



RESEARCH ARTICLE

PERCEIVED EFFECT OF FRANCHISING OF SELECTED STATE OWNED MASS TRANSIT IN SOUTHERN NIGERIA

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ABSTRACT

The study examined perceived effect of franchising of selected state owned mass transit in Southern Nigeria. Data was collected with the aid of structured questionnaire from 116 randomly selected respondents involved in the Mass transit system in Southern Nigeria. Data were analyzed through frequencies, and percentages. Findings revealed that franchising has affected the transport companies favourably through improving managerial effectiveness, vehicle maintenance, healthy competition, highway accessibility and improved safety. Based on the findings of the study the recommendations include the following: The franchise scheme and public private partnership should be encouraged to develop the other modes of transport especially the rail sector of the country. Since the franchise scheme has shown to be a revival strategy to the failing public transport system in the country, the scheme should be sustained as government alone cannot fund the sector. Transport companies should set a standard of vehicles to be registered with the franchise operators. This is important to ensure that standard vehicles are registered in the companies. The companies should also set a policy that will regulate the number of years the vehicles can operate at a particular route base on standard. This is to ensure prompt replacement of worn-out vehicles by new ones

Key words: Franchising, Mass transit, Transportation.

INTRODUCTION

Desperate to overcome the problem of bankruptcy, while insisting on intra-city and inter-city services, Imo Transport Company as well as other state owned mass transit companies complied with the section 2.6b of the National Transport Policy for Nigeria which stipulates that "Government will seek to achieve the promotion of the use in the transport sector, techniques and technologies responsive to the Nation's social and cultural antecedent and evolving perception and economic realities" (Eniola, 1996). Following the above discourse, the Imo Transport Company (ITC) Limited introduced the franchise scheme. According to the Dictionary of Business and Economics, Franchise is a right, usually an exclusive right granted by a government to an individual or firm to perform some services or activity of a public nature to a person or company. For example, the operations of Municipal Transport Facilities (Bus Lines, subways) or of public utilities are normally awarded under franchise (Ammer, 1986). The Dictionary of Economics also describes franchise as an arrangement under which an individual or independent firm (The Franchisee) sells a product under the brand name of the Franchisor. The Franchisee provides their own capital and pay the Franchisor a royalty on sales; they may also agree to purchase supplies from the Franchisor. In return, the Franchisor, in addition to granting permission to use his brand name, often provides training and advice on site solutions and operations of the business (Liversey, 1993). In both cases, the

Franchisee can be an independent firm or individual who were initially on their own and who, in a bid to operate in a friendly business climate, decided to subscribe to the franchise scheme of a franchisor such as the Imo Transport Company. To them, the scheme provides an avenue for tapping from the Franchisor's wealth of managerial expertise at moderate price. The private transport operators lack the basic training and experience for the functions he must carry-out as an owner and supervisor which constitutes a major setback to the transport business in Nigeria. The problem of inadequate credit facilities is sometimes caused by the refusal of many commercial banks to provide loans to small transport enterprises, which have no proven record of administrative and managerial competence.

It is true that some of the successful transport operators in Nigeria had no formal training in managerial techniques and business methods, but have relied partly on their shrewdness, intuition, inspiration and good head for business success. Even then, most of these successful businessmen do not only acquire administrative experience as clerks in government, or mercantile houses but have also supplemented their knowledge with the expertise in their enterprises. On the other hand, government owned mass transit companies have better trained staff, workshops, and maintenance facilities than most of the private transport operators. The transport business of this day and age demands a sound administrative competence and know-how such that is not possessed by many private transport operators in Nigeria who rely mainly on shrewdness and inspiration in the

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running of their enterprises and thus, the introduction of the franchise scheme by the Imo Transport Company (ITC) as well as other state transport companies such as Rivers Transport Company (RTC), Abia Line Network Company (ALNC) is to ensure better management and operations of transport business. On the part of the company, the benefit derived from the scheme include enlarged fleet size, which enables them to carry-out the business of mass transit efficiently and effectively while generating revenue from services rendered to the franchise. It also helps in improving the company's corporate image while striving to keep it afloat. Today, the Imo Transport Company (ITC) has about 2,399 registered franchised vehicles in its fleet, while the company can hardly boast of 300 vehicles of its own, the story is not different from other transport companies used in this study. Apart from the benefit of enlarge fleet size, the company also retains 20% monthly from the revenue generated by the franchise operator as royalty for the use of its logo, patent and name. Meanwhile, most private transport operators are now subscribing to the franchise innovation offered by the management of Imo Transport Company, while other transport operators in the state are now buying the idea as most of them have started incorporating the scheme into their system of operations as a way of vehicle acquisition and fleet maintenance.

