

ADDIS ABABA UNIVERSITY
SCHOOL OF GRADUATE STUDIES

*An Assessment of the Management Performance of the Addis
Ababa Anbassa City Bus Enterprise*

By
Tamrat Getachew

May 2010
Addis Ababa, Ethiopia

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Advisor: Prof. Dr. Chakradhar Dash

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**ADDIS ABABA UNIVERSITY
FACULTY OF BUSINESS & ECONOMICS DEPARTMENT
OF PUBLIC ADMINISTRATION & DEVELOPMENT
MANAGEMENT**

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Ababa Anbassa City Bus Enterprise*

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**A Thesis Submitted to the School of Graduate Studies, AAU, Faculty of
Business and Economics, Department of Public Administration and
Development Management in Partial fulfillment of the Requirements
for the Degree of Masters of Public Administration and Development
Management (MPA)**

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Faculty of Business and Economics
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Abstract

The quality of life in the urban areas is directly related to the public transport. The major modes of public transportation in the city of Addis Ababa are buses higer or midi buses and minibus taxis.

A government enterprise named Anbessa City Bus Transport Service Enterprise provides 30-40% of the mobility need of the city dwellers. When compared with other modes of transportation in the city, the contribution of Anbessa is quite notable from environmental and congestion minimization position, that in order to make it more fruitful its strengths and weaknesses have to be recognized. The aim of this research was to assess to what extent the management of Anbessa City Bus Transport Service Enterprise understand the resource that the enterprise has in hand which has great contribution to act up on the current problem which hang the enterprise to not deliver the service demanded by customers.

To reinforce this evaluation, a questionnaire aimed at knowing the impressions of Anbessa Employees is distributed, filled, tabulated and analyzed. In addition five years operational and financial performance of Anbessa was gathered and analyzed and noted. The result of the study disclosed that in spite of the long service that Anbessa has been going through, and the perpetual efforts of the current enterprise management, it is unfortunate that the enterprise performance is sliding which aggravates the already weakened transport system of the city.

World Bank studies and other transport related literature reviews stand for or support the continued existence of public bus transport even at subsidy. Compared to Mini Bus Taxis which congested the roads of the cities, and pollute the environment, the benefit of buses is extremely higher that letting Anbessa fall down will be a grave mistake. This study proposes alternative options that enable the enterprise to continue operation.

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ACRONYMS

AATB	Addis Ababa Transport Authority
AATP	Addis Ababa Traffic Police
ACBSE	Anebassa City Bus Service Enterprise
BPR	Business Process Reengineering
ENU DP	Ethiopia National Urbanization Development Policy.
ENUP	Ethiopia National Urbanization Policy.
ERA	Ethiopia Road Authority.
FDRE	Federal Democratic Republic of Ethiopia.
FRF	Federal Road Fund.
FUPI	Federal Urban Planning Institute.
MOFED	Ministry of Finance and Economy Development.
MOTC	Ministry of Transport and communication
MOWUD	Ministry Of Work and Urban Development.
NASC	National Road and Safety Committee.
NRSCO	National Road Safety Coordination Office.
NRTSC	National Road Traffic Safety Council.
PESA	Public Enterprise Supervisory Agency.
RRA	Regional Road Authority.
RSDP	Road Security Development Program.
TA	Transport Authority
UDCBO	Urban Development Capacity Building Office
UDF	Urban Development Fund

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CHAPTER ONE

INTRODUCTION

1.1. Background of the Study

Transport had concerned with the movement of peoples and materials for some specific purpose. It is this single powerful factor on which the economic, social and political activities of the nation depend on. Without transport maintaining the functional differentiation of area in to the various specialized types of land uses would be difficult. It is widely believed that transport facilities exert a powerful influence on the service delivery, industry, agriculture and most of the other activities performed all over the world. To achieve these importances of transport, its management performance has played vital role.

According to Thompson (1983) transport management broadly covers both planning and operational functions. The planning functions are those concerned with setting up the future needs of the transport system, while the operational function are concerned with the problems of maintaining and operating the existing transport network.

However, transport management no longer consists merely of the implementation of blueprint or, for that matter, of physical plan for the development of transport facilities in an area. It calls for a well-organized approach to deliver transport services as it is demanded, especially in the cities which have limited transport services like Addis Ababa.

Transport management has its own characteristics, features and sphere of working depends on modes of transportation and location in which it operates. The majority of transport operation services in almost all countries of the world are provided by one mode of transport, namely

road transport which is more significant in the case of developing countries. According to Vasconcellos (2001), the road transport service can be categorized in to urban transport and interurban or rural transport.

Urban transport management, the focus of this research paper, is expected to provide an adequate and effective service for transporting commuters from their place of residence to their place of work and vice versa. This study then intends to assess the transport service delivery management performance in Addis Ababa Anbessa City Bus Enterprise.

Addis Ababa is one of the fast growing cities and the capital city of Ethiopia. The city of Addis Ababa has experienced fast growth in population over the past decade and has 2.7 million inhabitants at present. The upgrading of road infrastructure and facilities and the provision of public transport services in the city have not kept pace with the rapid growth and influx of people in to the city. Consequently the city suffers from traffic congestion and excessive vehicle frictions on the road network, unnecessary long travel times (at slow operating speeds) and hazardous traffic conditions.

The public mass transport system of Addis Ababa comprises the public agency owned by the government called Anbassa City Bus Service Enterprise and the privately owned mini bus taxi and salon taxi services. Non-motorized transport is an important component. It consists mainly of walking and a large share of person trips .

According to information obtained in 2007 from Addis Ababa transport branch, Anbassa Bus Service Enterprise is the main mass transport provider of Addis Ababa run by a public agency with a fleet of more than 500 buses. It operates on 93 routes and carries about 640,000

passengers per day. The buses are of high capacity (100). The fare system is flat fare but different on different routes. There are three large terminals in the city used by Anbessa for city bus service which are located near Legeher railway station, at Merkato and Minilik II square.

Anbessa city bus shares 35 percent transport service during the peak hours on 103 routes and the other share taken are small taxi 5 percent, mini bus 20 percent, private vehicles 7 percent, pedestrians 30 percent and company provider transport 3 percent.

The continuation of the operation at present level of share and performance would entail a very high increase in fleet size. This would lead to the following undesirable situations.

- ➔ High congestion, intense competition, low productivity and deteriorating benefits for operators
- ➔ Long travel times and poor level of service for users.
- ➔ Loss of resource (energy, time, reduction in productivity...etc), increased accidents, deterioration of environmental quality, and so on.

Minstesnot Gebeyehu and Shin Takano (2007) identify the source of the problem of the enterprise as “the absence of an up-to-date structure, shortage of finance, and reduction of subsidy from the government as the biggest challenges for the service. The lack of well defined performance parameters to evaluate the operational efficiency of the enterprise is also taken as constraint to provide effective and efficient services.”

It is obvious that in addition to scarce resources, in most cases inadequate transport services are mainly due to lack of coordination within the given system itself in developing a comprehensive transport service. According to this fact the Anbessa City Bus enterprise management is expected to use exhaustively the resource in hand by

developing a suitable arrangement of the various function of the enterprise to ensure an efficient conduct of the system in an organized manner. This must be done within the legal framework of the system by setting standards to measure its performance. To this end, as every organization has its own structure, characteristics and goals, Anbessa city bus enterprise has three levels of management: board, top management and department.

The true nature of transport management must be seen as a series of process and each one of which has its own contribution to make the effective working of the system.

Nevertheless, transport management is not panacea for all planning and operational ills, but it is certainly a means of building up efficient system, it ensures timing, safety, adequacy, regularity and economy of the services. All these characteristics are important to measure the status of services delivered by transport system.

Therefore, by taking these characteristics as parameter, Anbessa city bus enterprise management activities will be assessed in terms of transport service delivery.

1.2. Statement of the Problem

Urban areas are dynamic entities. They are growing and changing fast. Their needs vary with time. It is important to set priorities and phasing of development of the transport system to meet the varying needs.

But, in most cases and presently there is little attention given to the availability, type, quality, condition, constraint and potentials of the available transport system.

Whatever, urban transportation needs huge investment and using modern technology. There are a number of urban transportation problems which can be solved by the management of the service if they coordinate and utilize the existing potential properly in providing service. These should be the first and in hand option for developing countries like Ethiopia.

These facts are also suggested by national Governors Association (2008) as they put it as, *“if states coordinate effectively the transport system they can provide better service without major new transportation investment.”*

According to this suggestion, Anbessa bus enterprise which is the backbone of mass transportation of Addis Ababa city will be assessed from its management aspect in terms of delivering better transport service. To this end, the study will aim to treat the following basic questions.

1. How does the organization and management of the Anbessa City bus look like?
2. What mechanisms and standards are used by the enterprise to measure its service delivery activities?
3. How does the management coordinate its activities with stake holders having significant role for its service effectiveness?
4. To what extent does the management understand the resource in hand which has great contribution to act up on the current transport services problems?
5. What are the major complaints of customers?

1.3. Objective of the Study

1.3.1. General Objective

The overall objective of this study is to assess the performance of urban transport management service delivery by taking the case of Addis Ababa City Bus Enterprise.

1.3.2. Specific Objectives

The specific objectives of this study are:-

- To examine the level of the enterprise management performance.
- To point out the potential resource and means that the enterprise has in hand to improve its service delivery.
- To identify problems related to the enterprise organizational structure which makes the resource mobilize system inefficient,
- To suggest how the pre-stated performance evaluation standard important to see the enterprise itself in terms of transport service it provide.

1.4. Significance of the Study

This study will help the management of the enterprise to put the current transport service delivery problem in clear way. By doing so, the management can see separately which problems can be solved by improving service delivery activities and which problems need coordination and attention of other stakeholder in the system.

Generally the study will provide information concerning the responsibility and accountability issues with relation to the success of the organizational goals in addition to that it create awareness how to discharge their individual responsibilities.

1.5. Scope of the Study

This study will be confined only to the area of transportation service provided by Anbessa Bus enterprise in Addis Ababa City. And more specifically on its managerial aspect to which it has role to delivery daily transport services.

1. 6. Research Methodology

1.6.1 Research Design

Survey design will be used to asses the management of urban transport services delivery in Addis Ababa Anbessa City Bus Enterprise.

The study will employ qualitative and quantitative approach to gather information needed for analysis and understanding of the role of urban transport management to deliver urban bus transport service.

Qualitative approach will be applied through key information and focus group interview to capture the in-depth information from purposely selected group and quantitative approach will be used to gather wider information by using survey questionnaires.

1.6.2 The Required and Possible Source of Data

The focuses of this study is to asses the urban transport management regarding to transport service delivery in the case of Addis Ababa Anbessa City Bus enterprise. Accordingly the required data for the study will be expected to reveal the existing transport problems in Addis Ababa specially problems related to Addis Ababa Anbessa City Bus services, which serves to analysis and to forward recommendation measure to be taken.

The study will take primary and secondary data as a possible source of the required information.

1.6.3 Sampling

The study will take a specific number of board members, management operational employees of enterprise, and daily bus users as a sample population.

1.6.4 Sample Size

The researcher will apply purposive, available and simple random sampling technique to select sample and to determine the sample size. There are eleven board and seven top management members in the enterprise, chairman of the board, the manager and the operational department head of the enterprise will be taken as a sample by availability sampling technique because of their importance in providing the necessary information.

The operational employee of the enterprise, those directly involved in daily transport service activities are 2741 in number. Of these, 50 are taken for the study by using random selection technique.

To obtain necessary information from service users, the researcher strategically will take three bus terminals as the center and collect information randomly from fifty respondents from each terminal.

1.6.5. Distribution of Sample

Sample Area	Total Number Population Size	Sampling Technique	Sample Size
Board members	Eleven	Availability	One
Top management of the Enterprise	Seven	Availability	Two
Operational employees	1260	Random	50
Daily bus users of	Three terminal	Random	150 (50 from terminal)

1.6.6. Sources of Data and Data Gathering Tools

Both qualitative and quantities data are gathered for the study, therefore the source of these data are as follows.

A. Source of Data

Primary Data

The primary data is collected from Anbessa bus enterprise board members, top managements, operational department, employees and bus users.

Secondary Data

Secondary data is taken from the enterprise reports and records, policy, documents, research reports, articles, books etc...

B. Data Gathering Tools and Methods

For this study both primary and secondary data are gathered by the following tools:-

→ *Questionnaires*

Questioners are prepared to the operational department employee and daily bus users.

→ **Interviews**

Interviews questions are designed to board chairman, manager of the enterprise, and head of operational department.

→ **Observation**

By taking bus terminals as a center of observation the researcher is observe the way Anbessa bus enterprise gives transport service for the users.

1.7 Data Analysis

Data gathered through questionnaire are organized and analyzed by quantitative method of data analysis. Where as, the data gathered by interview is analyzed qualitatively.

1.8 Organization of the Thesis

This paper consist five chapters. Chapter one deals with the problems and the study approaches. Chapter two holds related literature review. Chapter three discusses the overall policies and issues of transport in Ethiopia context. Chapter four is about data presentation and analysis. The final chapter, which is chapter five, includes findings, conclusions and recommendations.

CHAPTER TWO

REVIEW OF LITERATURE

This chapter deals with the overall principles, policies and management issue of public transport to the special focus of urban transport management. It has an importance to compare and evaluate what would be present in the first part and also it helps to forward recommendation based on the finding of the research.

2.1. OVERVIEW OF URBAN PUBLIC TRANSPORT SERVICES MANAGEMENT

2.1.1. Urban Public Transport and the Need for Public Authorities to Intervene

The urban public transport services provided by urban public transport companies (enterprises) combined elements of both commercial/ private services with those of a public service. Users benefit from a transport service for which they are willing to pay. Speed, punctuality, comfort, safety and the density of the network determine the value of the commercial transport service and thus the price that users agree to pay in order to be able to use it.

Clearly, external factors (reduced damage to both the environment and to public health in urban areas as well as reduced congestion costs) are the main reasons for public authorities to take a share in managing urban public transport systems, but there are also free market failures calling for the need of public sector intervention. According to Jones (1985) the reasons for market failures include:

- Decreasing costs throughout the whole range of demand. In such a situation, a company that charged the managerial price for its services- the rule of price setting efficiency-would go bankrupt.

For a while urban public transport services are not true natural monopolies, they do possess certain characteristics;

- It cannot be ruled out that urban public transport entirely subject to market forces would lead to wasteful competition. If competition focuses on services provided rather than on prices, market forces might ultimately create a situation in which users were offered too wide a variety of services at too high a price.
- Lastly, the principle of fairness can also lead to market failure. Transport policy frequency refers, explicitly or implicitly, the right to public transport. Lower fares for underprivileged social categories are a consequence of this concern.

