

# Private Public Partnerships (PPP) in Tourism: The Case Study of Rent-A-Car Business in Ghana

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## Abstract

The study set out to investigate Public-Private Partnership (PPP) in Tourism using Rent-a-Car business in Ghana as a case study. The study adopted the mixed method research paradigm. Four Ministries, Departments, and Agencies (MDAs) were sampled using purposive sampling procedure while nine Rent-a-Car companies and members of Ghana Tourism Federation (GHATOF) were randomly selected. The study acknowledged that PPP is highly embraced within the Ghanaian economy and gradually gaining stronger acceptance among actors within the tourism sector. Specifically, the study found that both the private sector and the public sector are in favour of PPP within the tourism sector of Ghana. However, the results show that there are some challenges resulting from poor regulatory regimes, weak business structure of Rent-a-Car firms, poor access to funds, information asymmetry within the sector and lopsided access to government contracts. The study therefore recommends that government should expedite action towards developing a comprehensive sector wide PPP policy that will provide both regulatory and strategic direction. Also Rent-a-Car businesses must consider merger as an alternative to meeting capacity requirement of both government and international assignments. It is anticipated that merger would provide the necessary capacity requirement needed for most projects.

**Keywords:** Tourism, Tourism development, Rent-a-Car business, Public Private Partnership

## 1.0 Background to the study

Tourism is the fastest growing global economic driver in the 21<sup>st</sup> century (Srivastava, 2011). The cultural, social and economic importance of tourism is immense (Srivastava, 2011; Agba et al, 2010 & Weaver and Oppermann, 2000). Over two decades ago when the industry was not at its peak of growth like today, Salah (1992) noted that tourism was a significant expression of human activity and one in which more individuals were engaged. It is therefore not surprising that Ghana's last three poverty reduction strategies or medium term development frameworks, namely Ghana Poverty Reduction Strategy (GPRS-I) Paper, Growth and Poverty Reduction Strategy (GPRS-II) Paper and the Ghana Shared Growth and Development Agenda (GSGDA) highlighted the growth of the tourism industry. The most recent: the GSGDA (2010-2013) contains four (4) policy objectives that are relevant to tourism development (Ministry of Tourism, 2012). These policy objectives include diversification and expansion of the tourism industry, promotion of domestic tourism to foster national cohesion, promotion of sustainable and responsible tourism as an instrument for preserving historical, cultural and natural heritage and finally deepening on-going institutionalization and internalization of policy formulation, planning, monitoring and evaluation at all levels.

Achieving these policy objectives has often proved daunting for government due to inadequate resources (both technical and material). Against this backdrop partnership with the private sector to deliver these objectives has become very necessary across various sectors of the Ghanaian economy. McCabe, Lowndes and Skelcher (1997) argued that partnering allows organizations to combine resources, network, reduce risk, inject innovations and stimulate sustainable growth. For example Archer & Fletcher (1996) and Akpet (2005) noted that governments alone lack the capacity to operate the numerous subsectors of the tourism industry (these subsectors include hotels, restaurants, travels agencies, airlines and Rent-a-Car businesses etc). Greer (2002) provides what he considers a viable solution to the low government capacity in managing the numerous subsectors by arguing that partnerships have become an established instrument for tourism development.

Unfortunately, while partnership to deliver services has become apparent attracting tsunami of research in Ghana, partnership within the tourism sector especially in the area of Rent-a-Car business has received a lopsided attention. In Ghana, the major and largest transport sector for internal navigation by tourist is the Rent-a-Car business and can be compared to any other Rent-a-Car business worldwide. Therefore the seeming neglect

of the role of Rent-a-Car business in tourism development and how Private Public Partnership (PPP) helps to ensure the sector's sustainability in research is unfortunate. So far, anecdotal evidence shows that researchers like Korstanje (2011) attempted to raise the red-banner on the neglect of Rent-a-Car industry in tourism discourse and concludes that the situation is unfortunate.

