been in good shape since their management rests with the private firms. They are able to work on scheduled maintenance so as to improve the life span of the buses. Additionally, the buses are catered for in such a way that, the drivers though ‘belonging to ISTC’ do not negligently misuse them. According to one respondent:

*We are very particular about how our buses are driven or used on the streets.... Again, we comprehensively insured all the buses and installed tracking devices in all of them. So, at any given time we are able to monitor and tell the location and speed of each bus and the details of the driver (Interview, 2018).*

The above is in congruence with the neo-liberal mindset that views PPP as an important and innovative management tool (Linder, 1999). Again, it is seen as a reform instrument, used in making the public sector more effective, efficient and responsive to deliver public goods and services.

#### 4.4.3 CLIENTS PERSPECTIVE OF INTERCITY STC COACHES LIMITED SERVICES

The satisfaction customers get from patronizing ISTC’s services have improved considerably. As noted from the focus group discussion held with twelve (12) commuters, it is evidential to say that, generally, commuters are satisfied with the services being rendered by the ISTC. Some of the commuters revealed that they have been patronizing the service of ISTC for over eight to ten years.

Others indicated they stopped patronizing the services of ISTC but are now back due to the changes they have witnessed. These commuters recounted their experiences of not meeting buses at ISTC terminals to transport- a situation which they now see as non-existent since buses are now readily available to all clients. One of the commuters opined that:

*... before then, I was using other buses but I heard there have been a face-lift in ISTC in the past two years so I wanted to come and try and experience the changes which have occurred. Again, I know it is a reliable source of transport service (Interview, 2018).*

Another commuter who agreed that their services have improved, but was also still of the view that the buses were not enough had this to say:

*...some time ago you could get a bus at 12:00 am but now they have changed and now start work from 5:30 am. So, it means, if you come earlier than 5:30 you would not meet anyone. Again, they don't have lot of buses as they used to have before. However, when you come at the new scheduled time, you will surely meet a bus to transport you (Interview, 2018).*

Also, according to one commuter;

*The changes have been very slow, honestly because being the premier transportation company they could have done far better than what we see today. However, there are now new buses and as far as safety is concerned, I still trust their services (Interview, 2018).*

Another posits that *“ISTC has good services from what I have observed as compared to VIP. I have used VIP once but this place looks more organized than that of VIP”* (Interview, 2018).

Furthermore, one commuter contended that:

*I used to hear most at times that ISTC buses break down when travelling. Personally, I do not know how true that is since I have not had such an experience before and now there are new buses which really look nice (Interview, 2018).*

In addition to the availability of buses to transport them as and when they needed one, safety was of much concern to these clients of the ISTC and they believed ISTC offered it more than other transport companies in the country. A respondent contended that, “*for me ISTC takes you home safely and so far as safety is concerned, they are good*” (Interview, 2018).

In the same vein, another client of the ISTC expressed her happiness when talking about how safe she felt when she took ISTC buses. She opined that:

*For some time now, you hear of VIP buses involved in various accidents and you get scared when you are going to take these buses, however, with ISTC, you feel safe when you take it and can be rest assured of getting home because they take good care of their buses (Interview, 2018).*

Additionally, a respondent intimated about the professionalism of the ISTC drivers that:

*the drivers take their time to drive and are very careful on the road. Again, when you need an assistance, they are able to help through the bus hostesses. Unlike other drivers of other companies, I have used before, the ISTC drivers are not rude but friendly, even the young ones.*

Asked about what other factors influenced them to patronize the ISTC buses, they mentioned on the introduction of urinals in the buses, free Wi-Fi, and sharing of snacks to passengers. One commuter postulated that:

*ISTC buses now have urinals inside which the other companies do not have in their buses. They serve snacks; you have access to free Wi-Fi and you also able to charge your phone. Again, you also have a bus hostess you can talk to (Interview, 2018).*

It is evident from the afore discussed scenarios that the ISTC services have improved. The availability of buses coupled with the introduction of free Wi-Fi access, snacks on the bus and bus hostesses to attend to commuters and above all, assurance of safety to passengers have increased the patronage of the ISTC and it is now desired by most people.