2.1.2 Organizational Models of Public Transport

Under the subsidiary principle, decisions on urban public transport should be taken at local level. As the area served usually extends beyond municipal boundaries, it is useful to allow the authorities concerned to join forces in a new decision-making body. The latter may be governed by a contract (association of municipalities) or by setting up a new administrative body (region, metropolitan area or district). As for coordinating urban and regional traffic, different levels of authority (such as municipalities and cantons or countries) may be grouped together in a single organizational unit. A number of possible organizational forms are listed below:

- The municipal authority organizes and operates the urban public transport system. It defines its tasks, plans and also provides the service itself. This is therefore a model of direct management, for example, as in the town of St. Gallen in Switzerland;
- A private-law corporation is set up (transport company) whose shareholders are the public authorities concerned (the municipalities served and possibly a higher-level authority). The

company takes all decision from strategy to operational choices. Municipalities in the area served are represented on the company's executive bodies and are thus able to determine the company's general policy (strategic aims) and to participate in decision-making on the service provision (palling). An example is the public transport system in the town of Neuchatel in Switzerland;

- Decision-making powers are shared between the public authority (purpose and general features of the transport service), a publicly funded transport company responsible for planning (detailed service provision-lines, fares, schedule, etc.) and operators selected by means of competitive tendering (production)
- General aims are determined by an organizing authority comprised of a group of municipalities which delegates operation of the service to a private or public operator (in theory one per conurbation). In this case, operation covers both planning (detailed specification of the service) and production (operational choices). The operator may opt to sub-contract part of the service. This organizational form corresponds to the French model (apart from the Paris region)
- In a deregulated situation, the market determines the type of transport services provided. Barriers to hamper entry by new operators are reduced to a minimum, so as to encourage the establishment of a competitive market. A regulatory authority monitors observance of competition rules and ensures that gains in productivity are passed on to users through lower fares. Services that the authority would like to offer the population but which are not commercially viable (public service provision) are awarded on the basis of competitive tendering. This organizational form corresponds to the British model (except for London) (CIRT: 1997).

2.2. Methods of Urban Public Transport Service Managements by Authorities

The typology of methods of service provision available applies generally to all public services. As regards transport, a slightly different system of classification is often suggested comprising of three main methods: direct management, delegated management and the market.

A. Direct Management

In this case, the transport service is provided by the municipality itself or by a public a company owned by the municipality. The public authorities are liable for all operational and investment-related risks. They also cover the shortfall. Since there is little competitive pressure on the operator, it is highly probable that the service will not be provided efficiently. On the other hand, because the public authority controls all aspects of service provision including fare-setting, it will be easier to ensure that the general aims-the purposes-are achieved.

A variant consists in handing the running of the service to a transport company with a legal personality whose shareholders the municipalities are served. Still within the direct management model, the conclusion of a service concession between the public authority (the municipality or a group of municipality) and the operator makes it possible to create the conditions for more efficient management through a clear division of the tasks. The contract specifies the aims that must be achieved; the volume of service concession is only really worthwhile if the operator enjoys a wide margin of maneuver in operational decisions.

There needs to be a coherent division of risks and liabilities. In this respect, it is important that the amount of the public authority's subsidy to cover the city bus be set before the start of the financial year. Where there is an overall budget, this condition is met. The service concession

aims to set the operator clear aims oblige it to adopt a more responsible approach to management and, in doing so, encourage an efficient service (IBIS: 2005).

B. Delegated Management

There are numerous forms of delegated management which allow the operator varying degrees of freedom- more or less precise specification- and which entail greater or lesser degrees of risk for the operator. According to, Duchene (1993) there are two criteria which can be used to distinguish various forms of delegated management. Firstly, the division of risks and liabilities between the public authority and the operator and secondly the way in which contracts are concluded with or without competitive tendering.

◆ Division of risks

There are three categories of risks: investment (infrastructure and rolling stock), production costs (industrial risk) and revenue. In sharing these three categories of risk, there are two extreme scenarios and numerous intermediate ones.

Let us imagine that the public authorities provided the investment and that they define the operator's obligations and fares in an extremely precise set of specifications; further let us suppose that the operator is compensated on the basis of its effective costs. In this case, the authority is incurring three types of risk. This form of institutional organization is unlikely to result in a cost-efficient service as the operator has no incentive to improve its productivity nor indeed to be overly concerned with customer satisfaction because it is not affected by revenue. According to this scenario, the wisdom of delegating the operation of service may be questioned. The situation is different if at least some of the production risk is transferred to the operator. Rather than reimbursing effective costs, the authority pays compensation based on

standard costs calculated, for instance, on the basis of the volume of service (output). If the operator succeeds in cutting costs while also meeting the obligations established in the specifications, it will be able to keep at least part of the increased productivity. These services will introduce an element of economic incentive into the system, thereby encouraging the operator to provide the service efficiently. Firstly this model corresponds to sub-contracting since the operator does not assume any commercial risk.

At the other extreme, a contract might stipulate that the operator would bear both the industrial and commercial risk. It will therefore be in the operator's interests to provide a service popular with users since this will increase its revenue. Clearly, this presupposes that the operator is able to set fares freely and has total responsibility for operational management.

The division of risks must be accomplished by the division of liabilities. This amounts to a system of pure concession. Since it is hardly ever possible to cover all costs from commercial revenue, the contract would have to set fixed-rate compensation to make up the balance (market-clearing subsidy).

The operator will only offer services that can be covered by commercial revenue (given the market-clearing subsidy). If the authorities wish to provide the public with additional services or grant certain categories of reduced fares, this will have to be specified in the contract. The operator will receive compensation for meeting these public service obligations (Quattro 2004).

◆ Awarding the Contract

It is often neither possible nor cost-efficient to delegate to several operators the running of one route or line (a so-called ‘natural monopoly’, common in companies working in a network (Greg and Bonsall (2006).

However, there is a way of creating some competition in the urban public transport market namely that since there can be no market competition; companies must be made to compete to obtain the contract. This involves auctioning the contract to the lowest bidder, for instance to the company which will require the lowest market-clearing subsidy while also meeting the specifications (Berg and Tschirhart :1988).

However, it is not always possible for an auction procedure to create competition. That requires two conditions: the factors of production must be available to all the tenderness at competitive prices and the cost of collusion between companies interested in the market must be dissuasive (Ibid). Holding an auction in order to select the most efficient operator raises various delicate questions such as how many companies need to be invited to tender, how should their tenders be assessed, what steps need to be taken to ensure that the contract is honored and what period of time should the contract cover?

The length of the contract is important. If the licensee bears the risk of investment, should the contract cover the whole period of loan repayments for equipment and infrastructure? If the contract ends before the equipment is totally paid off, the new licensee has no real choice other than to buy it. The selling price would then be a delicate question, especially if it had not been specified in the contract. The other difficulty is uncertainty about future prices. The literature of Philip Von

Haeling (2006) suggests various solutions to this problem: renewable short-term contracts or incomplete long-term contracts (Kittleston et.al: 2003).

C. Market

Market forces decide whether provision of the service is commercially viable. Private operators therefore take the initiative to provide the service. If the public authorities wish other (unprofitable) services to be provided to the population, they can request private operators to carry them out in return for appropriate compensation. In theory, operators responsible for supplying non-commercial services should be selected through competitive tendering. The scant available data (CIRTU 1987) shows that production costs are lowest in a deregulated system-on average half of those in regulated market. The fact that there is less need for public authorities to grant subsidies or cover deficits is another advantage. Free competition also has drawbacks, such as a creation amount of instability in the service-the counterpart to the freedom to enter or leave the market. There is also a risk that, after an initial phase of competition, the market will be dominated by a small number of large operators. Hence, there is a need to set up a regulatory body to monitor obstacles to competition (Todd Litman : 2001b).

2.3 Forms of Urban Public Transport Services Management (Organization)

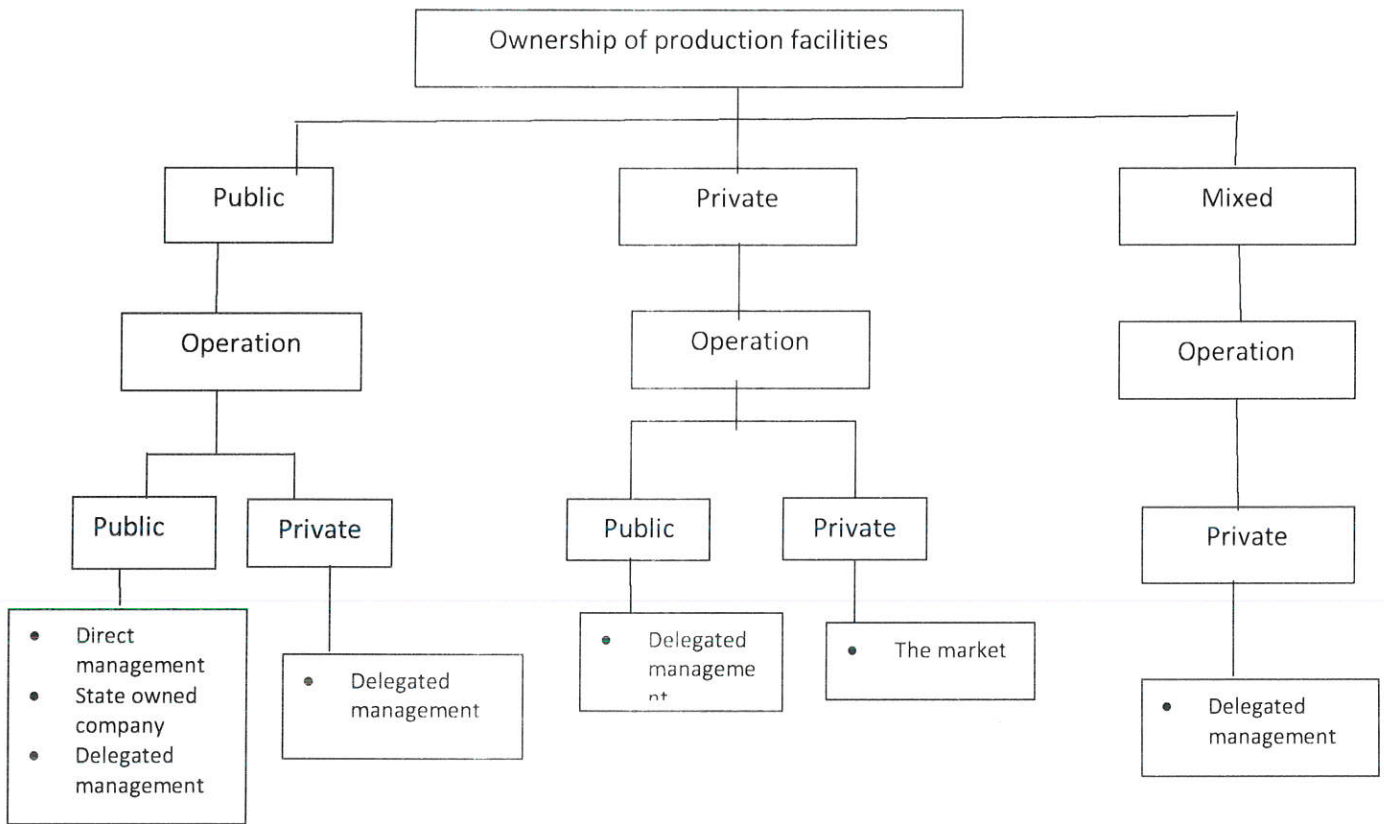
2.3.1 Public VS Private Management (Ownership of the Service Producing Facilities)

There are a great many possible organizational forms for urban public transport. Merely distinguishing between public and private management is obviously too simplistic as a classification of urban public transport systems. The following are some of the criteria to be taken into account

in assessing the ways in which urban public transport is managed (CIRT: 1987):

- Is the decision to provide the public with an urban transport service derive from a policy choice by the public authorities or from the initiative of private companies responding to user demand in the market place?
- Who owns the operating resources: infrastructure, rolling stock and other facilities? Public ownership of such property is perfectly compatible with its operation by a private company. It is acceptable that a public authority owns the fixed material and the operator the rolling stock.
- Is the system to be operated by the municipality (direct management). A state-owned company, a public or private operator with a concession to provide the service (delegated management) or by competing companies (the market)?
- What freedom does the operator have to define the service and adapt in to the needs of users and to what extent is the operator liable?
- Is the service provided by a single company acting as a monopoly, by several companies to which use of a line or sub-network has been delegated or by several companies in competition?
- Lastly, when a private operator is responsible for providing the service, it is important to know how liability is divided between the public authorities and the operators. For the way in which liability is divided has a bearing upon efficiency and effectiveness.

Figure 1: Urban Public Transport: Management Forms



First Situation: public funds have financed the investment and the operating facilities therefore belong to the authorities. The service may be provided by the public authorities themselves (direct management), by a body or company who is not liable (state-owned company) or by a public or private operator (delegated management).

Second Situation: the operator owns the equipment and facilities. There could therefore be a concession to operate the network, competitive tendering by the authority to operate lines (transport service defined by the authority) or a system of regulated competition (transport service determined by the market). In the latter case, the authority may require the operator to fulfill public-service obligations in exchange for compensation.

Third Situation: the investment is financed by both the public authorities and private operator. The other approach consists of competitive tendering to operate the network.

Decision-Making Levels: Organization of a transport system is complex and it is crucial to clearly define the decision of decision-making powers between the various levels. There are three levels of decision making: strategic, intermediate and operational.

Table 1. Level of Competence

Level		Areas of competence	
Strategic	Why?	Purpose: to explain the aims and the purpose of the public transport service (the outcome)	Characteristics of the transport system (the area served, inter modality, capacity, etc.)
Intermediate	What?	Planning: defining the services(the output)	The network, timetable, fares
Operational	How?	Choosing the most efficient means of providing the service	Everything associated providing and selling the service, including whether or not to sub-contract some elements of it

Adopted from CIRTU, 1987.

2.3.2. Urban Public Transport: Management Forms Service Organizers and Service Producers

In assessing provision of a public service to the urban population, it is useful to draw a distinction between two functions. The first concerns the definition of characteristics of the service (the arrangement), while the second covers the actual provision of the service (Mintesnot And Takano :2006). The value of such a distinction lies in the fact that these functions may be carried out by different bodies. In this case:

- The authorities determine the features of the service (the organization function); and
- A public or private operator provides the service (the operation or production function).

This justifies the idea of service concession by which a public authority grants an operator a license to provide the local population with a service. The service concession makes it possible to protect the public interest- the operator's obligations are laid down in the contract-while ensuring that services are provided at the lowest cost by introducing market mechanisms. On this basis, two methods of public service provision may be compared:

The traditional method in which the organization and production functions are combined (direct management); and

A method which revolve more in keeping with the principles of a new form of public management in which these two functions are carried out by separate bodies.