There is also strong evidence that tourism plays an important role in economic development and as such has attracted a "tidal wave" of research across disciplines. For example Cohen and Cohen (2012) studied tourism from sociological view point whiles Tsiotsou and Ratten (2010) also studied it from marketing perspective and Lucas (2004) examined it from human resources management perspective. Also Ruhanen (2010) studied tourism strategic planning from the perspective of management whiles Thacker, Acevedo & Perrelli (2012) gave an economics perspective. Unfortunately, there is indisputable evidence of skewed concentration of research in some aspect of tourism. Korstanje's (2011) careful synthesis of the tourism literature concludes that even though in recent times, both practitioners and researchers have enthusiastically studied tourist business; they are skewed creating a vacuum of limited information in some areas. For example ILO (2010) studied hotel businesses whiles Khatchikian (2000) and Garrigos-Simón et al (2008) studied tour operators; Blasco (2001) studied trains in tourism business; Yuksel et al (2006) studied restaurants, Gastal (2003) examined the competitiveness in tourist destinations and Hussain and Ekiz (2007) examined air companies. The Rent-a-Car industry was completely ignored in all the research stated above. Ekiz and Bavik (2008) stated that, relatively little is known about the Rent-a-Car business aspect of the tourism industry. Though researchers give considerable attention to the means of transport in tourism fields (Korstanje, 2011), it is unfortunate that automobile played a secondary role in this concern.

The situation presents a strategic problem to both practitioners and researcher as they are inundated with both data and literature on other aspects of tourism but none in the area of automobile (Rent-a-Car) and tourism. However, the importance of Rent-a-Car business in tourism cannot be trivialized as it has a complete influence on tourist perception and satisfaction (Vetter, 1985) right from the point of arrival in a different country (in the case of international tourist) up to the point of final departure. In a study by Thompson and Schofield (2006) they conclude that transport's ease of use on destination satisfaction is greater than the influence of efficiency and safety. Haywood and Muller (1988) concluded that touristic attractiveness and city livability is measured by the ease of finding and reaching places within the city.

Furthermore, Wilson and Boyle (2004) and Selin and Chavez (1999) maintain that despite the growing importance of tourism research during the last decade, very little attention has also been paid to the role played by Private Public Partnership (PPPs) in the tourism industry with specific reference to transportation and especially Rent-a-Car business. There is the need therefore to interrogate the extent and nature of private public partnerships in tourism using Rent-a-Car businesses as a case study so as to provide a better understanding and also contribute to the existing body of knowledge on tourism development in Ghana.

Therefore, this research has two goals: there is an established limitation of research on Rent-a-Car business in tourism and also PPP in tourism which this study attempts to provide a pioneering research into. This study will therefore examine public private partnerships in Ghana's tourism sector with a focus on Rent-a-Car Business. Specifically, the study seeks to;

- ✓ Provide an overview of private public partnerships and tourism development in Ghana
- ✓ Identify the role of Rent-a-Car businesses in the development of tourism in Ghana
- ✓ Identify the contribution of Rent-a-Car businesses to the development of tourism in Ghana
- ✓ Identify the challenges of applying PPP to Rent-a-Car business in tourism

The study seeks to contribute to a theoretical enhancement of the current level of knowledge in the existing literature. It aims to achieve this in two ways; First, to examine the complex relationship of tourism and PPP and second; the role and contribution of Rent-a-Car services to tourism development in Ghana. This will help in identifying how to effectively use partnerships in tourism in relation to tourism transportation systems such as Rent-a-Car agencies and their contribution to destination development. In terms of practical contribution, the outcome of the research will be beneficial to the Rent-a-Car business association of Ghana and the results could be useful to the Ministry of Tourism in its policy formulation.

