

# **Strategic Management Option for Sustainable Public Transport Corporation**

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## **Abstract**

The broad spectrum of strategic management is a novel dimension to business management. Its relevance to business organizations both small and big is more appreciated in a changing business operational terrain. For long-term survival of State transport corporation the importance of strategic management cannot be over-emphasized bearing in mind the failure of previous government efforts at easing the transportation of man and materials in the time past from one place to the other. The objective of this paper therefore is to offer a strategic solution to the bureaucratic red tapism and administrative bottlenecks that have spelled doom for previous government projects in the Road transport sub-sector. The environment under which Kwara transport corporation (which is our case study) is operating is dynamic, hence, a responsive management is required if the values of the corporation will be appreciated. The over-regulation of Kwara Transport Corporation should be reduced such that the initiative of the board members can have a place in the day to day running of the corporation.

## **Introduction**

The quality of life of any nation is partly determined by the quality and efficiency of that nation's transport system. An efficient transport system is an axle wheel on which the economic activities of any nation revolve. Transport is needed to provide access to sources of existing and potential raw materials. It facilitates the collection and distribution of agricultural and industrial products and it encourages efficient allocation and utilization of some economic resources. It equally promotes the smooth administration of any country. It can therefore be regarded as the life wire of a nation's economic development.

In Nigeria, road transport dominates other modes of transportation in the movement of passengers and goods. This is because; road transportation has numerous advantages over and above other modes of transport. The advantages include: flexibility of route selections by commuters as well as availability of door-to-door services. It is considered by the users as the cheapest and most convenient mode of public passenger transport in the country. This is why efficient and reliable public passenger transportation system is a vital and veritable tool of socio-economic development. Over the years, 85% Nigerians depended on public transport for their mobility; this has led to an acute shortage of public transport. The ever-increasing demand for public passenger transport approached a crisis level in 1988 and the Federal government had to intervene in order to reduce this serious mobility problem which is manifested in intra-city movement. The result of Federal government intervention is the birth of Federal Urban Mass Transit Programme (FUMTP) which took off in 1988. The private sector dominated the business of mass transit in the past. Some State governments have attempted the mass transit system before, but they failed because of lack of strategic management.

Eaglewood C. (1973) identified five factors that differentiate a high performing enterprise from a low performing one. They are:

- (1) Clear sense of vision.
- (2) Abundance of skill entrepreneurship with unmatched knowledge about customer needs and behaviour; market trends and the emerging opportunities.
- (3) Commitment to first-rate strategic action plan.
- (4) Result oriented and performance conscious.

(5) Implementation of the chosen strategy and making it work as planned.

It is the jettisoning of these five factors that have made some business to go underground including government parastatals like the defunct KWARA LINE.

Strategic issues in public transport include:

- (a) Vehicle, selection and purchase.
- (b) Type of buses in a fleet
- (c) Operation of the buses.
- (d) Maintenance and servicing.
- (e) Examination of other issues.

Even when all these factors are taken into consideration for efficient mass transit system, the organizational structure, relationship between supervisory ministry and the government and transport corporation could hamper the achievement of the objectives of the corporation.

The Kwara state transport corporation, created by Edict No 2 of 1989 has had far reaching effect on the economy of Kwara State.

This article discusses how strategic management could be used to sustain the operation of a public transport corporation.

### **Objectives of the study**

The performance of any corporation or parastatal is measured in terms of contribution to standard of living of the people, profit return, cost effectiveness, market penetration and corporate image. The normative view of strategic planning is that organizations that do formal planning have a higher probability of success than those that do not. If planning is so fundamental to organizational success, this article looks at how strategic management of a public enterprise can ensure its continuity regardless of the type of government whether military or civilian. The paper is also aimed at offering strategic solutions so as to improve the performance of Kwara state transport Corporation.