The service concession aims to encourage the operator to achieve the aims defined by the public authority as well as to provide the service efficiently. The authority's task is not a simple one, because it must make decisions without possessing all the necessary information. This is an example of the classic relationship between a principal (the authority) and an agent (the operator). Granting the contract on the basis of competitive tendering enable the authority to obtain better information on the possible operational costs (Tomazinis AR :1975).

In urban public transport, the organization function (*Leistungsbesteller*) and the operation function (*Leistungsbesteller*) are frequently separate

(Santhakumar, G. et.al :2003). The French model, for instance, is based upon a separation of the functions of the organization and provision of services in accordance with the 1992 Guideline Act on Internal Transport (Duchene 1993). This model involves two main agents: an organizing authority and one or more operators. A municipality, an association of municipalities, a metropolitan authority or region or a mixed association of (group of local government bodies of different types) may act as an organizing authority (Vasconcellos : 2001). It falls to this authority to devise a general definition of the transport service (strategic level) to be provided. In France, the operating function is usually carried out by one of the three large national transport groups, which generally operate a monopoly.

When the organization of a transport system is left to private initiative, there is no organizing authority but rather a regulatory body. One of its tasks is to ensure that the operator does not use its dominant position to make unwarranted profits. The regulatory body may act in various ways by controlling fares or by regulating the rate of return (Ajay K. & Fanny B. : 2008).

Organization Models

Under the subsidiary principle, decision on urban public transport should be taken at local level. As the area served usually extends beyond municipal boundaries, it is useful to allow the authorities concerned to join forces in a new decision-making body. The latter may be governed to join forces in a new decision-making body. The latter may be governed by a contract (association of municipalities) or by setting up a new administrative body (region, metropolitan area or district). As for coordinating urban and regional traffic, different levels of authority (such as municipalities and cantons or countries) may be grouped together in a single organizational unit.

A number of possible organizational forms are listed below.

- The municipal authority organizes and operates the urban public transport system. It defines its tasks, plans and also provides the service itself. This is therefore a model of direct management, for example as in the town of St Gallen in Switzerland;
- A private-law corporation is set up (transport company) whose shareholders are the public authorities concerned (the municipalities served and possibly a higher-level authority). The company takes all decisions, from strategy to operational choices. Municipalities in the area served and possibly a higher-level authority). The company takes all decisions, from strategy to operational choices. Municipalities in the area served are represented on the company's executive bodies and are thus able to determine the company's general policy (strategic aims) and to participate in decision-making on the service provision (planning). An example is the public transport system in the town of Neuchatel in Switzerland;
- Decision-making powers are shared between the public authority (purpose and general features of the transport service), a publicly funded transport company responsible for planning (detailed service provision-lines, fares, schedule, etc.) and operators selected by means of competitive tendering(production)
- General aims are determined by an organizing authority comprised of a group of municipalities, which delegates operation of the service to a private or public operator (in theory one per conurbation). In this case, operation covers both planning (detailed specification of the service) and production (operational choices). The operator may opt to sub-contract part of the service. This organizational form corresponds to the French model (apart from the Paris region)

- In a deregulated situation, the market determines the type of transport services provided. Barriers to hamper entry by new operators are reduced to a minimum, so as to encourage the establishment of a competitive market., A regulatory authority monitors observance of competition rules and ensures that gains in productivity are passed on to users through lower fares. Services that the authority would like to offer the population but which are not commercially viable (public service provision) are awarded on the basis of competitive tendering. This organizational form corresponds to the British model (except for London) (CIRTU 1987).

2.3.3. The Role of Urban Public Transport in Urban Transport Policy

A. Model Transfer to Public Transport

A sustainable transport policy is not compatible with seeking continued growth of individual motor traffic. OECD countries should not expect current policies to succeed in reducing motor vehicle traffic. On the contrary, in most countries, individual traffic is expected to double over the next thirty to forty years. Admittedly, growth will be much stronger on the periphery rather than in the center of towns. In Switzerland, there has been a reduction in the demand for individual motor traffic. However, as the occupation rate of vehicles drops, the number of vehicle-kilometers increases as does the harm caused to the population (FUT : 2008).

Municipal authorities have various tools at their disposal to help alter travel habits in favor of public transport. In a study on greater Zurich, Maibach (1992) identified various measures aimed at reducing motor traffic nuisance and at encouraging use of public transport:

- Levy of an additional tax on fuel;
- Introduction of a permit system to enter the town center;
- Management of parking place (by price and quality);
- Speed limits;
- Closing the town center to motor traffic;
- Sound-proofing buildings exposed to noise;
- Improving public transport services;
- Encouraging people to use different kinds of transport for different purposes (inter-modality).

The first measure-raising fuel price-fits with a policy of internalizing external costs at a nationwide level. Nevertheless, it would have an impact on the choice of transport in towns.

The second measure-a system of permits-corresponds to simplified form of urban toll.

The same applies to measures aimed at increasing the cost of parking. It should be noted that the authors did not propose introducing an electronic toll system. The most cost-effective measures are, in decreasing order, raising fuel prices, speed limits, managing parking and a permit system.

B. True pricing

The gap between private costs-paid by users-and social costs-the true cost of transport-has widened in favour of the car, notwithstanding fare rates intended to make public transport more attractive (Jaccard and Perret 1995).

One measure whose value is unanimously recognized-at least in theory-consists of internalizing external costs that is, making users pay the teal cost of their journeys. Urban tolls (in the form of an electronic toll, a tax

disk required for access to the town center or charging for parking) are the tools best suited to a policy if internalizing costs. Such a measure would make it possible to correct current competitive distortions between individual and public transport. While there are no technical obstacles to the implementation of such a policy, there is very strong opposition to any measure that would result in a restriction (directly or through price) on the use of individual vehicles. 1 As Perret and Jaccard point out (1995), it will not be possible to introduce such a measure locally, even in an exemplary and courageous authority; it will have to be introduced by means of concerted action at national or even international level.

2.4. Policy/ Management Aims

i. Accessibility

Accessibility is measured in terms of greater or lesser ease in reaching one or more points in the urban area from one or more other points, bearing in mind the different forms of transport available (Mintesnot, G., and S. Takano : 2005) The most widely used indicator for measuring accessibility is journey time. Accessibility is good if the town's various functions are linked by conditions that are acceptable in terms of time, comfort and cost. If accessibility is not good, the advantages of a large conurbation are not fully exploited.

Traffic congestion is the main obstacle to accessibility. In industrialized countries, the costs of congestion represent approximately 2 per cent of the GDP (European Commission 1995). Congestion occurs when the number of users exceeds the capacity of the network. Each additional user imposes delays on all other vehicles using the same infrastructure at the same time, and also suffers delay himself (Vasconcellos : 2000).

In a congested network, often only a slight reduction in the number of vehicles is enough to restore the fluidity of traffic. Numerous measures

are possible to help reduce congestion, for instance introducing tools in urban areas designed to internalize the cost of congestion or a policy to persuade people to prefer urban public transport over private vehicles (lower fares, improved frequency and comfort, etc.). In large conurbations, the existence of a dense and effective public transport system is the *sine qua non* of maintaining good accessibility to the town's various facilities (Jones: 1985).

ii. Contribution to Economic Development

Numerous towns explicitly cite economic development and job certain as one of the key aims of their transport policy, together with safety, reducing environmental damage, reducing the need for mobility and urban regeneration.

In competing with other towns for jobs and the establishment of new companies, efficient transport is vital. Congestion makes a town less attractive; it should not impede communication. Were this happens, the town would run the risk of losing the advantages of concentration and proximity. In other words, congestion must not be allowed to undermine growth.

According to Jacobs (1996) an efficient urban public transport system promotes business development in several ways:

- Attractive urban public transport reduces traffic jams and facilitates business journeys and the transportation of goods within the conurbation (Thompson :1983),
- Internal and external accessibility, assessed in terms of the time and cost of journeys, is a determining factor in the development of towns;

- the mobility of people within the urban area helps to expand the labour market, giving companies access to a wider employment catchments area and thus to a richer and more diversified workforce;
- more generally, an efficient transport system increases the productivity of capital;
- accessibility to the town's various key functions constitutes an essential criterion for
- companies in choosing where to locate- and as a result for people in deciding where to live; and
- The advantages of a conurbation lie in the juxtaposition of a large number of activities in a limited area and in limited area and in the ease of communication between them. An attractive urban public transport system is a means of retaining this advantage.

iii. The Environment

Motor traffic has a negative impact on the environment at local, national and global levels. In towns, transport is a major source of damage to the environment and to public health and well-being (European Commission 1995). The external cost of transport, including the cost of accidents and congestion but excluding climatic effects, represents approximately 5 per cent of the GDP of OECD countries (1995). The root of such costs lies in excessive mobility- a consequence of unsuitable transport and urban planning policies and a choice of transport that favors individual transport.

The environment and public health are impaired in a wide variety of ways. First, local pollution from emissions of nitrogen oxides (NOX), hydrocarbons (COV), sulphur dioxide (SO₂), particles (PM₁₀ and dust, damage health, vegetation, materials and the external fabric of buildings. Secondary pollutions (O₃ and NO₂) are formed by the combination of

primary pollutants emitted by motor vehicles (nitrogen oxides and hydrocarbon for surface ozone). Atmospheric pollution is compounded with noise nuisance that, for many, represents the main source of unpleasant and harmful damage. Moreover, it is a kind of harm that primarily affects people living in towns.

At global level, vehicle emissions play a major part in the danger of climatic change caused by greenhouse gases (mainly carbon dioxide). Only ecological tax reform, by means of an energy or carbon tax set at a higher rate each year over a long period, would succeed in breaking the current trend by reducing the volume of motor traffic and by channeling urban journeys into more energy-efficient forms of transport. Thus, by introducing a tax equivalent to an increase in the real price of fuel of 7 per cent per year over twenty years, it would be possible to have fuel consumption compared with anticipated use (WB: 2002).

Today, we have estimates of the environmental costs of traffic in towns, which indicate that unitary costs-per passenger-kilometer-are considerably lower for public transport than for individual vehicles.

The external costs of private transport are mainly environmental and health damage. In order to internalize these costs by raising fuel prices, the latter would have to be tripled (estimate based on damage caused and the price of fuel in Swiss towns (Iseki : 2001).

iv. Risk of Accident

A key aim of the transport policy of most towns is to ensure a high level of safety. Given that in the European Union nearly 50000 people die each year as the result of transport accidents (99 per cent of which are road accident), it is not surprising that local authorities give such high priority to traffic safety (WB :2003).

As the data of European Commission (1995) today, road accidents constitute the first cause of death for people under the age of forty and each death represents an average of forty years of life lost (compared with ten years for cardiovascular illnesses and cancer). Taken together, European Union countries pay nearly 100 billion euros (estimate based on the public's propensity to pay to avoid accidents).

Transport accidents incur several types of cost, according to (SEMALY: 2001) accidents are classified as follows:

- Material damage
- Harm to people;
 - medical and pharmaceutical expenses;
 - lost productivity;
 - human costs (pain, grief, suffering by victims and their families, relatives and friends);
- Judicial and police costs.

v. Social Function of Public Transport

In addition to its economic role, urban public transport also has a social function, in that it must cater for underprivileged categories of the public (captive customer base) who are obliged to travel a long way to their work and who do not have individual transport. Urban public transport must provide this service even if it is not in keeping with the company's commercial interests. Implementation of a social transport policy calls for the introduction of more favorable fares for users or the standardization of fares (proportionally lower fare in peripheral areas than in central areas without taking account of the real costs).

Standardization of fares helps to generalize access to a "service meeting needs regarded as essential to everyone's everyday life". Several countries recognize explicitly (in their legislation) or implicitly (in their transport

policy choices) the idea of a right to transport. This is reflected by public authorities' willingness to ensure accessibility to the whole area under their administration. The redistributive effects are not restricted to transport service. Different population groups are subject to traffic nuisance in unequal measure. The areas most affected by motorized traffic are those inhabited by people on low incomes (Arbury : 2000).

2.5 Measuring and Monitoring Urban Public Transport

Performance

2.5.1 Definitions

A number of essential definitions of terms involved in the measuring and monitoring of urban public transport are given by Isotope (1998) as follows.

- **Productivity** corresponds to the ratio between services (or output) and resources (or input). A distinction must be made between the partial productivity of the factors (namely the productivity of work or of capital) and overall productivity (productivity of all the factors used in production). It should be noted that productivity can be measured in relation to a given activity (for example the maintenance of rolling stock) or in relation to the transport service.
- **Efficiency**- economists prefer to talk of technical or productive efficiency-describes performance by comparing the companies assessed with a model (or benchmark) company. An urban public transport company is deemed efficient if it provides a given quality of services with the minimum of resources (efficiency of input) or if provides the maximum quality of services given the resources used (efficiency of output). The notions of what constitutes borderline and best practice, respectively, play a key role in analyzing efficiency.

- **Effectiveness**- measures the degree of user satisfaction or the extent to which aims assigned to the operator have been achieved (such as reducing the share of individual motor traffic).
- **Relevance**- means the comparison between resources and results which information on the financial resources invested.

2.5.2. Performance Indicators

i. Unitary Costs

This indicator is obtained by dividing the total cost by the services or output. The most frequently used way of measuring output in respect of transport is the number of seats per kilometers (measurement based on supply, Jaccard and Perret (1995). It is also possible to measure services in another way by the number of travelers per kilometer. However, Jaccard (1995) considers that the latter method is too sensitive to demand to constitute a good indicator of the production of transport companies.

$$I \text{ Unitary cost} = \frac{\text{total costs}}{\text{Seats-kilometers}}$$

Rather than the total cost, it is possible to use the cost of the work factor (staff costs), or the cost of capital (loan repayments for infrastructure, rolling stock and interest charges) or again the cost of energy as the numerator. There are great differences in unitary costs between towns, due to the unequal performance of operators but also to local conditions, which render service provision more or less costly.

ii. Partial Productivity of Factors

The productivity of the work factor corresponds to the ratio of the number of seats per kilometer to staff numbers.

$$I \text{ Productivity-work} = \frac{\text{seats-kilometers}}{\text{Staff number}}$$

The partial productivity of capital is obtained by calculating the ratio of seats per kilometer to capital. Usually, rolling stock services to measure the use of capital (Gathon 1987; Christe 1992).