## **2.0 Review of Relevant Literature**

### **2.1 Transportation and Tourism Development**

Srivastava (2011) has argued that tourism is one of the world's oldest industries that cut across barriers of caste, colour, and creed. However in the modern world its development and sustainability is partly dependent on

transportation (Ndoma, 2011). This is because the industry is a cross boundaries industry and therefore transport needs are indispensable (Akyeampong, 2007). Transport and tourism development are interlocked, with modernity altering the relationships to a more dynamic and complicated one. According to Simpson (2012), transport in general is an important and integral part of our everyday life, and that everyone is involved in different ways. This argument was also supported by Cooper et al., (1993) who defined transport as a means by which people or goods can reach the destination and also the means of movement at the destination. Transport involves not only inter- transport but also very important in intra- transport (Burkhart and Medlik, 1981). Transport provides access and mobility within a wide destination area (Hall, 1999), offers access and mobility within a tourist destination (McKercher, 1988), provides travel along a recreational route (Khan, 2002), helps determine destination choice, determines tourist experience and finally provides crucial connection between market source and destination (Ndoma, 2011). Tourists' satisfaction level of a destination is highly dependent on the services provided by transport operators as well as the transport facilities supporting the journey. Therefore, the quality of service on modes of transport and the transport supporting services are essential in promoting a sustainable tourism industry.

## **2.2 Rent-a-Car Business and Tourism Development**

The transportation services play an important role in tourism since tourism essentially requires some sort of movement. As such, Rent-a-Car agencies, in collaboration with other factors, play vital roles in improving the ease of transportation. Rent-a-Car business service is important for tourist satisfaction, retention and expansion. Internationally, the term rent-a-car signifies that you rent a car from a location, drive it yourself, use it as per your requirement and return the car to the Rent-a-Car agency or its representation at another location. In fact, this arrangement or service provides flexibility for tourists to travel as per their own requirements. Taylor (2006) noted that Rent-a-Car business operators have done more to change travel habits than any other factor in tourism.

Acknowledging the importance of Rent-a-Car business operators in the development of tourism, Ezine (2011) states that, the best way to explore the city or countryside is by car. This allows you the freedom to visit places that you want at your own convenience and time. Ezine (2011) offers a suggestion on how to select the best Rent-a-Car business when a tourist is on holiday. His suggestion is that a tourist gets a car to rent from the best hire company, and should concentrate on getting the best good deal and the right car for travel. To do this, he suggested that the tourist needs to go through advertisements or online websites and pick out between three and five Rent-a-Car firms, make a judgment between the costs and the services presented by these companies before making a final selection.

Yeboah (2012) in his article, Promoting Tourism in Ghana – a Plea from the Car Rental Association of Ghana (CRAG) argues that Rent-a-Car businesses are considered to be one of the major contributors to tourism development. Yeboah (2012) further noted that in Ghana, both local and foreign tourists rely mostly on Rent-a-Car businesses to travel to tourism sites across the country for reasons such as comfort, safety and security. Yeboah (2012) indicated that Rent-a-Car operators sometimes pose challenges to tourists. This is evident in the numerous reported cases of overcharging (billing errors), no cars available (reservation errors), insurance coverage complaints, and complaints regarding the condition of the vehicle. To Yeboah (2012) highway robbery, bad roads, conflicts and swindlers are major challenges which threaten the survival of the Rent-a-Car businesses and the tourism industry in Ghana.

## **2.3 Tourism and PPP**

Since the 1980s public-private partnerships have gained popularity as instruments for tourism planning, destination management and marketing (Bramwell, 2005). Baggio (2011); Julio (2009); and Hall (2008) defined PPP as a relationship in which public and private resources are blended to achieve a goal which is mutually beneficial. In this study PPP is define the use of government sponsored initiative to promote private sector capacity to provides public service traditionally provided by government, and/or pooling together of resources from government and private sector for a venture. In the tourism literature the issue of collaboration has been intensively discussed from the early 1990s to the present and has been approached from different disciplines and perspectives (Baggio, 2011). There are numerous reasons for the growth of public-private partnership in the tourist sector. Firstly is the wave of “new public administration” which drives the public sector towards effectiveness and efficiency (Solli et al., 2005). This pursuit comes along with marketization which requires new forms of governance that encourage the outsourcing of public services through partnership formation (Hall, 2008). Secondly, there is a redefinition of state role in most economies. This new paradigm requires the state to be an initiator and convenor within a network where every actor has a role to play. This redefinition of state role within the “new public administration” paradigm encourages the participation of the tourism industry in policy making (WTO, 2000) through different kinds of collaborative arrangements. Thirdly, there is constant pressure