#### 4.5 CHALLENGES AFFECTING THE IMPLEMENTATION OF PUBLIC-PRIVATE PARTNERSHIP BY INTERCITY STC COACHES LIMITED

Every policy decision comes along with some challenges. It is easier to formulate policies intended to solve public problems, however, when it comes to implementation, there may be difficulties, some smaller and others larger. Bardach (1977), intimates that:

*It is hard enough to design public policies and programs that look good on paper, it is harder still to formulate them in words and slogans that resonate pleasingly in the ears of political leaders and the constituencies to which they are responsive, and it is excruciatingly hard to implement them in a way that pleases anyone at all, including the supposed beneficiaries or clients (Bardach, 1977, p. 3).*

The challenges of this PPP of the ISTC are espoused from two view points; that is, that of the ISTC and that of the private firms.

#### 4.5.1 RECRUITMENT AND MANAGEMENT OF DRIVERS

A key respondent from one of the private firms alleged that, there is a difficulty in working with the drivers since they do not “belong” to them but the ISTC. He opined that, it is easy controlling and ensuring discipline of your employee but not someone’s. He posited that:

*By now, we should have been able to have done better than we have because it has been three years. But there are certain issues like driver’s indiscipline and others which are really dragging down progress.... Because STC manages the drivers and we manage the project, it poses some sort of difficulty in smooth operation. This is so because owning a project while someone manages the drivers is another thing (Interview, 2018).*

With regards to the drivers and the management arrangement, another interviewee opined that:

*These people work for STC, and the day they should decide not to work for them again, then, we are doomed. Our buses will sit idle and we will lose money.... These drivers belong to a union and the day they decide to go on a strike ... we will be affected. Therefore, it is prudent they allow us to hire our own people so we can deal with them (Interview, 2018).*

It is the case, based on the feedback on the management of the drivers that, there are times the drivers decide not to show up to drive, or even exhibit indiscipline behaviours to the representatives of the private firms at the various terminals, but little can be done by them to sanction these drivers. Even in the case of reporting to the ISTC, it takes time since it may have to

go through the drivers' union, and then to management of the ISTC. This has been a major challenge to the smooth implementation of the PPP of the ISTC.

#### 4.5.2 NON-FULFILMENT OF BUS DELIVERY DEAD LINES

It was observed from the data collected that, some of the private firms did not meet the deadline they were supposed to deliver the number of buses per the agreement signed with them. According to a key respondent from the ISTC, the private partners have “not been fruitful” in a number of ways. This stems from the fact that none of them, as at the time of this research, have been able to deliver on their “promises”. This ISTC interviewee further reiterates that:

*In the agreement, they were to procure 100 new buses for the STC. Now in the absence of that, just some few months ago, they brought some... I mean five ... old buses for us to use for the meantime. And I learnt ... some of the cars they brought have been there for ten years and currently that is what we are using (Interview, 2018).*

There is therefore the indication that the management of the ISTC are a bit frustrated about the failure on the part of the private partners to deliver the required buses as stipulated in their respective agreements. The time lines given for the delivery of most of the buses have elapsed but the failure by some of the private partners to deliver the buses to the ISTC has negative implications for the effective running of the PPP. This notwithstanding, there is also the difficulty in reconciling the number of buses that has been delivered by the private partners to the ISTC. For instance, while an official of the ISTC indicates that only five buses had been given by Nordic Logistic Limited, an official from the latter claim 13 buses have been given to the former.

In an effort to ascertain why only 13 buses out of the 100 (per the agreement) have been delivered to the ISTC, an official of Nordic Logistics Limited had this to say:

*... Of course, I mentioned that the target is 100, but there again I mentioned that we need to open more terminals. So, if the terminals are not there and you bring 100 buses, they are all coming to sit down, and it takes a longer period to develop the terminals. If the terminals are in place ... and there is high demand for the buses, it makes it much easier to bring in the buses. But to bring the buses before you develop the terminals is going to be very costly for us.... We are opening up gradually, slowly.... But we have to sensitize the people or the passengers before bringing the buses. So, once we sensitize the passengers and we realize the feedback is that huge, then we can bring in the buses, so we've started the process and it is ongoing (Interview, 2018).*

The argument here, at least from the private partners' perspective is that, the seemingly refusal to fulfil their part of the agreement on the provision of buses can be blamed on the ISTC for not having enough terminals to run these buses. For these partners', it will not make economic sense to give buses to the ISTC if there are no terminals for the buses to operate from.