Productivity-capital = $\frac{\text{seats-kilometers}}{\text{Total number of seats}}$

Total number of seats

Productivity varies greatly between networks. In study on several European countries, Jaccard and Perret (1995) noted differentials ranging from 1 to 8 for work productivity and from 1 to 3.5 for capital productivity. They highlights productivity differences ranging from 1 to 10 for both work and capital.

iii. Degree of Coverage of Costs by Commercial Revenue

It is desirable for the operational costs of urban public transport to be funded by users rather than by taxpayers. The degree of coverage corresponds to the ratio between revenue and operational cost. For the fifteen towns studied as part of the Isotope Programme (1998), the degree of coverage varies between 0.41 (Antwerp), and 1.08 (Dublin). In an earlier study, Jaccard and Perret (1995) also highlighted considerable variations between towns ranging from 0.85 in Salzburg to 1.17 in Parma (AARP (2005)).

iv. The Overall Productivity of Factors

Assessing the performance of urban public transport companies by the partial productivity of work or capital is not really satisfactory as service provision always requires the implementation of several factors: staff, rolling stock and infrastructure, and energy. It is therefore preferable to make an overall assessment of productivity. The variation in overall productivity is measured by the difference between variation in the volume of production and variation of the volume of all factors from one year to the next. The variation in overall productivity is calculated on the

basis of data from the accounts of urban public transport companies (ARWB,2005).

v. Technical Productive Efficiency

Technical efficiency measured in terms of output corresponds to the ratio of the company's effective production to the maximum production that it could achieve given the resources used. Measured in terms of input, efficiency corresponds to the minimum quality of resources necessary for a specified production. The value of this definition of efficiency is that it can be used to give an accurate quantitative measurement (CGAATA (2004). In measuring efficiency, it is possible to consider several types of input (for example staff, rolling stock and energy), several types of output (seats-kilometers, frequency, etc.) and to take account of the environment in which the service is provided (population density, average commercial speed, etc.).

There are numerous applications for this method of measuring the performance of urban public transport. Christ (1992) observed efficiency differences ranging from 1 to 3.3 between urban public transports companies in Switzerland. The same author also highlighted the relationship between the method of service provision and efficiency: sub-contracting and granting concessions to a private operator were the most propitious forms of organization for the efficient running of a transport service. In an analysis of a sample of European urban transport companies, (Girmay :1998) noted a 40 percent efficiency gap between the benchmark company and the least efficient company in the sample.

v. The Quality of Services

Various indicators can be used to measure the quality of services. This is an important dimension because transport choices rely as much, if not more, on the quality of the transport than on how much it costs. Here

are a few quality indicators suggested by (Mc Donald Transit Associates, Inc. (2004).

- Commercial speed: this variable determines user behavior; it is also important for operators because of its impact on operational costs. Similarly, other possible indicators are the proportion of the network consisting of reserved lanes or self contains tracks.
- Capacity use: if this exceeds 100 per cent during rush hours, passenger comfort is reduced. An excessively high or excessively low rate calls for a response from the operator, since it indicates that the service provided (supply) is not well adapted to demand.
- The state, maintenance and cleanliness of vehicles and equipment at stops (shelters, etc.) affect passenger comfort.
- Regularity and punctuality reduce uncertainty and waiting times for users.
- The length of average waiting time when changing to another line.

2.6. Urban Transport Challenges

These facts are more explained in the challenge of urban transportation which takes Cities as locations having a high level of accumulation and concentration of economic activities and are complex spatial structures that are supposed by transport systems. The most important transport problems are often related to urban areas. When transport systems, for a variety of reasons, cannot satisfy the numerous requirements of urban mobility. Urban productivity is high dependent on the efficiency of its transport system to move labour, consumers and freight between multiple origins and destinations. Additionally, important transport terminals such as ports, airports, and rail yards are located within urban areas, contributing to a specific array of problems. Some problems like congestion are ancient while other problems like urban freight distribution or environmental impacts are new. (WB : 2002) Among the most notable urban transport problems are:

- Traffic congestion parking difficulties. Congestion is one of the most prevalent transport problems in large urban agglomerations. It is particularly linked with motorization and the diffusion of the automobile, which has increased the demand for transport infrastructures. However, the supply of infrastructures has often not been able to keep up with the growth of mobility. Since vehicles spend the majority of the time parked, motorization has expanded the demand for parking space, which has created space consumption a problem particularly in central areas.
- Public transport inadequacy. Many public transit systems, or parts of them, are either over or under used. During peak hours, crowdedness creates discomfort for users. Low rider ship makes many services financially unsustainable, particularly in suburban areas. In spite of strong subsidies almost every public transit system cannot generate sufficient income to cover its operating and capital costs.
- Difficulties for pedestrians. These difficulties are either the outcome of intense traffic, where the mobility of pedestrians and vehicles are impaired, but also because of a blatant lack of consideration for pedestrians in the physical design of facilities.
- Loss of public space. The majority of roads are publicly owned and free of access. Increased traffic has adverse impact on public activities which once crowded the streets such as markets, agoras, parades and processions, games and community interactions. These have gradually disappeared to be replaced by automobiles. In many cases, these activities have shifted to shopping malls while in other cases, they have been abandoned altogether. Traffic flows influence the life and interaction of residents and usage of street space. More traffic impeded social interactions and street activities. People tend to walk and cycle less when traffic is high.

- Environmental impacts and energy consumption. Pollution, including noise, generated by circulation has become a serious impediment to the quality of life and even the health of urban population. Further, energy consumption by urban transportation has dramatically increased and so the dependency on petroleum.
- Accidents and safety. Growing traffic in urban areas is linked with a growth of accidents and fatalities, especially in developing countries. Accidents account for a significant share of recurring delays. As traffic increases, people feel less safe to use the streets.
- Land consumption. The territorial imprint of transportation is significant, particularly for the automobile. Between 30 and 60 % of a metropolitan area may be devoted to transportation, an outcome of the over-reliance on some forms of urban transportation.
- Freight distribution. Globalization and the materialization of the economy have resulted in growth a quality of freight moving within cities. As freight traffic commonly shares infrastructures with the circulation of passengers, the mobility of freight in urban areas has become increasingly problematic city logistics strategies can be established to mitigate the variety of challenges faced by urban freight distribution (ENEC: 2000).

CHAPTER THREE

3.1 URBAN TRANSPORT LEGISLATION AND POLICY IN ETHIOPIA

This chapter presents urban transport legislation and policy issue in Ethiopian context by taking A.A city as special focus.

3.1.1 Legislative Framework

Law is an important tool in enabling the effective implementation of policies and programs. The Federal Democratic Republic of Ethiopia (FDRE) was established upon the basis of political and administrative decentralization that aims at transferring functions and responsibilities to regional states and lower level of government structures. The constitution of FDRE, the various proclamations of Federal Government including proclamations of chartered cities of Addis Ababa and regulations of regional governments govern the planning and development of all sectors including urban development and urban management (ACB :2008).

The legislative powers and responsibilities for transport are somewhat fragmented between levels of government under it issued by Federal Government, Regional Governments and the city of Addis Ababa regulate the development and operation of urban transport plans and systems. The responsibilities for urban transport are distributed amongst many agencies and enabling legal provisions are defused in many proclamations.

The proclamation of Chartered Cities by the Federal Government (i.e Addis Ababa) provides these cities in general with strong authority in respect of executive powers, establishment of municipal line departments and agencies (which address regulation as well as infrastructure planning and implementation), and service provision. The transport

Authorities of these cities have recently been made subordinate to the federal transport Authority (TA), but the cities are still influential in line with the TA. Funding for transport-related activities is also mostly the responsibilities of these cities.

The Anbassa City Bus Service, mostly serving Addis Ababa, is a public enterprise under the Privatization and public Enterprises Supervisory Agency (PPESA). It receives financial assistance from the city.

Municipal powers and responsibilities of other cities are defined in proclamations by regional governments and obviously include road infrastructure and allied matters. Decisions on priorities are also their prerogative. In principle the federal government, and even regional governments, may have quite limited direct involvement in the development of transport infrastructure and facilities. In respect of transport regulation, some powers and responsibilities cut across the federal regional municipal structure. This also applies to land disposal and public private partnerships (ERA : 2005).

However, the legal framework, despite some fragmentation, does not prevent different levels of government from cooperating and coordinating and thus using their powers and funds to support mutually beneficial transport systems development.

3.1.2 Policy Framework

Ethiopia has undertaken constitutional and major policy changes since the fall of Derge, 1991. It has adopted the policy of liberalization; privatization and globalization. This would mean major structural transformation of the economy, infrastructure, social and other sectors of the country to meet the needs and standards of the global economy.

These have brought political, administrative and economic restructuring. Institutional economic and sectors policy alterations with far reaching consequences on spatial and urban development have been introduced. The economic strategy "Agricultural Development led industrialization" program (ADLI) focuses on the promotion of both the rural and urban economic sectors (ERA :1985).

In order to achieve development objectives, the Federal Government of Ethiopia, in association with regional governments, have formulated number of national and regional policies covering population, economy and development tenure, urban development, energy, environment, health infrastructure and a host of other sectors. National road network system development has been a major policy and has been pursued through the Road Sector Development Program of Federal and Regional road network systems (ORAAMA: 2002).

The Ethiopia National Urbanization Policy, which was approved in 2005, (ENUP, sometimes referred to as the National Urban Development Policy) is a significant step related to the development of urban transportation following the federal system and the development strategy of the country. The policy deals holistically with urban development, including infrastructure and finance.

ENDUP has identified the basic problem of Ethiopian urban centers related to development, democracy and good governance. The overall goals of ENUDP are to ensure fast and equitable development, and democracy and good governance in urban centers. The policy has defined the roles of the federal government, regional governments, and urban centers.

A Federal "urban Planning", proclamation which addresses urban plan preparation, implementation and development control was also approved by the cabinet and proclaimed on 16th May 2008.

3.3 Institutional Structure

Institutional are key elements to enforce implementation policies, plans and programmers. The practicability of what are discussed, analyzed, proposed or recommended in any sectors endeavor rests on the capacity and nature of institutional arrangements. The following sections briefly describer the important institutions for policy formulation, regulation, planning, development, operation and management of the transport systems of the country.

3.3.1 Federal Ministries

The structure of ministries at Federal level with the responsibility of transport related activities include MOTC on the one hand and MOWUD on the other.

Under MOWUD, there are two institutions, ERA responsible primarily for the expansion and maintenance of the federal road and FRF for financing road maintenance and safer at both federal and regional and city administration levels. This ministry is also in charge of the Federal Urban planning institute (FUPI) and the Urban Development Capacity Building Office (UDCBO), under whose agency many urban studies are being conducted and through which significant donor funds are channeled for urban development.

There is also a policy coordination Bureau which, for example, is responsible for the National Urban Development Policy and its translation. It is also the conduit between the Chartered Cities and

Federal Government in many respects. The housing function also has implications for transport planning. There is thus the potential for high-level coordination of general urban development with urban transport development.

MOTC is responsible for the Federal Transport Authority (FTA), which deals with road, rail and water transport, including the regulation of road transport. The ministry is responsible for the transport planning and regulation and therefore has key interests in urban transport provision.

Parliamentary oversight is in the form of the Standing committee on Infrastructure, which deals with many of the transport issues, as well as energy and electricity distribution and telecommunications. It receives quarterly reports and frequently makes visits to different parts of the country (ERA :1985).

The above bodies will have key roles to play in expediting the formulation and adoption of the above-mentioned function related issues and especially on the National Urban Transport policy.

3.3.2 Ethiopian Road Authority

According to the proclamation No. 80/1997, the Ethiopian Roads Authority (ERA) is responsible to initiate policies and laws relating to roads, determine design standards, construct or maintain the federal road network by its own force or through contractors, conduct material research relating to roads etc. Other roads are the responsibility of Regional Rural Road Authorities (RRRA) and urban administrations, except for woreds-level community roads. There is substantial coordination between ERA and the RRRA, ERA's mandate is largely implemented through the Road Sector Development Program (RSDP). Road maintenance is financed from the Road Fund, and other transport

infrastructure through the Government budget, including donor funds. These have minor reference to urban roads.

There is thus little explicit provision for the development of urban roads. Notwithstanding this, ERA has played an important role in urban transport planning, which is of course a reflection of the primacy of the city and its focal point in the country's transport system.

3.3.3 Federal Transport Authority

The Federal Transport Authority (FTA) is primarily responsible for planning and regulation of transport systems and services together with regional and city administrations performing such functions. Proclamation No. 468(2005) clearly states that the TA has the responsibility of ensuring the provision of safe, efficient and adequate road transport service to the public.

It is also responsible to collect and compile, on regular basis, information and data relating to road transport. In addition, based on the available data, it is mandated and responsible to undertake studies and prepare plans and program to promote the development of transport. Above all the authority is responsible to implement and enforce government policies, laws and regulations related to transport and issues.

However, TA's activity is obviously limited mainly to vehicle registration, licensing and other operational activities. The former Addis Ababa Transport Authority and are now subordinates to TA in order to achieve consistency, but are funded by the cities, so that the latter still play very influential roles. These transport offices of the city is expected to prepare transport plans and program for transport infrastructures and services, and implement effective transport management systems. However, according to different information source, there is a critical lack of

capacity in terms of organizational structure, manpower and necessary budget.

3.3.4 Federal Urban Planning Institute

The Federal Urban Planning Institute (FUPI) is responsible for urban planning at the federal level. In the past FUPI used to initiate such planning as a "top-down process". Changes are taking place in the institutional set-up, including the decentralization of planning powers to regions and cities. There has recently been a transition towards making the local authorities responsible for initiating development plans for their jurisdictions. Now FUPI serves as a consultant to local authorities who should be clients who initiate and fund the planning. Currently, most of the regional states have established Regional Urban planning Institutes. In addition to acting as consultant, FUPI builds the capacity of regional institutes, focus on strategic issues, and make use of the private sector.

3.3.5 Federal Road Fund

The Federal Road Fund (FRF) is established by proclamation N^o 66/1997 to finance the maintenance of roads and road safety for federal, regional, and urban roads. Cities derive their funds from three sources- the "Block Grant" from their respective Regional Governments, their own revenues, and funds for road maintenance safety improvements from the FRF. It is governed by a board which is accountable to the Prime Minister. There are municipal representative on its board and financial control is exercised by the Ministry of Finance and Economic Development (MOFED).

3.3.6 Interim National Road Safety Coordinating office

Road safety is critically important for urban transport. The responsibility of road safety Falls under the responsibility of a number of government agencies at the national, regional and local level. An Interim National

Road Safety Committee (NRSC) was established in April 2002, to coordinate road safety program in the interim period and prepare the legal document for the establishment of permanent road safety council that promotes cooperation and collaboration between key road safety organizations. The interim committee is composed of heads of the lead organizations that includes TA, ERA, FRF, and Federal Police Commission. The interim committee established a National Road Safety Coordination Office (NRSCO) in July 2002 to serve as its secretariat.

