INTRODUCTION

Public transport can ‘make or break’ a city. A car-dependant city not only suffers from the economic challenges of road congestion, but also results in the environmental conditions for diabetes, obesity and cardio-vascular diseases, posing important health challenges. To some extent, these challenges could be viewed as a failure to deliver adequate public transport, i.e. services that are competitive enough to contribute to the acceptability of regulating car use. Therefore, in order to foster the modal shift, there is a need to enhance the quality of public transport systems.

Traditionally, Public Transport Authorities (PTAs) have based performance and quality measures on time, frequency of service, and value for money. Today, PTAs must adapt measures to account for the changing needs of customers.

This paper argues that customer-centricity lies in the issue of governance and deals with the underpinning structures and processes. With this perspective, it starts with a review of the current paradigm under which quality and performance are currently assessed, proposing a critical view on current tools and instruments. As an alternative, it puts forward overarching principles for the organisation of services.
In Western economies, Public Transport Authorities (PTAs) emerged in the 1980’s as part of the New Public Management (NPM) paradigm to break away from the inefficiencies of public monopolies. This change introduced business-like concepts, techniques and values into the management of public services that manifest in practice by a greater emphasis on:

• Performance, especially through the measurement of output;
• The dissemination of contractual forms of governance vs. hierarchical relations as coordination means;
• A focus on users as customers.

To this regard, the delivery of transport services became an outsourcing process where the public through the PTA defines the services and looks for the provider that can deliver them at the best conditions. Here, quality is seen as a trade-off between fare revenues, level of subsidies and costs.

In other words, the arrangement and subsequent contract should lead to the best services for a given level of fares and subsidies. At the core of the NPM rationale sits the definition of targets in terms of quality and performance, the underlying assumption being that it is possible to specify what a “good” public transport system should look like. Yet, this later point is challenging in practice. This is all the more relevant when contracting is coupled with a competitive model. For this model to be successful there not only needs to be several bidders to reply to the tender independently but also the PTA must have sufficient resources to plan, monitor and evaluate the service as well as certainty over the funding of the PTA and service needs. The issue is therefore to develop a complete specification of the service, hence the importance of defining and contracting the features of the services.

Such assumptions point to the limits of the NPM paradigm, as it anchors the quality and performance of public transport to a static framework. The NPM promotes practices that draw on general principles and standards and do not always account for change and time. The circumstances of each city or location will be different due to the city’s development plan, socio-economic make up, industry type, legislative framework and a host of other factors. Common to all situations is the need for public transport to compete successfully with private car transport in terms of price and quality. As a result, commitment has to focus on the specific character of quality in public transport that is customer-led and dynamic. In consequence, this paper argues for an alternative lens that takes such aspects into consideration by retrofitting the context into the picture. Notwithstanding the potential benefits of the best NPM’s tools and instruments, the success of any policy/ intervention will depend on the ability to make sense of specific circumstances, which makes each city unique. The subsequent Action Points/ Recommendations have been written under the premise that context is everything.

The success of any policy in terms of Quality and Performance will depend on innovation, that is the ability to make sense of the specific circumstances which make each city and its customers unique.
The premise is that standardised and replicable processes for the governance of public transport become contestable, part of the complexity being the context. It becomes more difficult to specify the services in detail in a context of changing and diverse needs. To some extent, therefore, the success and performance of public transport would rather depend on a collective action that is the capacities of multiple parties to jointly construct the future. Here, there is no “ideal” or “optimal” governance structure to reach the modal shift objective. Indeed governance should not be seen as designed top down or solely as a matter of choice. The context embeds the public transport eco-system into “an atmosphere” that moulds governance from the bottom-up. From this perspective, predetermined structures and stability are a frame of mind; change is the norm not the exception. This gives relevance to processes; governance is also negotiated in essence and requires sense-making and management.

More specifically, this approach implies that there are no “best” practices but only good (organised) practices that work in the local context for which they are developed. The following Action Points consists in a governance standpoint, a departure point for enhancing services.

Under the NPM, PTAs are confined to the tactical level of action, a steering role that involves setting clear goals and incentives, and leaving implementation to other organisations, mainly the Public Transport Operators. Still, the market is challenging such order (i.e. entrepreneurial initiatives taking advantage of new technologies). In addition, the NPM paradigm assumes the central position of PTAs and does not account for the fragmented character of Governments and Public Administration. PTAs vary in size and competencies. In this context, power is dispersed and a silo rationale dominates, meaning that actors operate in a decentralised and independent way. As there is no clear chain of command it becomes difficult to set and reach objectives. Instead, the performance of public transport systems would rely on the PTA’s capacities to coordinate a web of relationships that transcends markets and hierarchies to give rise to network forms of organisation. From the network perspective, Governance concerns the coordination, or lack of coordination, between the different actors involved in the modal shift.

Consequently, the PTA’s role includes the alignment of actors and stakeholders with divergent interests and business models.