#### 4.5.3 DEDICATED ROUTES

The routes that these buses are supposed to ply have become a problem. According to a key respondent from one of the private firms, the ISTC-owned buses and "alliance" buses as they call it are not supposed to ply the same route, but this has not been the case and has affected their operations, and even adds to why they have not sent the actual number of buses they ought to have sent. One respondent contended that the challenges are in "two-fold". He argued that:

*... from the view point of STC, initially, what we said was that we should have some dedicated routes. So, assuming that we are supposed to be running on Kumasi, STC is not supposed to run on Kumasi; they have to do a different route so that the business will*

*become viable and profitable. That kind of agreement has been thrown off the table.... So, this in a way... limits the number of buses you would want to bring even though the initial discussion was to bring in 100 buses. We may have to think twice because the buses will come and they will be 'sitting' and not 'running'. Then it does not make economic sense to go for that number of buses. So that is one angle. So, in our perspective again ... once you have bought or invested in buses and you want to make money, the buses have to always be on the road just to ensure that it is making money for the purpose for which you've invested, at least. The spontaneity is not there... it worries a lot. So that is one major problem we have (Interview, 2018).*

From the above, it can be said that, if the ISTC goes by the agreement they signed and sticks to the route they have given themselves and that of the private firms, there will be harmony in operations and this will ultimately help both the ISTC and the private partners.

#### 4.6 CONCLUSION

The study found out that, this partnership reveals the nature of a franchise PPP, and also takes the form of a strategic partnering. This franchise has a definite time frame, which implies that, the ISTC can withdraw from the contract signed as agreed on by the exit clause of the contract. It can thus choose to modify it to suit their need as and when the need arises - by going through the existing procedure outlined in the agreement.

The study also found out that, just like several PPPs executed, the private companies in this partnership are remunerated via user fees. It was evidential that the expectations, or objectives for

which these partnerships were established have, to a large extent, been met, despite a few operational and institutional challenges.

Throughout the implementation of the partnership, the study revealed that the ISTC's failure to observe to the contractual provisions, especially with regard to the dedicated routes, and opening of terminals, appeared to be affecting the smooth implementation of the partnership and this can be attributed to the lack of a clear legal regulatory framework which has the tendency of making a PPP successful, or fail (Appuhami et al., 2011; Kumaraswamy & Zhang, 2001; Pessoa, 2008; Pongsiri, 2002). This has consequently affected the provision of buses needed to make the partnership more successful.

## **CHAPTER FIVE**

### **SUMMARY, RECOMMENDATIONS, AND CONCLUSIONS**

#### **5.0 INTRODUCTION**

This research sought to understand the nature and outcome of the public-private partnership (PPP) of the ISTC to improve service delivery per its mandate as a state transport company. The research adopted an exploratory approach in qualitative research design and used semi-structured interviews to seek responses from selected respondents within the ISTC and its private partners. Official documents and reports also served as relevant information sources in the analysis of the study. This final chapter espouses the summary of key findings, as well as makes recommendations for practice, policy and research, and ultimately, concludes the whole study.

#### **5.1 SUMMARY OF KEY FINDINGS**

This segment recaps the results on the nature of the public-private partnership of the ISTC, the process of implementation, the outcomes of the partnership, challenges besetting the partnership, and the implications of the study to theory and knowledge. The summary of the key findings is enumerated below.

##### **5.1.1 NATURE OF THE PUBLIC-PRIVATE PARTNERSHIP OF INTERCITY STC COACHES LIMITED**

The study found out that, the PPP of ISTC can be categorized under the franchising and strategic partnering types of PPP. However, unlike a typical franchise where the resources, and in this case, buses are transferred to the public agency, it is not so under this partnership.