on states to deregulate most monopolistic services, reduce public borrowing and drastically cut public funding on services that are more market efficient. This constant demand from both citizens and development partners has resulted in the privatisation of functions and services previously provided by the government (Hall, 2008), as well as driving the public sector to look for partnerships with the private sector in order to implement policies and projects (Hall, 2009).

### **3.0 Profile of Rent-a-Car business in Ghana and Study methodology**

#### **3.1 Profile of Rent-a-Car Business in Ghana**

Rent-a-Car business started in Ghana sometime in the mid 50's with John Holt Bartholomew and Africa Motors as pioneers. With the commissioning of State Hotels in the city capitals during the late 50's the need for special private vehicles other than taxis by guests of the hotels started the formation of car hire services by individuals who later came together to form co-operatives employing the names of hotels from where they operated. Examples are the Ambassador Car hire, Star Hotel Car hire and Royal Rent-a-Car. The transactions of most of these Rent-a-Car businesses took place under the shelters of trees at the hotels. The total fleet strength was not more than twenty (20). There was no known central body that coordinated the operations of these operators. It was mainly the "owner driver, one man one car" type of operations with no specific rules on service delivering standards. By 1992 a total of about 12 identifiable Rent-a-Car entities operated in the country. At the end of 1995, twelve (12) years after the launching of the Economic Recovery Programme (ERP), the number of Rent-a-Car entities had increased from twelve (12) in 1992 to 25. As at 2013 the number of operators of Rent-a-Car Business service in Ghana was over Ninety (90) and still increasing (Ghana Tourism Authority, 2013). There are three (3) categories of Rent-a-Car groups in Ghana, namely: Group A- International franchise agreements; Group B- Ghanaian registered companies and Group C- Co- Operatives and Unions.

#### **3.2 The research Approach and design**

The mixed method research approach was adopted for this study. Using this approach offers an array of opportunity to minimise the limitation or bias of the mono research approach while providing the opportunity for utilising the strengths of both qualitative and quantitative research approaches. A case study design was deemed as appropriate because it is considered the best method to describe the characteristics, perceptions and preferences of the organizations under study (Saunders et al., 2000). The study included tourism institutions and agencies in the Greater Accra Region: the Ministry of Tourism, the Ghana Tourism Authority, Travel and Tours Agencies, Rent-a-Car companies and tourism associations under Ghana Tourism Federation (GHATOF). A total of seventy five (75) respondents were selected for the study. **Both questionnaires and interviews were used for data gathering.** The in-depth interviews provide a qualitative approach which helps gather data 'in the form of impressions, words, sentences, photos, symbols, and so forth' to support and better explain the quantitative data collected through questionnaires (Neuman, 2007, p. 85). The sample size was considered appropriate since the data were triangulated through the use of mixed method research paradigm. **A multiple sampling technique was used in this study. Firstly, convenient sampling technique was used to select the various tourism institutions in the Greater Accra Region. Secondly, the purposive sampling method was used to select management and other top level employees who have in-depth understanding of public private partnership in tourism industry.** Data for this study was obtained from both primary and secondary sources. Completed questionnaires from the field were edited and coded appropriately into Statistical Package for Social Sciences (SPSS) to make meaning out of them. The interview data was analysed qualitatively through transcription. The transcribed data was read repeatedly where key themes were identified for discussion.