Currently the regulation for the establishment of National Road Traffic Safety Council (NRTSC) is expected to be adopted by the councils of ministers. The NRTSC will be composed of six ministries, Federal Police commission, RTA, ERA, FRF, chairman of regional road safety councils, and six civic organizations that have direct relations to the subject and will be led by Minister of State for Transport and communications. The adoption of the council and the formation of road safety implementation agency are very essential as they are believed to take the responsibility road safety activities.

The interim coordinating office is not equipped with clear organizational structure and adequate manpower. Its mechanisms of performing road safety activities, in all its forms, are not concomitant with the dynamics and complexity of traffic safety problems.

3.3.7 Urban Development Capacity Building Office

The UDCBO (Urban Development Capacity Building Office) handles a number of program and studies, including the CBDSD project. It addresses issues of organizational structures and capabilities, and the state and quality of infrastructure, among others. It is also responsible for the Urban Development Fund (UDF) by which infrastructure improvements are implemented. At this stage very few infrastructure

projects are transport related. There is a high level of donor involvement in the UDCBO activities.

3.3.8 Regional Transport and Road Agencies

Excluding Addis Ababa, Dire Dawa and Harari, six regions have the administration of Regional Rural Road Authorities, accountable to the regions' councils, and in 2 (Afar and Somali), the rural roads fall under bureaus of rural development FRA supports the regions with road network planning and programming, training and technical assistance.

Like TA, the functions of regional transport Bureaus are limited to vehicle registration, licensing and other operational activities. They are not engaged in transport planning and programming based on transport forecasts, needs and demands. The construction and maintenance of regional roads is done with out consultation of regional transport offices.

Regional Cities operate both as agents for regional governments in terms of "municipal functions" defined in regional proclamations for the urban sector. The municipal functions include investment in roads infrastructure and transport services. According to CBDS study finding, municipal services are heavily slanted towards the construction, maintenance, and operation of local capital facilities. Funding and expenditure for, municipal functions are the responsibility of the cities. Administratively, infrastructure functions may be part of works and urban development bureaus or may be part of an operational unit including administrative functions such as land management. Basically, there is a critical lack of coordination between the responsible office under city administrations or municipalities to construct and maintain transport infrastructure, Transport Bureaus, and traffic police.

3.4 The City of Addis Ababa

The main responsible offices to transport in the city of Addis Ababa include the Addis Ababa Transport Branch, the Addis Ababa City Roads Authority, Addis Ababa Traffic Police, and Anbessa City Bus Enterprise. The Infrastructure and Construction Authority of the city also indirectly influences transport (IBIS ;2005).

3.4.1 Addis Ababa Transport Branch (AATB)

AATB (previously Addis Ababa Transport Authority) is subordinate in its functional aspects to the TA, a recent development, inter alia motivated by the need for continuity. However, it is managed in terms of the municipal budget so that there is dual accountability. The Branch office has prime responsibility to plan and manage the urban transport system, safety and traffic management. It is also concerned in follow up, control and inspection of vehicles and drivers training institutions.

In practice, like TA, its functions are simply limited to vehicle registration and licensing and other day today operational activities. As early indicated the branch has no organizational, manpower and financial capacity to undertake transport planning and traffic management functions. As the result of this, the Addis Ababa transport has become more complex and very expensive for both the users as well as the nation.

3.4.2 Addis Ababa City Road Authority (AACRA)

AACRA is responsible for the construction and maintenance of roads of the city. It plans and develops a road infrastructure and traffic management improvement works with the AATB and the City Traffic Police.

3.4.3 Addis Ababa Traffic Police (AATP)

The Addis Ababa Traffic police is concerned with the enforcement of road transport laws and regulations. The city traffic police office carries out the day to day traffic management activities and takes care of traffic accident reporting. However, it is obvious that as other transport related institution its capacity is limited in logistics, educational training, commitment and equipment.

To fill the gap of traffic management problems in the city, the three prime responsible government offices, AATB, AACRA, and AATP, have formed a committee to tackle traffic management issues including pavement markings, signage, and enforcement of traffic regulations. However, all parties agree that this is a weak solution, with lack of clarity on decision-making and lack of human resources for it to operate effectively.

The main reason for this is may be that the three organizations are accountable to different bodies. AATB is accountable to the TA, AATP to the Addis Ababa Police Commission, and AACRA to the Addis Ababa city administration which lose clear responsibility and necessary coordination. Besides, these institutions have limited professional capacity and logistics to shoulder their responsibilities.

3.4.4 Anbassa City Bus Enterprise

This is a federal public enterprise with an appointed board, which is chaired by high level government official. It runs scheduled buses, mostly within Addis Ababa. There is a subsidy to Anbassa from the City but this is decreasing.

3.4.5 Addis Ababa City Infrastructure and Construction Authority

This authority deals with infrastructure matters other than roads, including coordination of utilities and constructions permits. The

authority is inefficient and ineffective in taking preventive measures to protect the right of way roads and pedestrian sidewalks as well as underneath utilities of water, telephone and electric lines. Furthermore, it is unable to coordinate construction and maintenance of such utility lines in time which has a great impact on mobility. Which is common to see in the daily life the city how various constructions is done on the city road network at the same road, at different time by different service providing agency such as water, telephone and power supply agencies.

3.4.6 City Finance and Economic Development Bureaus

These bureaus coordinate five year financial strategies and plans, as well as an annual budget, including capital expenditure. It has a great role in determining budget of sectors offices of the city administration. The Finance Bureau usually does not take account of the dynamic nature of transport to determine budget. The office sticks to the 'calculated proportion' with out giving varied emphasis according to the nature of sectors. This is usually taken as hindrance to perform the desired plan by sectors offices in that transport offices are more victims in this regard.

3.5. Critical Problems, Constraints and Challenge of Ethiopian Road Transport Sub Sector

Since Ethiopia is a one of the poorest developing country, we can easily observe enormous socio economic problems and constraints. Some of the main structural and operational problems of the road transport sub sector identified by Ethiopia economist association include the following:

- Absence of sectoral and or sub-sectoral policy and comprehensive strategy
- Slow changes of adopting to free market mechanism because of the impact of 17 years command and centralized approach of

management and operation system in the mind of transport government institutions and operators.

- Shortage of transport management and planning professionals in the sector. This constraint is significantly reflected on the management and designing of strategic and system development.
- Low load factor of transporters (especially freight transport) and seasonal over tracking or shortage. There is seasonal unbalanced demand and supply of the freight and transporters. And also the limited area concentration (mal distribution of freight vehicles and /or cargos through out the country).
- Absence of and unbalanced distribution of terminals and facilities especially standardized garages, temporary parking areas, warehouses and so on. There are few concentrations of garages and warehouses in Addis Ababa and Adama.
- Absence of dry port (inland ports) for lading and unloading of all types of cargoes.
- Lack of genuine competitions among the transport operators- associations and companies and weak emerging trend of modern transport companies in the form of Share Company or PLC.
- Even though government is striving to extend modern standardized asphalted roads in the country, still the distribution is not proportional and percentage distributions is very low.
- Significant problems in relation to road safety because of poor quality human factor development, mainly training and provision of driving skill.
- Absence of integrated transport system, management and communication among the federal and regional transport offices.
- Poor attention to the development of non Motorized transport modes and their facilities.

- Slow and weak development and expansion of public transport. There is no initiation (effort) to introduce new types of public (mass) transport like train, trolley buses etc.
- Non- or un-Proportional concentration or distribution of transport vehicles in the country. There is concentration of vehicles only in few areas mainly around Addis Ababa and Adama.
- Higher percentage of used vehicles importation and domination of old vehicles in the country causing the service to be unreliable and unsustainable.
- Poor attention to the environmental protection from operators and government institutions sides.
- Low capacity of government institutions at regional and federal levels and the operators.
- Structural problems and conflicts of some issued regulations among federal and regional transport offices.
- Poor attitude of the operators towards giving genuine customers (passengers oriented services)
- Prevalence of Non-uniformed traffic controlling regulations among regions and also the regulations are not updated from time to time depending on the actual situation of the country. The community in general has poor knowledge about the traffic rules and regulations. Poor implementations and initiation of realizing traffic rules and regulation from the traffic enforcing institutions sides (stakeholders).
- Problems of lack of information and data about the sub-sector, and the existing ones are not updated and are mostly distorted and they are not at the required standards. Weak information network between federal offices and regions.
- Slow investment trend in road transport compared to non transport sectors by private sector.

- Absence of efficient logistics system as a whole in the management and operation of sub sector.

3.6. The Importance of Public Transportation in Addis Ababa City

Mobility in the developing world is often characterized by travel demand that far exceeds supply (AARP: 2005). The city of Addis Ababa is not an exception to this reality. Demand for urban public transport services is growing in the same way as in other third-world cities (Jacobs et al. 1986).

According to Mintesnot shin-ei Takano (2007) public transportation is an important element in day-to-day activities in Addis Ababa because (1) it is a relatively affordable means of transportation, (2) infrastructure is not sufficient to promote private vehicle ownership, and (3) it promotes reduction of environmental pollution and traffic accidents. Even though the role of public transportation is note-worthy, the service provision is not good enough as the demand is much greater than the supply. As the population and the number of passengers increase, service should be expected to grow. This is not practically true in the city because of financial and managerial constraints. Despite prevailing problems, efforts to make an empirical study of the transportation in the city are insignificant.

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

This chapter deals with the main theme of the study which is categorized in to two parts: the first part is about the nature of respondents and the second part focuses on the analysis and interpretation of primary and secondary data.

4.1. Nature of Respondents

The respondents of this study are classified into two groups, namely internal and external respondents. Internal respondents include the Anbessa City Bus Enterprise Board Chairman, Manager, Operational Department Head and the employees while bus users (customers) are treated as external respondents.

Addis Ababa Anbessa City Bus Enterprise was established by proclamation no 187/86. According to this proclamation the enterprise has a Board that has been given responsibility and authority to administer the over all activities of the Enterprise.

According to the proclamation, the Enterprise has eleven Board members. Among these board members, the Chairperson of the Board is selected as an internal respondent on the basis of a special sampling technique adopted for this study.

On the other hand, the Enterprise has nine top management members. Out of these the General Manager of the Enterprise and the Operational Departments Head are selected purposely as internal respondents. As the same time out of the total of 274 operational employees of the Enterprise 50 employees are selected randomly as internal respondents.

The external respondents selected for the purpose of this study are permanent clients of Anbessa city bus services. The sample draw was 150 bus users: fifteen from each of three bus terminals (Merkato, Legehar and Georgis) based on simple random sampling technique. The nature of these respondents is summarized based on their age, sex, job and educational status in the following Table 1A.

Table .1 /A Personal Information of Internal Respondents

Respondent	Age				Sex		Work experience in Year					Educational level			
	20-30	31-40	41-50	Above	F	M	Below 1	1-2	3-5	6-8	Above8	Certificat	Diploma	BA	MSC
Chairman of board	-	-	1	-	-	1		-	-	-	1	-	-	-	1
General Manager	-	-	1	-	-	1	-	-		-	1	-	-	-	1
Head of Operational Department	-	-	1	-	-	1	-	-	-	-	1	-	-	1	-
Employee Operational Workers	10	16	14	4	8	36	4		6	12	16	19	12	9	4
Total	10	16	17	4	8	39	4	6	6	12	19	19	12	10	6

Source: Own Field Survey

As indicated in the above table 1/A the majority of the enterprise employees 19 (43.1%) are certificate holders. Undeniable number of employees 5 (11.4 %) have post graduate degree. While 12(27.3 %) and 9(20.4%) of employees are diploma and bachelor degree holders, respectively. The majority of the employees had also rich work experience. As the data showed 18(40.9%) of the employees have more than eight years experience and 12(27.3%) of employees.

With the range of three up to five year and one up to two years experience, in both cases, 6(13.6%) of employees and four of them (8.5%) have less than one year work experience. In terms of sex the majority of employee respondents 36 (81.8%) are males while 8(19.2%) are females.

Table .1 /B Personal Information of External Respondents (Customers)

Age		Employed		Student		Not Employed		Retired		Private		Other		Group Total	
		No	%	No	%	No	%	No		No		NO	%	No	%
20-30	F	8	6.5	10	8.1	6	.9		-	2	1.6			26	21.1
	M	4	3.3	3	2.4	3	2.4	-	-	-	-	-	-	10	8.1
	Group total	2	9.7	3	10.6	9	.3	-		2	1.6	-	-	36	29.3
3140	F	6	4.9	-		7	5.7	-		3	2.4	-		16	13.0
	M	10	8.1			12	9.7			6	4.9			28	22.8
	Group total	16	13.0	-		19	15.4	-	-	9	7.3	-	-	44	35.8
41-50	F	2	1.6			2	1.6			1	0.8			5	4.1
	M	4	3.3			11	8.9			4	3.3			19	15.4
	Group total	6	4.9			13	10.6			5	4.1			24	19.5
Above 51	F	1	0.8			4	3.3	3	2.4	2	1.6			10	8.
	M					6	4.9			3	2.4			9	7.3
	Group total	1	0.8			10	8.1	3	2.4	5	4.1			19	15.4
TOTAL		35	28.5	13	10.6	51	41.5	3	2.4	21	17.1			123	

Source Own Field Survey

Table 1/B shows from 150 questionnaires distributed to bus users (costumers) at three terminals 123 were returned with responses. The analysis of the responses collected was made using the table and the related interpretation was disclosed accordingly.

4.2 Analysis, Presentation and Interpretation of data

4.2.1. The Enterprise Board and Management Professionals Back Ground, Work Experience and Understanding of the Proclamation.

In order to assess the Anbessa Bus Enterprise management resource allocation and effective utilization, looking at to the Board members and the management educational level, work experience as well as level of understanding of the proclamation that bound its responsibility and authority is so vital. Accordingly the Board Chairman has masters' degree, as indicated in Table 1A. He stated his back ground:

“Professionally I am management masters graduate and I had taken various transport related courses and worked at different position in transport related activities , which are the reasons why I am nominated and assigned as Board Chairman by this concerned body.”

Similarly, the Manager of the Enterprise has masters' degree and rich experience in human resource management .He elaborated:

“I have masters' degree in leadership with 31 years of work experiences at various administrative levels in eight enterprises which are not directly related to transport sector. However because of this I have got exposure at different level in administrating human resources and property which help me to understand and manage the enterprise.”

The Board Chairman said that the current management professional level and experience can be stated as 'better', however, he said that the high turn over rate of professionals in the enterprise has posed always a challenge to maintain the highest standard of management.

“The efficiency of the management to fulfill the responsibility is based on stability and continuity perspective, which the frequently turn over of the management staffs as one problem to enterprise inefficient service delivery and because of this it is difficult to level the capacity of the management staff for me.”

And it may also be true in the near future in the status of the existing management unless remedial measures must be taken timely. As the others mentioned above respondents, the Operation Department Head stated his mechanical engineering back ground and work experience in transport sector which helped him to manage and understand his duties.