Also, the study revealed that in most cases, it was the ISTC that sought out to find partners after it realized the need of additional fleets of buses in the competitive transport environment, and these private firms: Smice International, Nordic Logistic Limited, AMPS family and M Plaza Coaches Services agreed to a contract with them after feasibility studies.

#### 5.1.2 IMPLEMENTATION OF THE PUBLIC-PRIVATE PARTNERSHIP OF THE INTERCITY STC COACHES LIMITED

The study revealed that it was the responsibility of the private entities under this partnership to provide the buses, while the ISTC provided the terminals which these buses will operate from. Again, it was revealed that, the drivers who are manning the buses are recruited and employed by the ISTC, but are remunerated by the private firms. Moreover, the private partners under this PPP are covered under the seemingly long-established successful image and brand of the ISTC.

Additionally, although these buses are stationed at ISTC terminals, the actual management of them is done by the private entities. Operational cost such as maintenance and washing are all catered for by the private partners.

Furthermore, profit generated as a result of patronage of these buses are shared on a 10% and 90% basis to the ISTC and the private firms respectively, after all operational costs, and wages of drivers have been deducted.

#### 5.1.3 OUTCOME OF THE PUBLIC-PRIVATE PARTNERSHIP OF THE INTERCITY STC COACHES LIMITED

The study found out that, the expectations and objectives for the establishment of this partnership was on course. Responses of the ISTC officials interviewed suggested that, these private partners,

had to a large extent, lived up to expectations despite a few setbacks. It was revealed that as a result of this PPP, 52 buses have been added to the fleets of the ISTC pending the render of what Nordic is supposed to add. This study also revealed that, an average of 220,090 commuters have been transported by these alliance buses as at the end of the year 2017, and this gives an indication of growth in the patronage of the ISTC, which before the partnership, was losing its customers to other competitors in the transport sector.

Also, it was revealed by the study that the private companies have not regretted their decision in partnering with the ISTC, since the returns on the partnership have been enormous. Additionally, the private companies see this partnership as a lucrative avenue to make money, while helping the ISTC to deliver its mandate.

Furthermore, the study showed that the clients of the ISTC were happy about the improvement in service delivery, in the sense that, while in times past, they could not get buses to transport them to their destinations, but they now are able to when they visit the ISTC terminals. Also, the introduction of bus hostesses, free Wi-Fi, and urinal aboard the buses are things that these commuters were elated about and thus deemed the services of the ISTC to have improved lately.

#### 5.1.4 CHALLENGES AFFECTING THE IMPLEMENTATION OF THE PUBLIC-PRIVATE PARTNERSHIP OF INTERCITY STC COACHES LIMITED

Though the PPP of the ISTC has improved service delivery as revealed by the study, some challenges were also revealed by the study. The management of the drivers by the ISTC has been a hindrance to the implementation of the PPP. The private partners would have wished to have total control of who drives their buses, and have control over sanctions, but this is not the case since these drivers are employees of the ISTC. In addition to this, some of the partners have not

met the full obligations as per the contract, and this has been contributed to the failure of the ISTC to provide the necessary terminals and specific routes that these alliance buses are supposed to ply.

## 5.2. IMPLICATIONS FOR EXISTING LITERATURE

Several researches conducted on PPPs have generally examined a number of subjects including promoting economic development through PPP (Busler, 2014; Sharma & Sehgal, 2010), success factors (Chan et al., 2010; Pessoa, 2010), and determinants of PPP in infrastructure (Reside & Mendoza, 2010; Sharma, 2012; Yehoue et al., 2006).

Notwithstanding the enormous literature in this area, the issue of evaluating the outcomes of PPP projects and arrangements for service provision in the context of the third world countries is as at now limited. This research aimed at examining the nature of the PPP of the ISTC in its quest to improve transport service delivery within a third world country. The research similarly sought to examine the outcome of the PPP and the challenges posed towards the smooth implementation of the partnership. The findings of this research inveterate some findings of scholars with regards to implementation of PPP, while speaking to the contrary of others.