Over the years, public transport in Nigeria has been a source of worry and concern both to the public users and the government. This is due to the steady decline in the public transportation system. For example, before the introduction of the Federal Urban Mass Transit Programme in Nigeria, most state governments established their own bus undertaking, which included the Lagos Municipal Transport Service (LMTS) in 1958, owned by the Lagos State Government, the Ibadan City Bus Service in 1964, which operated as a joint venture with Oyo State Government (Adeniji, 1983a, and Adeniji, 1983b). In the early 1970s, there were more public sector involvements in the running of both intra-urban and interurban bus services. This included Bendel Line, owned by the government of Old Bendel State (now Edo State), Lagos State Transport Corporation, owned by Lagos State Government, North East Line, Jos City Bus Service, owned by Plateau State Government, among others (Adeniji, 1983a, Fulani, 1991, and Adesanya, 1994). Unfortunately, most of them collapsed by the late 1970s or early 1980s. The reason adduced for the collapse of some of those state-owned transport corporations include financial impropriety, inadequate government financial support, lack of qualified staff to man their operations, political interference and uncontrolled competition from Para transit operators.

With the introduction of the Federal Mass Transit programme in Nigeria, which brought in the Imo Transport Company as the implementing agency of the state mass transit scheme in 1988, the company witnessed a dramatic decline in its fleet as well as operating facilities after some few years of operations, which was adduced to the state government's inability to fund the sector properly. In a bid to avoid the problem of inefficiency and total collapse of the corporation, the Imo Transport Company at that time in its wisdom introduced the franchise scheme as an innovative idea towards the revitalization of the deteriorating infrastructure in the state-owned mass transit

company. Some management writers distinguished between creativity and innovation. They define creativity as the translation of such an idea into a new product, services or method of production. According to Morh (1969), "Creativity implies bringing something new into being; innovation implies bringing something new into use." However, franchise is an innovation in the transport industry; it is regarded as a reliable tool for solving urban transportation problem as it aids the entrepreneur to benefit from the use of structures already put in place by the state. This saves him the cost of duplicating facilities like engineering, management of staff, insurance, crew, logistic, etc. as the case may be. According to Mee (1956), creativity and innovation process is divided into five stages thus: Sensing, Immersion or Preparation, Incubation or Gestation, Insight or Illumination, Verification and application, he asserts that individuals set out to prove by logic or experiment that their ideas can solve a problem and can be implemented. Hence, the study examined perceived effect of franchising of selected state owned mass transit in Southern Nigeria.

METHODOLOGY

The study was carried out in Southern Nigeria. Three major transport companies that operate in the area was selected and used for the study. They include Imo Transport Company (ITC) Limited, with its operational headquarters located in MCC/Uratta Road, Owerri, Imo State. The Rivers Transport Company (RTC) Limited with the operational headquarters located at Waterlines Complex, Aba Road, Port Harcourt, Rivers State, and Abia Line Network Company Limited (ALNC) with its operational headquarters located in Aba, Abia State. An appraisal of franchising in public transportation system in Nigeria. The target population for this study consists of all senior managers in the selected state-owned mass transit companies as well as supervisors and senior staffs in the Operations Unit as well as other units in the company relevant for the survey. According to Nworgu (1991), the target population is all members of the specified group to which the investigation relates. The instrument used for data collection was a structured questionnaire which was administered to 116 randomly selected respondents. Data analysis was through descriptive statistics namely frequency counts and percentage.

RESULTS AND DISCUSSION

Socio demographic characteristics of respondents. The Table below show that 59% of the respondents are male while 41% are female. The Table below indicates that 26% of the respondents are within the ages of 26-35yrs, 43% are within the ages of 36-45yrs while 24% are within the 46-55yrs, while 7% are within the ages of 56yrs and above. The statistics above clearly represents the class of people the questionnaire was administered to as they were all senior personnel in the companies. This is so because they are the people that will give a better response to the questions, which will lead to the evaluation of the franchise scheme. From Table 1, 21% of the respondents are single, 74% are married and 5% are widowed. Also, 32% of the respondents are holders of secondary education qualification, 5% are holders of post secondary education qualification while 9% are holders of other qualifications. It was also found that all the

respondents are civil servants as they are senior personnel in the selected mass transit companies.