The devolution consists of substantial changes in governance with the transfer of power to the region with the election of the first Greater Manchester Mayor in 2017. In this context the PTA, Transport for Greater Manchester (TfGM) that already collaborates across ten local authorities will be responsible for the new long term strategy, focusing on the customer-centric integration. Such institutional process leads to a re-positioning of the PTA within its actors’ network, it materialises in increasing the reach for transport, putting them at the core of a renewed regional policy and strategy. Whether this could be considered as a gain in consistencies, again, the central position of the PTA cannot be assumed, this is the result of complex institutional changes.
**ACTION POINT 2: DESIGNING CONTRACTS TO FOSTER TRUST**

Formal contracts bind parties together, specify the content of transactions, and provide evidence of the agreement for enforcement. In general, they are written in order to predict for future contingencies, setting a framework that allocates ex-ante responsibilities, and subsequent risks, between parties. Such rationale is static in nature and fails to account for change and subsequent uncertainties. In practice, contracts are often too rigid to fit the nature of quality, or too focused on perceived satisfaction without any kind of assimilation of the users’ feedback. They often foster an inflexible and asymmetric relationship between the PTA and operators. In consequence, the current organisational structures for service delivery often “forget” to create the formal and informal information mechanisms allowing the learning process to understand the needs of the customer. Instead, contracts should provide the conditions for joint-action and co-commitment, and the necessary trust to effectively manage uncertainty and risk over time.

This is all the more relevant considering that PTAs often need to comply with public procurement legislations that are defined at the national or supra-national level (i.e. the Regulation (EC) No 1370/2007 for EU members). From this perspective, parties’ relationships find themselves pre-conditioned by a contractual framework that can impede the initial development of trust. Yet, in practice some PTAs, as Västtrafik in Gothenburg, have been able to go beyond the contract to develop partnership types of arrangement that combine price incentives, through the implementation of competitive tendering, to result in a relationship where partners, together, keep exploring the conditions for services post-tender. Such processes engage parties in a continuous dialogue that would permit adjustment to potential changes in customer requirements.

**ACTION POINT 3: MEASURING PERFORMANCE TO SUPPORT MANAGEMENT**

Performance indicators constitute a simplified picture of a complex business reality. There is a consensus regarding the need for measuring and benchmarking customer satisfaction in order to inform contracts and determine the respective responsibilities of the PTA and the operators. Yet, some aspect of quality cannot be captured by formal contracts. Indeed, less has been written on measuring performance to support managerial actions and cooperation in networks. Research focuses on performance measure systems but not on their use. Yet, the modal shift depends on the ability of multiple actors and organisations to work collaboratively, hence the need to evaluate their respective contribution to the network. From such a perspective, performance measures are not rigid standards but become part of the flow of information between the PTA and the operators.

Indicators should not be designed as instruments for static hierarchical control but also as devices for managing value, sharing ideas and driving innovation.

Indeed, the network context implies new conditions for collaboration and interactions, bringing to the fore the coordination mechanisms between the City/Region, the PTA, the PTOs and potential new players when they deliver public transport services. Currently, performance measurements are applied to evaluate the range, level and content of services to introduce control over the output produced by the system. A good example of such a rationale are quality incentives where the PTA attributes a bonus/malus to the PTO regarding elements such as punctuality. Yet, network forms of collaboration require new forms of assessment. In order to preserve the integrated character of the service there is a need to appraise whether separate contributions can be incorporated into a whole, engaging the customers in the process so they are not merely passive receivers. Hence, an ultimate Action Point, engaging with the customer.
Again, the modal shift is a relative notion that depends on cities' characteristics such as traditional economic conditions, demographics, life-style, technical patterns and urban morphology hence the difficulty to determine how public transport should ‘look’. However, there is need to acknowledge that high quality public transport increases the potential for reaching non-captive users. In this respect, plenty of research deals with understanding customer satisfaction and its determinants. When it comes to public transport systems’ characteristics, satisfaction depends on both, physical and perceived attributes. Yet, in practice, policies tend to neglect the perceived ones by adopting an approach that views quality as a product that is assessed through objective metrics on resources and outputs. Here, quality is seen as a matter of efficiency. Subsequently, the emphasis is on production conditions and not on the customer side.

In this respect, there is a need to adopt a service logic that pays more attention to the knowledge and skills required to engage with the customer.

This last point is the core element of the functioning of this system. PTAs and PTOs often adopt a supply chain approach where the challenge is the scalability of the service that is satisfying the bulk share of existing customers while there are increasingly diversified customer needs. In a word, it is staying attuned with evolving social needs. Still, the challenge is viewed as a product calibration process instead of exploring and understanding what should be tomorrow’s services. Conversely, a demand-oriented approach could lead to fundamentally rethinking the form and shape of bus services. In this respect, combined mobility coupled with technology, could open an avenue for on-demand and customer responsive services.

In practice, most decisions are based on the “hierarchy” model. Yet, this does not reflect the reality, a context that is dynamic and complex. As a result, it freezes the whole public transport organisation and suppresses the bottom-up processes that permit the PTA to learn from and adapt to the customer. The “network” approach is more appropriate to make sense of the organisation of public transport. It focuses on relationships, emphasising the flexibility of the system and its evolving character.
CONCLUSION

These Action Points offer four principles, as pillars, for a more customer-responsive public transport network that is leading for the modal shift. The aim is to reflect on the tools and instruments to facilitate processes that ensure the customers are at the center of all planning, development and operational decisions.

Conversely, from the contract perspective, this introduces a reflection on the type of relationship and governance mechanisms necessary to foster customer-centric networks.

This is an official Action Points of UITP, the International Association of Public Transport. UITP has over 1,400 member companies in 96 countries throughout the world and represents the interests of key players in this sector. Its membership includes transport authorities, operators, both private and public, in all modes of collective passenger transport, and the industry. UITP addresses the economic, technical, organisation and management aspects of passenger transport, as well as the development of policy for mobility and public transport worldwide.

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