First, the study confirms Stephenson Jr (1991), assertion that, the actors within public-private partnerships share a goal of community betterment. That is to say, the aim of the actors involved in a PPP is to improve the lives of people and not to “milk” the public purse. It also confirms Finney and Grossman's (1999) assertion that there is a dearth of resources and capacity on the part of governments to tackle the numerous and complex domestic problems of the public sector alone. The idea of PPP therefore is to achieve the greatest possible benefits arising from the convergence of the public sector's monopoly to legislate and regulate, and its sacred obligation to sustain the interest of citizens, and the private sector's expertise in taking risk, innovation and tapping for

financial resources. Combining the efforts of the two sectors unleashes a great current of hope which serves as a way of battling the several intractable public problems.

The study, however, speaks to the contrary on studies by Li (2003), and Cheung et al. (2010), that PPPs are usually characterized by lengthy delays in negotiations. This has not been the case of the PPP of the ISTC based on the data assembled. Additionally, the findings of this study do not support the position of Ismail and Haris (2014), that PPPs result in higher charges to direct users, although services are improved. In the case of the ISTC PPP, though the quality service has improved, user fees paid are still the same and normal as that of ISTC-owned buses.

### 5.3 IMPLICATIONS OF THE STUDY FOR THEORY

The Neo-liberal theory has been found to be germane in explaining why the ISTC brought on board the private sector to help in the delivery of its mandate. It emphasizes and explains the impacts of private sector involvement in the delivery of services. Privatizing service delivery is expected to result in higher productivity gains, efficiency and effectiveness (Asare & Frimpong, 2013). Congruent with the New Public Management (NPM) and New Public Governance (NPG) ideal of managing the public sector with the entrepreneurial skills of the private sector, PPPs seek to enhance greater efficiency in the delivery of public services (Velotti et al., 2012). It is interesting to note that, in the specific case of the ISTC, the PPP is a bi-management partnership. This is so in the sense that, while the ISTC manages the drivers who man the buses, the buses are managed by the private firms.

#### 5.4 RECOMMENDATIONS FOR THE EFFECTIVE IMPLEMENTATION OF THE PARTNERSHIP

The recommendations espoused below are based on the research findings and the preceding discussions. These recommendations will be relevant to policy practitioners, policy researchers, and stakeholders involved in the negotiation and implementation of PPPs.

- First, in order to ensure that the private sector complies with the terms of the contract signed in the partnership, there should be a form of bonding fee which the private firms will be required to pay once they default in meeting the deadline of the agreement. This will ensure the relative effective implementation of future partnership agreements.
- Furthermore, the ISTC should look for more investors who are capable of procuring buses for them to meet the growing demand of their clients. Also, the government ought to help purchase more buses for the ISTC to help in the operations just as in time past, because the ISTC has shown good faith in paying the loan the government used in purchasing the buses.
- Moreover, the ISTC should look for investors who are willing to build ultra-modern hostels or accommodation facilities for their clients since they do early morning trips both locally and internationally. This will help in making clients coming from afar get resting places for the night before their trips. This will also generate income for the ISTC in the long term.
- Also, a mini mart ought to be established on their premises since a lot of people troop in there for transportation service. This will in turn serve as an alternative source of funds for their operations.
- Additionally, the ISTC should build more terminals so that the private entities can provide more buses.

- Last but not the least, the government should through Parliament pass a law on a proper framework for PPPs in the country so as to help all PPP arrangements operate effectively in a more coherent and conducive environment. A proper legal framework will help curb any attempt to siphon off public money as a result of PPPs as was the case in other PPP arrangements in the past.

## 5.5 CONCLUSION

In summary, this study sought to examine the nature of the PPP of the ISTC in its quest to deliver effectively and efficiently achieve its mandate. The study further sought to examine the outcomes of the partnership, and the challenges encumbering the smooth implementation of the partnership. From the earlier discussions, it is obvious that the expectations for establishing this partnership have largely been met. Nevertheless, issues like the management of drivers, dedicated routes, and the inability of the private firms to meet the deadlines for the delivery of buses have hindered the smooth implementation of the PPP. The study consequently affirms that involving the private sector in management and delivery of public service helps in improved service delivery. There is therefore the need for the government, the public sector, and all related private parties in PPPs to ensure that they always stay to the terms of agreements outlined in PPPs. This would in the long run lead to realizing expected results of PPPs, and enhance the viability of corporations involved in such PPPs.