Table 1 : Socio demographic characteristics of franchisers

Socio demographic characteristics	Frequency	Percentage
Sex		
male	69	59
Female	47	41
Age		
18-25yrs	0	0
26-35yrs	30	26
36-45yrs	50	43
46-55yrs	28	24
56yrs-above	7	7
Marital Status		
single	24	21
marned	83	74
Divorced	0	0
Widowed	6	6
Qualification		
None	0	0
Primary	0	0
Secondary	37	32
Post secondary	68	59
Others	11	9
Occupation		
Students	0	0
Civil servants	116	100

Perceived effect of franchising of selected state owned mass transit

Findings revealed that 41% of the respondents strongly agree that franchising leads to managerial effectiveness, 39% agree that franchising leads to managerial effectiveness, 18% are undecided as to whether franchising leads to managerial effectiveness or not, while 7% disagreed that franchising leads to managerial effectiveness. From the response above it can be seen that franchising leads to significant improvement in managerial effectiveness, this is true, because the vehicles in the franchise scheme are better managed, more so, since there is enough vehicles in the fleet, the company is able to employ good and qualified managers who are strategically inclined with the dynamics of the transport industry.

Table 2: Perceived effect of franchising of selected stateowned mass transit

Statements	SA	A	U	D	SD	Remarks
Improving Managerial effectiveness	48 (41)	39 (34)	21 (18)	8 (7)	0 (0)	Agree
Vehicle maintenance	30 (26)	60 (52)	15 (13)	11 (9)	0 (0)	Agree
Competition	45 (39)	52 (45)	14 (12)	5 (4)	0 (0)	Agree
Highway accessibility	38 (33)	62 (53)	13 (11)	3 (3)	0 (0)	Agree
Improved safety	26 (22)	74 (64)	12 (10)	2 (2)	2 (2)	Agree

Also, results from the table shows that 26% of the respondents strongly agreed that franchising leads to effective vehicle maintenance, 52% agreed that franchising leads to effective vehicle maintenance, 13% are undecided while 9% disagreed. From the findings, it can be said that franchising leads to effective vehicle maintenance. This is so as the vehicles are road worthy since the vehicle owners knowing that there are other vehicles in the company competing for work, will ensure that their vehicles are always road worthy to guarantee his income. Entries from the table, also showed that 39% of the respondents strongly agreed that franchising leads to healthy competition, 45% agreed that franchising leads to healthy competition, 12% are undecided, 4% disagreed that

franchising leads to healthy competition. It is obvious from the results that franchising leads to healthy competition. This is so because transportation is a service and a necessity to the development of any nation, hence the need for government to be involved in the provision of the service, because if left for private individuals, people may not be able to afford it. Through the franchise scheme, government has been able to subsidize the cost of transportation by regulating and managing the vehicles thereby setting the pace for other companies to follow. Also, the privately-owned transport companies compete with government-owned transport companies to surpass the quality of service that they provide at an affordable rate. Therefore, franchising leads to healthy competition. The results revealed that 33% strongly agreed that franchising leads to improved highway accessibility, 53% say that franchising leads to improve highway accessibility, 11% are undecided, while 3% disagreed that franchising leads to improved highway accessibility. The data suggests that franchising leads to improved highway accessibility. This is so as vehicles registered under government enterprise are not disturbed on the highway by law enforcement agents such as Police, Highway Patrol, Federal Road Safety Commission and as such people feel free to register the vehicles in the companies. Even when there is disturbance on the highway, it must be for a justifiable reason. Findings revealed that 22% of the respondents strongly agreed that franchising leads to improved safety, 64% agreed that franchising leads to improved safety, 10% are undecided of whether franchising leads to improved safety or not, 2% strongly disagreed that franchising leads to improved safety and 2% strongly disagree that franchising leads to improved safety.

Conclusion and Recommendations

The conclusion drawn from the study is that respondents perceived that franchising has affected the transport companies favorably through improving managerial effectiveness, Vehicle maintenance, healthy competition, highway accessibility and improved safety. Based on the findings of the study the recommendations include the following:

The franchise scheme and public private partnership should be encouraged to develop the other modes of transport especially the rail sector of the country. Since the franchise scheme has shown to be a revival strategy to failing public transport system in the country, the scheme should be sustained as government alone cannot fund the sector.

The transport company should set a standard of vehicles to be registered with the franchise operators. This is important to ensure that standard vehicles are registered in the companies. The company should also set a policy that will regulate the number of years the vehicles can operate at a particular route base on standard. This is to ensure prompt replacement of worn-out vehicles by new ones

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