On the other hand, for the question forwarded about their know-how and understanding of the proclamation of the enterprise, which govern the over all objectives and activities of the enterprise, all of them said that they have a sound knowledge about it. According to the respondents, the enterprise is established based on the proclamation which takes the enterprise as a development enterprise to administrate itself with in free market economic atmosphere. However they suggest the vague understanding from different stake holders by taking the enterprise as a service providers' organization.

Generally, the Board Chairman and Management Members of the Anbessa Bus Enterprise possess the appropriate educational level as well as work experience relevant to their position. However, it wise to share the concern of the Board Chairman that it can be affected by the high turn over happening in the enterprise. Keeping in mind the concern, it is foolhardy to deny the current educational level and experience of the Management and Board Chairman usefulness for the effective leadership of the enterprise resource management and effective utilization. Particularly the specialized education and work experience of the Board Chairman and the Head of Operational Department in the field of transportation is very important for the success of the enterprise. The

manager rich experience and post graduate level of education in human resource management can also be considered as an asset. Deep understanding of the proclamation by the Board Chairman and the Management can be expected to contribute a lot for the effectiveness of the enterprise.

4.2.2 Mechanisms and Standards to Measure the Enterprise Performance and to Evaluate Results

The respondents were asked about the mechanisms and standards to measure the enterprise performance and to evaluate results using both in-depth interview and questionnaire. During the interview the Chairman of the Board of the Enterprise stated that the approval and follow up of annual budget and work plan is one of the major mechanisms and standards to measure the enterprise performance and results. In elaborating, he said:

“The board has the responsibility and authority to approve the enterprise annual budget, work plan and to evaluate the enterprise performance by taking the approved budget and worked plane as bench mark to evaluate the over all performance of the enterprise. The Board approved the enterprise budget and work plan before the beginning of every New Year. On the process of approval the heads of departments will present what they plan to do in the coming year by taking into account experience of the previous year.”

According to the Chairman after discussion the board members together with the management of the enterprise approve the budget and the work plan and after the Board evaluates the implementation every month, he said:

“The Board monthly evaluates the performance of the Enterprise based on the report presented by the management of the Enterprise. On monthly evaluation session, heads of the departments are expected to explain their department performance and give answer if the Board members raise questions.”

In addition to these monthly sessions, the board also evaluates the enterprises over all achievement and failure based on the annual budget and work plan at the end of each year as the board chairman said. On the other hand the manager of the enterprise stated in addition to the follow up implementation weekly and monthly, the enterprise had used performance evaluation standard as mechanism to evaluate performances and results. In elaborating the mechanism, he said:

“He and the Management of the Enterprise evaluate the execution of their plan weekly and monthly before we submit the report to the Board. While in controlling the daily practice of the enterprise, we use evaluation standard to evaluate the performance.”

Similarly, the Head of the operation department said that they have performance evaluation standard to evaluate their activities. Accordingly, the turn round and turn over of each bus and the number of customers they should carry in one voyage and in a day bases had controlled and evaluated, he said. The Manager and Head of operation department assured that the enterprise has daily work plan schedule which help them to coordinate and supervise the day to day transport activities. In this regard Head of operation department said:

“The daily work plan schedule guides the turn over in which each bus should cover and the time at which it should return to its origin, and the time at which the buses shift from places where less density customers to a higher demand spot, and the time and the place in which the bus drivers interchange their shift.”

According to the Manager and Head of operation department the day to day performance schedule is prepared by assigned experts. As indicated in the Table 2 below, the majority of employee respondents agreed on the availability of the daily work plan schedule as standard to evaluate the performance and results of the enterprise activities.

Table .2 Employees Responses about the Work Plan

No	Questions	Responses			
		Yes		No	
		No	%	No	%
1	Is there strategic and daily work plan in the enterprise which guides you to carry out your operational duties responsibility?	44	100		
2	Do you have participated in preparing plan?			44	100
3	Does the enterprise management gather information about the quality of service from operational workers?	12	27.3	32	72.7
4	Do you agree with the standard against your performance is measured?			44	100
5	Is there any known standard to measure your Work ?	6	36.4	28	66.6

Source: own field survey

Responses regarding question number one in the above table 2, 44 (100%) confirmed that there is daily work plan in the enterprise which guide the operational works what, when, how they do their daily duties and responsibilities. On the contrary from all respondent 44 (100%) those agree to the presence of work plan in the enterprise state they had not take part in the preparation of the plan as they responded to question '2' which asked them Do they take part in work plan preparing phase.

The question '3' which asks the operation workers does the enterprise management gather information about the qualities of service they deliver, 12(27.3 %) of operational workers give their witness for they are

asked by the management about the quality of service they provide and 32 (72.7%) of them assure that there is not such thing. But the response of operation workers indicate that they do not have part in preparation stage, which is coincide with the Operational Department Head response, the plan is prepared by experts assigned for these purpose, from these one can conclude that the work plan is prepared somewhere in the enterprise by experts and imposed to employees to implement it at any circumstance. The response of question '3' which is more or less related to question "2" indicates most of the respondent are not at the position of forwarding their opinion about their work.

Regarding the interpretation of question No"4" and "5" of Table 2, due to the nature of the question, they are interoperated simultaneously as the above questions No"1"and No"2". The response the employee gives for question"5" was that 16(36%) of them know the standard their performance can be measured. But according to their response which asked them their agreement about the standard all of them disagree about it. For the question forwarded to three respondents (the board chair man , the Manager and the Head of the Operational Department) to know their commitments on preparing strategic plan to improve the quality of transport service all of them assured that currently there is a plan to improve the service, which is accepted by the board and management. They said that the plan indicates how the enterprise will build its capacity in terms of material resources and how to improve its service delivery activities which takes Business Process Re-engineering (BPR) concept as a means, which is already under studying phase.

Looking up the mechanisms and standards to measure the performance and results of the enterprise the approval and follow up of annual budget and work plan as considered the basis by the respondents'. The Board had not only limited its practice at the level of the approval of annual

budget and work plan but also followed up measure for its implementation monthly. And this can be considered as the strong practice of the Board.

In addition to the follow up of the exact execution the annual budget and monthly and weekly work plan the management of the enterprise also established system to monitor the daily work plan schedule in order to control and evaluate the day to day performance of the enterprise transportation service activities. Thus, from the workers' response and from the Manager and Department Head interviews we can conclude that there is work plan in the enterprise. However, as the work plan not participatory in terms of employees and it prepared by experts, there is as standard to measure the performance employees which does not take the agreement of implement those should be evaluated by sated standard. The absence of participatory planning process with disagreed performance measuring standard it might be having negative implication on employees' motivation on their duties and responsibilities. In terms of strategic plan to improve the service, all of the respondents agreed to the on going process of BPR that can be considered a little bit late to mitigate obviously understood service delivery problems.

4.2.3 The Enterprise Organizational Structure

The private and public transport in Addis Ababa comes under the responsibility of the Transport Authority; the roads (constriction maintenance and repairs) are under the responsibility of Addis Ababa city Road Authority (AACRA). The city bus is run by a sole organization called Anbassa City Bus Enterprise. Anbessa is governed by public sector Board appointed by the Federal Government's Public Enterprises Supervisory Authority. The City Manager is supposed to serve as the Chairman and the General Manager of the Transport Authority is a

member of the board. However some changes are made since the mid 2008 and the current Board Chairman is not the City Manager.

To the question related to the organizational structure of the enterprise and to what extent is it suitable to deliver the required service, the Board Chairman said that the organization structure of any institution most of the time need some adjustment according to the service demand by the costumers. However, it is not true in the case of the Anbessa City Bus Enterprise, he said

“The current Anbessa City Bus Enterprise organizational structure is working as it is established and we can observe problems of communication. This is one of the reasons why we take BPR as solution to problems related to structure.”

The Manager of the Enterprise on his part takes the current organization structure as a problem which does not give chance to the manager to communicate all operation work unit. He said:

“The current organizational structure has several administrative levels which put all technical work units under his Deputy Manager and he can’t communicate with all operation work unit as the business needs and he can’t communicate with each work unit except finance department and the deputy manager.”

The Operational Department Head also agrees to this problem because the structure itself does not allow him to communicate with the Manager of the Enterprise directly and other work units at the lower work unit level.

Generally, the Anbessa City Bus Enterprise organizational structure is as old as the history of the enterprise .Adjustment has not been made in the organizational structure for the past 57 years. The Enterprise is not on the status on the time of its establishment by what so ever measurement, but its organizational structure remains the same as it

was. And due to this , there are communication problems specially vertical one starting from the manager down to the departments .Even though the implementation of BPR is expected to solve such problems, the communication problem indicates the enterprise incapability in term of changing the organizational structure that had used for more than half a century.

4.2.4 The Enterprise Resources and its Management

4.2.4.1 Man Power

Currently Anbessa City Bus Enterprise has 2741 employees including temporary employees. The operational employee compose of repair men, drivers and conductors 417 and 888 respectively, where as the number of administrative staff are 323. Anbessa employees a total staff equivalent to 8 staff per serviceable bus. The ratio is not quite high when calculated against the number of vehicles actually deployed in commercial service daily where it rises to nearly 10.0 (Anbessa City Bus Enterprise Report, Tir 1999 E.C.).

According to the report, amongst the reason for the relatively high staff bus ratio are the means of revenue collection using on-board conductors, and the very high proportion of all-day services. On the other hand the enterprise is currently declining its public duty in a number of key areas, and a significant level of overtime has to be worked. This is particularly significant with regard to drivers, where Sunday duties largely are to be performed through over time pay.

Regarding to the question of the enterprise professional and supportive staff number and motivational measures, the enterprise used to motivate them, all of the respondents stated that professional staff turnover is the serious problem of the enterprise. The manager elaborated the problem as:

“Staff turnover is reported as being high amongst drivers, who are tempted away by higher salaries, better working conditions and other benefit available in other areas. The enterprise employee’s motivation mechanism is not much attractive especially for professionals and technical staffs.”

According to the manager, the enterprise can not compete with the current professional markets. Thus, most of the time the managements is engaged in requirement of technical staff to replace those resign their post frequently. Conductor turnover is also quite high as a result of disciplinary enforcement and buses have occasionally been grounded by the lack of an available conductor, he said. But the supportive staff is relatively enough and stable.

The Board Chairman and the Head of Operational Department also agreed on the high turn over of professional and technical staff. They stated that lack of motivation as the major reason for the turn over. The responses of the employees given in the questionnaire indicate also the same factor for the turn over.

Table 3- Analysis of Employees' Response Concerning Salary and Benefits

Satisfaction	Response					
	Very satisfied		Satisfied		Dissatisfied	
	No	%	No	%		%
To what extent you are satisfied with your salary and benefits	-	-	4	9.1	40	90.9

The interpretation regarding the above question in Table 3 is made based on the responses collected from respondents. As indicated in the table the majority of the employee respondents 40 (90.9 %) that they are dissatisfied with the salary and benefit given to them, where as 4 (9.1%) of responses show satisfaction.

Generally, as it is indicated in the interview part of the Manager and the Head of Operational Department, the employee get less salary payment and benefit that cause high turn over of professional staff and has adversely affected the working of the organization. Therefore, employees' moral and organizational commitments have declined. Anbessa management recognizes that the administrative staff overhead is excessive than the professional and technical staff. Availing and retaining skilled labours are definitely a major problem at the operative level and higher level. It is recognized that the enterprise faces difficulty in attracting and retaining skilled managerial staff, this is partly as the result of inefficient systems of management related with facilitating motivational work environment. To put it simply, the enterprise faces a major difficulty in managing its human power.

4.2.4.2 Financial Situation

As a public enterprise, Anbessa is expected to act on sound business principles. However it lacks the freedom to set its prices to maximize its income or even to recover the increased unit costs of its essential inputs. It is not possible to make adequate provision for the replacement of its assets from its operational cash flows, and its business expansion has almost entirely been externally funded. The manager said in this regard:

“In recent years it has been unable to recover its cash expenditure from its collected fares, and has to rely on subsidy from City Council to cover the shortfall. However this subsidy is being decreased from to year to year and the city has now reached on the border of elimination. Neither the owner of the enterprise (the federal government) nor its beneficiary (that is the city administration has made any consistent commitment to its long-term capital expenditure program.”

According to the manager, fuel prices increase in the last couple of years, and higher maintenance costs as the original DUF buses start to get old. When the fleet depreciation charge is included Anbessa has become increasingly unprofitable enterprise over the last few years. However depreciation cost is legally computed against the full market value of the asset, irrespective of how these were acquired or financed, over a period set extremely, it could be argued that this approach is correct if Anbessa were to required to provide for its asset replacement from its internal resource (Amortization). But the recent history of the enterprise dose not creates such an expectation. Also the period of depreciation, recently set at eight years, is probably too short in relation to the mechanical life of the assets.

Once the depreciation charge is added back, Anbessa is seen to have been generating a strong cash flow in eight years since it was revitalized by the first of the new DAF business. As a result, Anbessa has discharged its short-term liabilities and currently incurs no interest charges (except for the Belgian soft finance, which incorporates 10-years grace period).The impact of these various factors is shown in the following table 4.

Table .4 Financial Statuses in 000.Birr (1989 -1998)

	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
Revenue of which	56618	93588	113954	120242	123568	116995	120599	130884	131.8	124.10
Subsidy	25894	45153	50089	49134	42972	36645	23104	25876	22900	19800
Expenditure of Which	60067	89755	108106	117144	121162	124437	141461	169402	188100	178,400
Depreciation	26,526	39,070	42,208	41,377	39,108	39,621	43,100	50,059	58,968	44,626
Cash recovery	-2,818	-2,250	-2,033	-4,659	-1,458	-4,466	-866	-5,355	-56.23	0.12
Profit	-3,449	3,833	5,848	3,098	2,406	-7,442	-20,862	-38,518	-56.23	-54.25
Cash flow	23,026	42,903	48,056	44,475	41,514	32,179	22,278	20,541	0	0

source : Anbessa Document Tariff Upgrading Proposal Tir 1999E.C)

This table 4 indicates how the enterprise is declining in its revenue generation. Even though audited financial statement for the year 2006-2009 is not available, the decline of the enterprise can be easily recognized from the balance sheet draft produced since 2006. It must be noted that cash flow over this period has almost entirely been generated by the subsidy income and has declined since then. The freezing of fares coupled with the perpetual reduction of subsidy brought a negative impact to the cash management of the enterprise

According to the enterprise document, its balance sheet needs to be restructured so as to reflect its current status as a freestanding commercial corner. Assets and liabilities that are transferred from the defunct passenger transport corporation have now been properly resolved in accordance with the recommendations made to the Ethiopian Privatization Agency some five years ago.