### **4.0 Data Analysis and Discussion**

#### **4.1 Overview of Private Public Partnerships and Tourism Development in Ghana**

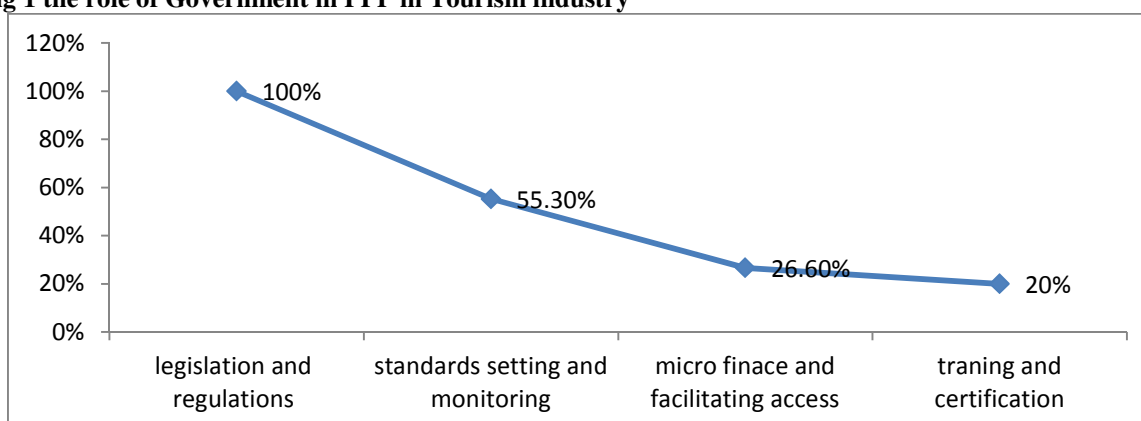
The data collected shows that respondents have an understanding of PPP. Some respondents noted that PPP is a mutual relationship between public and private actors in the provision of services. Others also defined PPP as collaboration between public agencies and private organisations to pursue common goals. Lastly, some also defined it as a contractual arrangement between the public and private party for the provision of public infrastructure and services traditionally provided by the public sector. Generally respondents agree that PPP allows the private sector and government to pool resources for a venture. Majority of respondents (80%) indicated that PPP within the tourism sector is a contractual arrangement between the private sector and government to leverage each other's strength to provide effective and efficient services to customers. Respondents however had varied views on the practices of PPP within the Ghanaian tourism sector. About half (46.7%) of the Rent-a-Car operators indicated that there is no PPP within the Ghanaian tourism sector, while 53.3% indicated that there was PPP within the sector. All respondents from the Ghana Investment Promotion Centre indicated that PPP was partly operational within the Ghanaian tourism industry. Similarly 53.3% of Rent-a-Car companies indicated that there is a policy regulating PPP while 46.7% denied the existence of any

policy.

The interviews with informants showed that currently there is no specific act or Legislative Instrument (L.I.) that guides PPP operation in the tourism sector. Respondents from Ghana Investment Promotion Centre (GIPC) indicated L.I. 1817 was used as a policy document but the L.I has been repealed. The respondents further explained that PPP forum framework (JICA Funded program), L.I. 1205-Accommodation and catering enterprise regulation 1979, L.I. 1293 -tour operation (registration and licensing) registration 1983, LI 2185 tourism levy regulation were used to regulate the sector and therefore provides basic guideline for any PPP arrangement. The lack of specific regulatory regime was noted by respondents as a major challenge to developing an attractive PPP in the industry.

Respondents explained that the government plays an important role in PPP within the tourism sector of Ghana. Figure 1 below presents the role/contribution of the government to PPP in tourism in Ghana. These roles include provision of legislative instrument for governance and provision of regulatory oversight responsibility, standards setting and monitoring, provision of micro finance and facilitating access to long term soft loans and finally training and certification of players in the industry.