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## APPENDICES

### Appendix 1

#### **Interview guide for selected respondents at the ISTC**

These questions are to gather data on the partnership between the Intercity ISTC Coaches Limited, in partial fulfilment of the requirement leading to the award of a Master of Philosophy in Public Administration from the University of Ghana Business School, Legon. Being a wholly academic exercise, any information given me shall therefore, be held in strict confidentiality. I count on your co-operation. Thank you.

#### **Interview questions**

1. What kind of partnership exists between ISTC and its partners?
2. What is the objective for the establishment of this partnership?
3. What kind of government policy or program is this partnership in line with?
4. What are the legal or regulatory frameworks that are backing the partnership?
5. Which agencies or institutions provided some sort of technical or financial advice for the establishment of this partnership?
6. What are some of the preparations and planning that went into this partnership?
7. What were some of the challenges faced during the preparatory stages of this partnership?
8. What are the clear roles and responsibilities for each partner?

9. In what ways have your partners lived up to your expectation with regard to their roles and responsibilities?
10. In your view has the objective for the establishment of this partnership been achieved?
11. What are some of the ways by which your achievements can be ascertained?
12. What are some of the challenges you have encountered so far in your partnership?
13. How has the challenges affected your operations?
14. What has been done/ can be done to address the challenges enumerated?
15. Any recommendation to government with regards to this partnership?

Appendix 2

**Interview guide for selected respondents of ISTC Partners**

These questions are to gather data on the partnership between the Intercity ISTC Coaches Limited, in partial fulfilment of the requirement leading to the award of a Master of Philosophy in Public Administration from the University of Ghana Business School, Legon. Being a wholly academic exercise, any information given me shall therefore, be held in strict confidentiality. I count on your co-operation. Thank you.

1. What kind of partnership or arrangement exists between you and ISTC?
2. What is the objective for the establishment of this partnership?
3. What kind of government policy or program is this partnership in line with?
4. What are the legal or regulatory frameworks that are backing the partnership?
5. Which agencies or institutions provided some sort of technical or financial advice for the establishment of this partnership?
6. What are some of the preparation and planning that was done towards this arrangement?
7. What were some of the challenges faced during the preparatory stages of this partnership?
8. What are the clear roles and responsibilities for each partner?
9. In what ways have the ISTC lived up to your expectation with regards to their roles and responsibilities.

10. In your view has the objective for the establishment of this partnership been achieved?
11. What are some of the ways by which your achievements can be ascertained?
12. What are some of the challenges you have encountered so far in your partnership with ISTC?
13. How has the challenges affected your operations?
14. What has been done/ can be done to address the challenges enumerated?
15. Any recommendation to government with regards to this partnership?

Appendix 3

**Interview guide for selected respondents at the ISTC**

These questions are to gather data on the partnership between the Intercity STC Coaches Limited, in partial fulfilment of the requirement leading to the award of a Master of Philosophy in Public Administration from the University of Ghana Business School, Legon. Being a wholly academic exercise, any information given me shall therefore, be held in strict confidentiality. I count on your co-operation. Thank you.

**Interview questions**

1. How often do you board ISTC buses?
2. What is your general perception about their services?
3. Comparing their services now to some years back, what would you say have changed?
4. What will make you choose ISTC buses over VIP, OA Travels and Tour and the others?
5. Is the ISTC able to satisfy the product the promise to offer when you board their buses, i. e. free Wi-Fi and snacks?
6. Are you satisfied with the conduct of the bus attendants (hostesses)?
7. How safe do you feel when you travel on ISTC buses?
8. How professional are the drivers of ISTC buses?
9. Are there any challenges you have encountered in your dealing with ISTC?
10. What would you recommend that ISTC will do to improve their services?