Generally, the Anbessa City Bus Enterprise had exhibited a shortage of finance, and this is because of its dependence in subsidy rather than generating its own income using the existing resources. And this by reverse affected the effective service provision of the enterprise in such a way that it could not sustain its professional employees or attract the high skilled ones as well as expanded and modernized its facilities.

4.2.4.3. Fleet, Facilities and Equipments Management

A) Fleet

The Fleets currently owned by Anbessa has been acquired through a number of different means, Excluding 7 obsolete Fiat buses operating in the remote city of Jimma , the oldest buses in the Anbessa fleet are 138 Mercedes, 1621 buses procured between 1986 and 1992 by the former Passenger Transport Corporation. Of this at least 70 are beyond (economic) repair but some 65 remain serviceable for light duties such as

contracts according to the manager. In 1996 the first batch of 100 DAF TD1205 buses with Belgian body work was acquired. The manager said,

“This was financed by Dutch government grant for 60 percent of value, with the balance being paid by the Federal Government. The busses are single deck with 30 seats and 70 standing capacities. The total capacity of each bus therefore is 100.”

In 1997 a second batch of 163 similar buses were acquired again with a Dutch government grant 60 percent of their value. The balance was funded through medium term finance from a local commercial bank and this has now been repaid. In 2002 another batch of 50 similar buses was acquired .This time using concessional finance from the Belgian government. A 25% deposit was required paid from the resource of the enterprise, but the balance will be repaid over 20 years after a 10 years grace period. Therefore there are no immediate demands on the enterprise in respect of these vehicles. Their working time is from 6Am-9Pm, the manager said,

“In 2003 final batches of 150 similar buses was acquired .Using a similar approach to the first batch but with the Dutch grant component now reduced to 50 percent of these vehicles.”

Table.5 Fleet of Anbessa City Bus Transport

Manufacturing Year	Anbessa City Bus Models of Bus				Total
	Fiat	Mercedes	Volvo	DAF	
1973	8				8
1983		60			60
1988				100	100
1990				66	66
1994				50	50
1995			1	151	151
Total	8	60	1	466	535

Source: Anbessa Document of Fleet Status, Tir 1999 E.C

This table 5 shows the fleet status of Anbessa City Bus Transport Enterprise .Currently the number of fleet is reduced to 530, after five of them were burnt during the 1997 election chaos.

The local equivalent price of these buses has risen from about Birr 1.5 million to Birr 1.7 million over these periods principally because of the appreciation of the Dutch/Belgian currencies (lately the Euro). The US equivalent value of the last batch is nearly 200,000 ,and reflects the impact of importing full-built buses with European body work, as well as duty and tax totaling 28%.It could be argued that the beneficiaries of the grant component are in fact the two Belgian bodybuilders (Berkhof and Jonkheer) and not the Enterprise.

Anbessa has always carried a full range of insurance covering third-party and passenger risks in respect of its operations ,and property and employer's liabilities and risks with regard to its other assets and its' employees. Unfortunately this cover has to be underwritten by the national insurance company, as it would almost certain be more economical to self-insure for all but catastrophic damages. The cost of the cover is now equivalent to about 2% of gross revenues, and not insignificant in respect of the finance of the enterprise.

According to the management report made during the study, theoretically, Anbessa has full powers with regards to the management of its assets and the users to which these are put as it has been established as public enterprise .However the Board of Anbessa is appointed by the Federal Public Enterprise Supervisory Authority and as such, Anbessa is subjected to a strong level of political direction-particularly with regard to affordability of its services. This was apparent when fuel prices were rising over the last year but this year Anbessa fares have been adjusted.

The increase made on October 24 2009 is one example that could show the change made by the federal government.

B) Facilities and Equipments

Anbessa manages its headquarters, complex at Yeka to the East of the city, a second depot at Shegole to the Northwest, and the newly opened depot at Mekanisa to the South. The Yeka depot is 7.0 hectares in area, according to the manager. The operator depot has the facility for 300 buses to be based there, but currently, only 221 are deployed. The site also includes the central workshops for the enterprise (developed with Dutch technical assistance), and the main spare parts warehouse. The headquarter office provide both for central administration and depot control functions. In this regard the Manager said.

“The depot yard is surfaced, and well laid out for efficient operation. The workshops are well equipped. Yard is surfaced and well laid for efficient operation. The workshop is well equipped and house keeping standards are high. The fuel station has adequate capacity for the fleet based on the site.”

To what extent the Board and the Management of the Enterprise is aware of the resource that the enterprise has in hand which has great contribution to act up on the current transport service problem of all of the respondents still out of 600 buses the number is not functional because of maintenance problems. And also the well equipped garages at three different locations in the city are also taken as resources which need working capital to make this active. In addition to this the manager considers plots of land that the enterprise has at different sites in the city which can serve as a means to generate income by giving parking service, and in his opinion the organized garage can give service to different governmental or non governmental institutions on contractual agreement to generate income which can contribute a lot in solving the current visible financial problems.

Table 6. Employees Response about Resources

No	Questions	Response				Remarks
		Yes		No		
		No	%	No	%	
1	Do you recognize the resource that the actual Potential that the enterprise has at hand which can improve the existing problems if it is wisely and properly utilized.	44	100	-		
2	Do you Identify the major resources that are Available currently in which the enterprise doesn't exploit it till the moment or has not used yet.	44	100			

The above Table 6 indicates that 44(100%) of the respondents recognize there is in hand resource which is not used by the enterprise effectively and efficiently to improve or to avert the current transportation problem of the city. For the open ended question no “2” on the Table 6, the respondent stated the major resource that the enterprise has in hand and which is not effectively utilized as follow:

- Those inactive buses stand idle on different compound of the enterprise due to simple maintenance problems and
- The modern garage equipment at different site in the city, and manpower resources available at hand are not efficiently utilized.

From the above information one can simply conclude that there are many unforeseen resources in the enterprise, and the enterprise can consider them as important resources to mitigate the current problem. It will be helpful to the enterprise to plan how to use it wisely and properly.

C) Operational Management

According to the report of the Enterprise, currently Anbessa operates on 93 designated routes. On all of the routes apart form six (Routes 7, 59,69,78, 88 and 89)services are run throughout the operating day,

normally, from 06:00 to 22:00 hrs, 9 of these routes connect settlements outside the city boundary that fall within travel-to-work area. The balance provides services within the city, mostly on radial routes to the central business and commercial areas of the city.

From 25 of these routes there are supplementary peak services operated according to vehicle availability with only 6 of these receiving a regular vehicle allocation. The peak services are usually run over a shorter portion of the designated routes, but still charge the same fare as for the full service. In this manner they help to provide a more accurate match of transport supply to passenger demand.

A high proportion of the routes are operated to the three main terminals of Anbessa: Addis Ketema (Merkato) (21 routes); Leghar (22 routes); and Menilik square (9 routes). Another 7 interchanging are also used covering 26 routes, but most routes originate from strip side facilities in the suburbs, as stated in the report.

At upgraded bus stop constructed by Pepsi in Merkato terminal technician are available at the terminals to carry out some repairs in minor defects in buses that prevent further operation. The terminals are congested, and poorly laid out to deal with the volume of bus movement on a large number of routes being operated through them.

According to the operational report of Anbessa, (2001EC), all Anbessa services are operated to scheduled timetables, but no information about these is provided at the large majority of stops, headways on many city routes are extended, and service intervals often had failed to provide regular services. Only 5 routes provide a service frequency of 6 per hour or more, the normal standard for an urban bus service. A further 26 routes provide 3 or 4 services per hour, 31 routes only offer two services

and 18 routes provide only one service. The nine per-urban services are operated a headway ranging from one half to three hours.

Controllers at these points also monitor the right issuance of tickets to passengers. The controllers send a daily control to the quality control department giving both the scheduled and actual time of operation of each trip .These data are collected and analyzed so as to inform the status of the daily (Operational report of Anbessa, 2001E.C operation).

With in the above mentioned operational frame work the manager said the enterprise tries its best to provide the service.

”We are trying every means at hand to give transportation service to the residents of Addis Ababa as much as possible and we are not denying also having some draw backs.”

However the customers as well as the employees complained about the enterprise service effectiveness.

Table 7/A Customers Response on when they Use the Service

Question	Daily		Some times		Depending on the distance		At the absence of transport mode	
	No	%	No	%	No	%	No	%
When do you use the city bus?	87	70.7	13	10	15	12.1	8	6.5

As we can see from the above Table 7/A, 70.7 percent of respondent use the bus transport service provided by the Anbessa City Bus Enterprise daily, 10.5 percent of respondent use the service sometimes, 12.1 percent of them use the service depending on the distance they travel and nearly 6.5 percent of respondent use the service only when there is no other transport means such as taxies available.

Table 7/B Customers Response about the Service

Question	For its accessi		For its availability		For its low cost	
	No	%	No	%	No	%
What is the reason that you usually used the city bus?	41	33.3	20	16.3	92	74.8

From the above Table 7/B one can see that 41(33.3%) of the city bus customers use the transport service provided by Anbessa City Bus Enterprise for its accessibility, 20(16.3%) of them use the service for its available to them, where as 92(74.8%) of respondent takes low cost of transportation as a reason to use the service.

According to the data, the accessibility of the service not integrated with the timely availability of the service, which indicates that whenever the bus comes they take the service as the reason, on the other hand 5 percent of customers show their interest related to the amount they paid for the service. The data indirectly show those take cost as reasons take accessibility as reason at the same time for why they use the service. Because from all respondent of this group, which is 123, the data indicated in the Table are 153 which mean there is a respondent take two or three the option as a reason for using the service.

Table 7/C Customers Response about the Service Program

No	Questions	Response				Remark
		Yes		No		
		No	%	No	%	
1	Do you have information about the departure and arrival time of the city bus in each station?	25	20.3		79.7	
2	Do you get the service on time as it is programmed?	8	6.5	12	9.7	
3	At starting or arrival station, does the enterprise operational workers co ordinate the service effectively?	80	65	43	34.9	
4	Do you think that sufficient city buses are available at city bus routes?	-	-	123	100	
5	Do you know the mechanism the enterprise used to gather customer compliance about the service?	115	93.5	8	6.5	
6	What major problem you can identify related transport service provided by the enterprise?					Open Ended

Responses regarding question No “1” and No “2” of the above Table 7/C are interpreted simultaneously. From the analyses of question No “1” which indicates that 25(20.3%) of the customer have information about the departure and arrival times of buses at each station, but majority of the customers 98(79.7%) do not have information about the service time scheduled. On the other hand the response to the sufficient availability of the service as it is programmed or not, 100 percent of the respondent give information which assures the response given to question No “1” for most of the respondent don’t have information about the time table of the service. From the total number of respondents which is 20. 8 (6.5%) agree on the availability of the service on time as it is programmed and 12(9.7%)of the response show that the service is not available as it is programmed.

From this analysis one can understand that the gap of information between the service users and provider forced the customers to use the service based on their experience without having clear information about the service.

According to the responses given to question no “3”, 43 (34.9)% of the respondents assured that the enterprises workers assigned to coordinate the service are not effective as expected.

Hundred percent of the respondents agree on the fact that there is no sufficient bus service available in the city. Almost, nearly all of the respondents customers, which is 115 (93.5) do not have any idea whether the enterprise has a system to gather customer compliance.

For the question No “6”, which is open ended question most of the respondent response indicates that there is a big gap between the number of buses in the city and the current demand, the frequency of the each bus on each route as it is needed by the customers and timing is also indicated by the respondents as a major problems of the service provided by the enterprise.

Most of the employees also recognize the customers are not satisfied by the bus transportation of the enterprise. Further, they suggest the problem on timing, frequency and coverage of the bus transport service provided by the enterprise as the major reasons for the complaint of the user. In the open ended question most of the respondent agreed on the disturbance of number of buses required to render service and active buses in the system as a major cause for a complaint. by the other hand, half of the respondents take traffic congestion as aggravating factor of the insignificant number of active buses in the system. And other respondents consider the problem on lack of co-ordination and

inefficient management as a root cause for their complaint, according to them the enterprise somewhat can improve its service by handling its problems if they coordinate the operational work effectively.

Regarding compliance handling mechanism, almost all the respondents don't know how the enterprise gathers complaints from customers. But as to the manager response regarding to complaint handling mechanisms the enterprise gather information from the customer through the enterprise public relation work unit through telephone and mail and. There is a suggestion box at three terminals to collect customer complaints about the service they deliver. And the manager added the enterprise collect complaints from the transport service users those who come out of the city such as Debrezeyit, Dukem ,Akaki, had their own representative to gather complaints to the enterprise because of their working or residential place are not in Addis . However the respondents stressed on the enterprise incapability to use the customers complaints to improve its service.

By its nature the availability of bus at specified time, its frequency and the transport route which is expected by the user to be covered by the service has strong interrelation .If the expected transport service does not come on the given time; it also affects its frequency, that means there is dissatisfaction on the system, It reduce the frequency on other side it became problem to not cover all route of transport. And due to these it is difficult to provide effective transportation service in the actual practice of the enterprise.

Assessing in-depth the above mentioned data of this study, one can identify the very inefficiency of the Anbessa City Bus Enterprise regarding managing its human as well as material resources. The enterprise had faced a high turn over of technical staff and the

employees are not satisfied in their job. Similarly, the management of the enterprise does not competently handle its material resource that can be used as income generating means (schemes) in running the enterprise transportation service.

4.2.5 Assistance of the Board and other Stakeholder to the Enterprise

The support of different stakeholders and the Board of the Enterprise are very important to the Enterprise to fulfill their duties and responsibilities. Concerning these questions the manager of the enterprise response indicated that the Council of City Administration assist the enterprise only by subsidizing the transport cost because of the transport service given by the enterprise is not determined on base of cost benefit principle, which deviates from the objective of the enterprise establishment proclamation and objective. As the manager further told:

“The support of the Board is not encouraging because of the current problem is beyond the existing capacity and authority of the board but the board at this time has strategically plan to improve the capacity of the enterprise.”

The Operational Department Head responses were also similar with what the manager :

“He strongly stated that the support of the board does not go beyond approving budget and work plan and also the assistance of other stake holders are not available.”

The Head of the Board on his part said the very factors that hinder the maximum effort of the board is the limitation of the proclamation that bound the responsibility and authority of the enterprise.

“The enterprise has not clear and specified objectives, it neither should be given a mandate to engage in profit making

activities by considering the enterprise as institution established to deliver social service by administering its resources based on the market or as totally established to give public service which not consider cost-benefit principle. ”

According to the Board Chairman, besides making the enterprise free from the intervention by stakeholders or individuals to the enterprise the government should give great attention to the sector as it does to the other sectors, such as allowing the board to have a decision making authority (freedom) which include using the property of the enterprise for income generating activities and enabling it to hire the required man power based on professional labor market.