### **Literature Review**

Welch (1984) opined that companies that engage in strategic planning out-perform those that do not use strategic planning, meaning that strategic planning has some dividends. He identifies the advantages of strategic planning as follows:

- (a) It improves company's chances of doing the right thing at the right time for the most part because, it has a better understanding of it's business and it's environment.
- (b) It has more time and accurate information for forecast. But a good and advantageous strategic planning is even where there are formal plans on what to do, the government or supervising authority can super impose their own rules and regulation thereby rendering the plans irrelevant. This is where the problems of implementation of plans come in.

Corporate executives are increasingly acknowledging strategic management as the principal approach for determining and directing the efforts of their firms for the long term. Stoner and Edward (1989) see Strategic management as the broad programme of defining and achieving an organization's objectives and the organizations response to its environment overtime. Programme in this definition means an active conscious and rational role played by managers in formulating the organizational strategy. Strategic management therefore entails planned management activities engaged in, so as to realize pre-determined objectives outlines for a particular organization or business. Because of the peculiarities of each organization, management tends to tailor the strategy to fit all the relevant internal and external circumstances in the organization.

The external environment is such that its control is beyond the organization's manipulation. It is this, that made Paul et al (1978) to observe that, the interest of managers in strategic planning was its apparent prospect that they could now control the destinies of their organization and achieve corporate stability no matter what happen in the external environment. This suggests that if the public transport corporations are managed the same way private transport operators managed their corporation, then, we can be assured that the public transport corporations will be able to weather the storm and remain afloat no matter what happens in the external environment.

### **Strategic planning in Kwara State transport Corporation (KSTC)**

The principal sub-activities of strategic formulation as a logical activity includes identifying opportunities and threats in the company's environment and attaching some estimate or risk to discernible alternatives. Before a choice is made, strategic planning will ensure that the Company's strength and weaknesses are appraised with the resources available. The strategic alternative, which results from matching opportunity and capability at an acceptable level of risk, is what is regarded as economic strategy.

In Kwara State Transport Corporation, Strategic Planning covers route planning, pricing, subsidy, maintenance, training and purchasing and supply of spare parts and petroleum products. Each level Manager directly connected with any of the strategies highlighted above is usually an input into the strategic planning process. But the adoption of such strategic Planning depends to a large extent on the approval of the Supervising Ministry as well as the State Government.

### **Methodology**

Data were collected from both primary and secondary sources. The primary data were those collected from the Kwara State Transport Corporation through personal interviews while the secondary data were obtained from published materials that proved to be relevant among which are the Company journals, Magazines, Newspapers different seminars on Urban passengers Transportation in Nigeria. Observations were made at the corporation premises and at some of the loading points. The method of analysis is both descriptive and quantitative. The scope of the study is the performance of the corporation from 1988-1998.

### **Data analysis and discussions of results**

The Kwara State Transport Corporation recorded a 53% increase in fleet size in 1989 which resulted in about 186% increment in revenue generated in 1988. This period coincided with the introduction of Federal Urban Mass Transit programme of the Federal Government. By 1991 the number of vehicles in the fleet, reduced from 82 to 50. Despite this reduction by 4% in the fleet the revenue generated in 1991 increase by 1.7%. Between 1994 and 1996, there was no reduction in the fleet size but revenue generated was in the decline. The researchers found that there were other extraneous factors responsible for the decline in the revenue generated over the years for which the vehicles in the fleet were constant. With a fleet size of 33 in 1988, N32.7m were generated as opposed to N20m generated when the number of vehicle in the fleet was 100.

**Table 1: Fleet size and revenue generated (1988-1998)**

Year	Revenue Generated (Nm)	Fleet Size
1988	3.6	60
1989	10.3	92
1990	13.0	32
1991	15.7	50
1992	16.2	72

1993	20.0	100
1994	27.0	93
1995	24.8	93
1996	14.8	93
1997	29.3	70
1998	32.7	33

Source:Corporations audited accounts (1988-1998)

### **Correlation analysis between revenue generated and fleet size of KWTC between 1988 and 1998**

Correlation is the measurement of the degree to which changes in one intervally-scaled variable (Revenue generation) are associated with changes in another intervally-scaled variable. The correlation coefficient is a measure of linear relationship between the two interval variables. Hence, given the figure on Table I, we can compute the correlation coefficient of the data as shown below with the aid of the formular.