Logically, it is possible to conclude that the stake holders and the board of the Anbessa City Bus Enterprise are not supportive as much as expected. And this is largely due to the limitation of the full implementation of the proclamation.

4.2.6 Major Problems in the Practice of the Enterprise

For the question raised about what major problems the respondents identify for the inefficiency of the enterprise to provide the required transport service, the Chairman problems to the proclamation by which the enterprise established related, He said:

“In order to determine tariff and cost of transport service, to be competitive in free market, the interference of government body from different angle with different issue which not consider the responsibility of the board is the major problem”

Similarly, low decision making power of the board is also mentioned as the problem of the enterprise. The manager of the enterprise underlined the over all problem of the enterprise with the objective for which the enterprise is established. He said:

“The Enterprise practical work is not governed by the rule and regulation as stated in to its objective. There is a vague understanding about the duties and the responsibilities of the enterprise; some times it is considered as development agency which had expected to be competent in free market economic conditions and at other times as service giving enterprise. ”

According to his opinion all other problems are directly or indirectly related with the issues such as unable to purchase new buses and lack of maintenance materials. Because of these, the service is not run by its own due to inability to cover service production cost and inability to sustain the professional workers.

The Operational Department Head mentioned finance as major problem which makes the technical units handicapped. As he elaborated

“For simple spare part costs buying there is no finance. Because of these, half of the total buses are parked in garages. The enterprise also can not attract technical and professional employees from the market for its unsatisfactory payment and benefits. ”

The employees and the customers affirmed the inefficiency of the management and lack of co-ordination as the major hindrance factor to fulfill the objective of the enterprise.

By and large, the lack of full implementation of the proclamation that governed the practice of the enterprise and financial shortage are stated as the major problems by the Chairman and the members of the management as well as also. While the customers and employees relate the problems to the management inefficiency.

4.2.7. Possible Solution Suggested by the Respondents

The Chairman of the Board, the Manager and Head of the Operational Department suggested their possible solutions of the current problems that the enterprise had faced to deliver a proper transport service as follows:

- One of the major problems that the enterprise encounters is, the enterprise does not have a clear and specified objectives, it either should be given a mandate to engage in profit making activities by considering the enterprise as institution established to deliver social service by administering its resources based on the market or as totally established to give public service which is not considered on cost-benefit principle.
- Besides making the enterprise free from the intervention by some stakeholders or individuals the government should give great attention to the sector as it does to the other sectors, such as allowing the Board to have a decision making authority (freedom) which include using the property of the enterprise for income generating activities and enabling it to hire the required man power based on professional labor market.
- Further more, the Manager stated that, if the government provides finances to maintain the enterprise, to make functional those idle buses in different site of the enterprise's compounds as soon as possible and to solve the current shortage of public transport that is observed currently in the city.
- They also said that these buses are non-functional simply for maintenance costs and they believed that if the government

support financially, the enterprise can solve its shortage of active buses with in a short period of time.

The employees and customers on their parts suggested that radical measures should be taken by the concerned body to remove the inefficiency of the enterprise management.

CHAPTER FIVE

FINDINGS, CONCLUSIONS AND RECOMENDATIONS

This chapter contain the summary of the study finding and conclusions. At the end it presents possible recommendations.

5.1 Summary

This study focussed on the Anbessa City Bus Enterprise effectiveness, particularly from the management perspective .And the findings of the study are presented below:

The Board Chairman and Management members of the Anbessa Bus Enterprise have appropriate educational as well as working experience. The post graduate degree of the Board Chairman and the Manager as well as the general mechanic educational qualification is quite appropriate evidences in this regard. The cumulative year's experience of the Board Chairman and the Manager in the field of transportation and human resource management are to be considered as potential for the well being of the enterprise. However, it is wise to remove the concern of the respondents that such potential high professional staffs are affected by the high turn over rate experienced and knowledgeable employees from in the enterprise.

5.1.1. In addition to the Board and Management members' rich experience and post graduate level of education, they had also good understanding of the proclamation that bind the activities of the enterprise. Thus, it is imprudent to deny such knowledgeable Board and the Management members (about the proclamation) who are assets to the enterprise, all the motivational factors which they deserve.

5.1.2. Annual budget and work plan are stated as the major means, mechanisms and standards to measure the enterprise performance and to evaluate results. The Board does not only approve of the annual budget and work plan but also carries out monthly follow up. And also the management had undertaken the actual implementation evaluation of the annual budget and work plan weekly.

5.1.3. In addition to using the approval and follow up of annual budget and work plan as the basis of mechanism and standard to measure the enterprise performance and to evaluate results, the Management also uses daily work plan schedule in order to control and evaluate the daily activities of the enterprise. However, the daily work plan schedule is prepared only by experts and the employees; the management is denied the active participation of employees in the preparation of the daily work plan schedule.

5.1.4. Regarding the strategic plan that is necessary to the Enterprise in order to build its capacity in terms of material resources and to improve its service delivery activities, the respondents stressed on the on going process of Business Process Re-engineering (BPR). It might give confidence to state at least the on going process of BPR as a means of strategy for the future development of the enterprise however, the lack of the already established strategic plan can be considered as the weakest point for the management.

5.1.5. The Addis Ababa City Bus service is made available by Anbassa City Bus Enterprise. The enterprise is governed by Board appointed by the Federal Government's Public Enterprises Supervisory Authority. The city manager is supposed to serve as the Chairman and the General Manager of the Transport Authority is a member of the Board. However due to some changes, the current Board Manager is not the city Manager.

5.1.6. The organizational structure below the board is as old as the history of the enterprise. Changes have not made in the Anbessa City Bus Enterprise organizational structure for the last 57 years. Thus the old (since 1945) organizational structure is still existing. There exists communication problem such as the manager is not able to communicate with all operational departments or work units.

5.1.7. There is stability regarding supportive staff, on the other side there is high level of professional and technical employees shortage in the enterprise due to the high turn over. The financial inadequacy of the enterprise to compete in the current professional markets in order to recruit as well as to maintain the already at hand employees are stated to be the reasons for the high shortage of professionals staff. Thus, most of the times the management is engaged in requirement of technical staff who resign from their post frequently. Conductor turnover is also quite high as a result of also enforcement of strict discipline. Even supposing the management and employees stated that lack of motivation to be factor for the high rate of staff turn over. Thus this study finds that the large majority of the enterprise employees are unsatisfied.

5.1.8. The Anbessa City Bus Enterprise is facing a grave shortage of finance, and it is highly dependent on subsidy from the Addis Ababa City Administration rather than generating its own income using the existing resources. Thus this is reverse has resulted in the declining of the enterprise revenue year after year.

5.1.9. Half of the enterprise buses are not functional because of maintenance problems. And also the well equipped garages at three different locations of the city are only limited for the service of the enterprise and not used generate incomes by providing services to others. This indicates the

inefficiency of the Anbessa City Bus Enterprise regarding managing its material resources.

5.1.10. Customers stated that the enterprise does not provide efficient service. According to them, there is a big gap between the number of buses in the city and the current demand. And also the enterprise does not provide the time table of the bus transportation. Not only the customers but also the employees agree on the customers' dissatisfaction with the enterprise service.

5.1.11. Generally, the stake holders and the board of the Anbessa City Bus Enterprise are not supportive enough as expected .The Addis Ababa City Administration support is only limited in providing subsidy .And also the role of the board can not go beyond approving budget and work plan .This is largely because of the limitation of the full implementation of the proclamation.

5.1.12. Government interference, other conditions, the inability of the board and the management to implement the proclamation fully and financial shortage are stated as the major problems. While customers and employees stat that the management inefficiency is the most important problem.

5.2 Conclusions

Urban public transport service is expected to provide safe, affordable, quick, comfortable, reliable and sustainable transportation services to city residents; however it is imprudent to expect this from Anbessa City Bus Enterprise. This is because the Enterprise does not supply efficient transportation service to the residents of Addis Ababa as the study of this research finds out.

Looking at the practice of the enterprise, it is not only unable deliver the transportation service effectively, but also is not source of its finance independence. For the matter of fact the enterprise is highly dependent on the Addis Ababa City Administration subsidy. As a result of this, it is handicapped in all its practices and activities.

The enterprise is not operational according to the proclamation under which it is established .Due to this, the enterprise is no clear and specified objectives, it neither has a mandate to engage in profit making activities by considering the enterprise as institution established to deliver social service through administering its resources based on the market or as totally established to give public service which does not consider cost-benefit principle. Thus, it has not decided its own fate and exposed to the interference of the government.

As a result of prevailing ambiguous and bizarre conditions, the enterprise is not only inefficient in the transport provision to the city residents but also is challenged in managing its resources. It has currently provided the transportation service using half of its buses. Surprisingly, the unused half of the buses are out of service due to only minor maintenance problems. Paradoxically also the enterprise has a well established garages which do not solve its problems in maintaining the unused buses are used as income generating sources.

The enterprise is not also proficient in handling the professional and technical staff. Therefore the high turn over of the professional and technical staff take place. The inability to compete in free market in order to recruit the professional and technical staff is due to its financial dependence on others, Lack of motivation is stated to be the major factor of the turn over.

The enterprise old organizational structure creates several problems such as the manager can not contact all operational departments directly. How ever the basic message this can deliver is that the enterprise has not adjusted its self with the ever changing urban transportation management system through out its history. Similarly it has no strategic plan even though it is in the process of BPR.

Generally, the enterprise is unable of being operational due to the proclamation and its objective and the management, inefficiency in utilization of its human as well as material resource .If the management can use its material resources such as garages to generate income by providing services to others, it can cope up its financial dependence to some extent. Thus, there is management incompetence in providing transportation to the residents as well as in running the enterprise effectively.

5.3 Recommendations

5.3.1 The very hindering factor in the operation of the Anbessa City Bus Enterprise is its inability to be functional as per the proclamation. Thus, in the short time the management should stress on its operational aspects and save its entity and autonomous. Particularly it must avoid the direct interference the government. Thus therefore there should be political commitment and institutional transformation to give Anbessa right to enable to run its business effectively and efficiently, and perform the transport service that it is entrusted to deliver.

5.3.2 In the long run there must be clear legal frame work to decide whether the enterprise is a profit making institution or public service providing organization. The government should only decide on the policy, and must allow the enterprise to function autonomously to attain the objectives. Government must remain away from the organization's day to day practices and administration.

5.3.3 The Enterprise Management should try its best to cope up with the modern urban transportation system through adjusting its old enterprise structure. The on- going process of the enterprise BPR should answer the very lack of the enterprise strategic plan.

5.3.4. The shortage of finance is one of major problem of Anbasa, and to minimize this, the enterprise has to devise mechanisms that help it find additional income source. Specially, it must use the material resources as income generating schemes that can to some extent solve the financial constraints. Financial self reliance must be the top priority of the Anbessa City Bus Enterprise because in archiving this status it can provide efficient transport service as well as be able to manage its professional employees and can operate its other half of the bus fleet.

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APPENDICES

APPENDIX I

Interview Question Prepared for Anebsa City Bus Enterprise's manager and transport operation Department Head

Part I

Personal and Organizational Profiles

1. Sex Male _____ Female _____ Age _____
2. Your responsibility _____
3. Your level of education: Put it mark
 - a) Certificate
 - b) College Diploma
 - c) BA/BSc
 - d) MA/MSc
 - e) PhD
 - f) Others
4. Your field of specialization _____
5. Years of experience with in the enterprise _____ out of the enterprise _____

Part II Interview Questions

1. To what extent your professional back ground and work experience help you as a manager to understand and manage the transport service provided by the enterprise?
2. The enterprise you manage is established by proclamation and it is expected to carry out its responsibility accordingly, do you think that the enterprise practical activities have this fact?
3. What mechanism and standard are used by the enterprise managements to measure transport service delivered by the enterprise?
4. Do you believe the organizational structure of the Enterprise is suitable to coordinate, to manage and to supervise the day-to-day activities of the enterprises?
5. Does the enterprise have sufficient professional and supporting staff?

6. Is there strategically and work plan in the enterprise which guides the daily provision of transport service to the public?
7. Does the plan include idea from lower level management; operational workers; in other word does the enterprise have a participative type of planning?
8. What motivational measure will be taken by the enterprise to motivate employees?
9. Do you believe the salaries and benefits given to operational workers satisfactory?
10. What mechanism is used by the enterprise to gather compliance from customer?
11. How the board of the enterprise and other stakeholder assist the enterprise to Fulfill its duties and responsibility?
12. To what extent the management understand the recourse the enterprise has in hand which has great contribution to act up on the current transport service problems of Addis Abeba city?
13. What possible solutions will be suggested by the management to improve the service?

Appendix II

Interview Question Prepared for Anebsa City Bus Enterprise's Board Chairman

Part I

Personal and Organizational Profiles

1. Sex Male _____ Female _____ Age _____
2. The name of the organization you work now _____
3. Department or section _____
4. Your responsibility _____
5. Your level of education: Put it mark
 - a. Certificate
 - b. College Diploma
 - c. BA/BSc
 - d. MA/MSc
 - e. PhD
 - f. Others
3. Your field of specialization _____
4. Years of experience _____

Part II

Interview Questions

1. To what extent your professional background and work experience help you to understand the enterprise overall activities?
2. There is a proclamation for the establishment of the enterprise; do you think that practically the enterprise organized accordingly?
3. To what extent the board has responsibility and authority to administer the enterprise?

4. How do you and other board members evaluate and measure the transport service provided by the enterprise?
5. What mechanisms the board used to measure the enterprise performance?
6. Do you think the enterprise have sufficient professional and supportive staff?
7. How does the board look the enterprise management activity or capacity in terms of fulfilling their duties and responsibility?
8. What major problems the board can identify which make the enterprise service inefficient?
9. Do you think that there are in hand resources to improve the transport service?
10. Does the board have strategic plan to improve the quality of transport service?
11. What look like the support of city Administration counsel and other concerned state official and institution to make the enterprise effective and efficient?
12. What solution you suggest to improve the enterprise service?

Yes

No

5. Do you recognize the resource that the enterprise has in hand which can improve the service if there is wise and proper utilizing mechanizes?

Yes

No

6. Does the enterprise management gather information about the quality of service from the operational worker?

Yes

No

7. What is the major compliant of the transport user?

Timing

Frequency

Coverage

Safety

Cost of transport

Other-----

8. To what extent you are satisfied with your salary benefit and the like?

More than satisfactory

Satisfactory

Unsatisfactory

5. At starting or arrival station; does the enterprise operational worker coordinate the service effectively?

Yes

No

6. Is there any customer complain handling mechanism in the Anbessa City Bus Enterprise?

a/ Yes

b/ No

c/ I have no information

7. Please write major problems that you observe when you used the Anebesa City bus

Current Organizational Chart of ACBSE