$$r = \frac{n \sum x \gamma - \sum x \sum \gamma}{\sqrt{n \sum x^2 - (\sum x)^2} \sqrt{n \sum \gamma^2 - (\sum \gamma)^2}}$$

This gave a negative correlation of -0.0335 between fleet size and Revenue generated. This is because many of the vehicles were used by the state government at will. In some other instance, fiat government orders were issued by the state government to the corporation on route scheduling to fulfill political pledges which are usually contrary to revenue generation drive. From the statistical evidence above there is a low negative correlation between fleet size and revenue generation. The following are the findings from the corporation's survey research.

- (1) The non compliance with Federal Urban Mass Transits Agency directive as it relates to the strength of personnel required increased the number of personnel and consequently the wage bill.
- (2) Many of the vehicles were used for security of the state as the menace of armed robbery became rampant. This reduces the number of vehicles for commercial purposes and hence led to the reduction in revenue generated.
- (3) Money realized from auctioned vehicles of the corporation by the incumbent administration or government were not ploughed back in to the coffer of the corporation, hence the inability to meet its request. There was a time in 1992 when the corporation requested for twenty J-5 buses (22 seaters), the response from the State Government was the supply of (seven seaters) Peugeot 504 station wagons.
- (4) The corporation requires the approval of the supervising ministry on fare charges even when the petroleum products were scarce in the era of the military.
- (5) Students rampage also contributed to shortfall in revenue generated. On November 3, 1994, the corporation bus on Kano route was seized by Kwara State indigenes of Bayero University, Kaho on the request of non-payment of their bursary award by the State Government.
- (6) The Staff employed also defrauded the corporation in various ways thereby depleting the financial reserves of the corporation.
- (7) Accidents and depreciation also reduced the fleet size.

### **Conclusion and Recommendations**

The environment under which the Kwara State transport corporation operates could hardly be said to be stable as it is constantly being affected by the development in the

immediate and remote environment. Such a dynamic situation requires a more adequate and responsive management of the corporation for values to be effectively appreciated. However because of the nature of organization and ownership, the management approach is reactive rather than proactive. The over regulation of the public parastatals has serious implication on its strategy formulation and implementation. Even where the board has come out with a good strategy the supervising ministry the Ministry of Works may make the strategy little or no effect.

After a consideration of strategic planning activity in Kwara Transport Corporation, the following problems were identified:

- (a) Limited financial resources, as a problem should be tackled through expansion of financial base. The genesis of any success in strategy planning would begin with determining the strengths and weaknesses vis a-vis the environment and competition.
- (b) An appropriate and clear mission is necessary in order to provide unity of efforts towards a common goal in the organization. Mission statement should be reviewed periodically between ten or twenty years and the objectives must be finite, feasible, suitable, acceptable and achievable (Chizea, 1990).

For operation efficiency, a definite stand should be taken on the make of buses to be purchased for operation. The practice whereby transport corporations have a mixture of various types of buses in their fleet is for all intent and purpose counter productive. It also poses an additional burden in the corporation in terms of spare parts.

The issue of federal character or quota system in the appointment of level managers should be avoided. This is because a level manager appointed by politics is not likely to fall in line strategically in thoughts with those who were employed on merits. Essential and genuine spare parts and components should be stocked so that the rate at which the buses are grounded will be reduced.

The life span of any bus depends on the handling of the bus by drivers. Hence, sound training should be given to them. Reckless and unmarried person rarely makes good driver.,

The conductors and conductresses serve as public relation officers. Therefore, periodic refresher courses should be organized for them to boost their efficiency in attending to passengers.

The success of the private sector group in transport industry can be attributed to the measure of powers and authority given to the General Manager and Chief executive. This freedom does not exist in government run transport agencies like Kwara Transport Corporation. This is why government interference in State transport companies should be reduced to barest minimum to enable the company operate in the same footing with their private sector counter parts.

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