**Fig 1 the role of Government in PPP in Tourism industry**



Source; field data 2013

As shown in Table 1 below, 93.3% of respondents indicated that the benefits of PPP within the tourism sector was enormous while 2% indicated the benefits were not enough (partly beneficial). The remaining 4% were silent and did not respond to the question. Despite the non-response and the 2% who indicated that the benefits are negligible one can conclude that within the Ghanaian tourism sector PPP is seen as beneficial to all stakeholders.

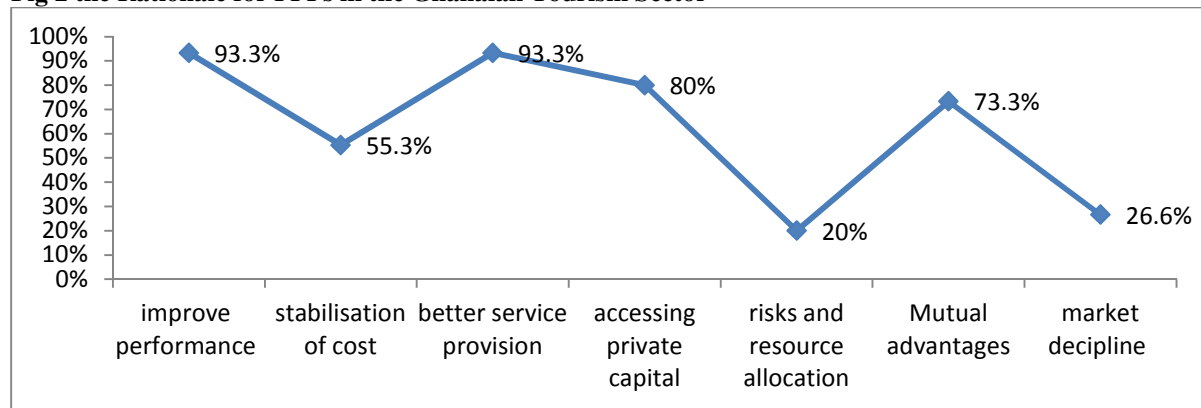
**Table 1 Is PPP Beneficial in the Tourism Sector**

| Variables    | Frequency | Percentage  |
|--------------|-----------|-------------|
| YES          | 70        | 93.3%       |
| No           | -         |             |
| Partly       | 2         | 2%          |
| Non response | 3         | 4%          |
| <b>Total</b> | <b>75</b> | <b>100%</b> |

Source: field data, 2013

The Figure 2 below provides a summary of respondents' view on the rationale behind PPP in the Ghanaian tourism industry. Generally seven main areas were mentioned by all respondents as the rationale for PPPs in the tourism sector. Majority (93.3%) indicated that PPP in the Ghanaian tourism sector is to help to improve performance and provide better services. While 80%, 55.3% and 73.3 % indicated that PPP is to help reduce government budgetary constraints by accessing private capital for infrastructure investments, reduce and stabilise cost of service provision and to provide mutual advantages respectively. Only 20% indicated that PPP is to ensure that there is appropriate sharing of risk and allocation of resources while 26.6% indicated that PPPs in the tourism sector of Ghana was for market stabilisation.

**Fig 2 the Rationale for PPPs in the Ghanaian Tourism Sector**



Source: field data, 2013

#### 4.2 The Role of Rent-a-Car Businesses in the Development of Tourism in Ghana

Ghana is endowed with numerous tourism resources which constitute a variety of attractions. The first include; ancient cultures, festivals and traditions of the people, rich in diversity, colour and pageantry. The second are the safe, pristine, coconut-fringed and sandy tropical beaches of the country. The third comprise the 27 forts and castles while the fourth is the virgin tropical rainforest and the fifth (minor ones) are Volta River and its environment, waterfalls, monkey sanctuaries, national parks etc. While numerous prospects abound in these resources, admittedly the spread of these resources implies that Rent-a-Car companies have a major role to play to ensure that tourists are able to navigate throughout these varieties of attraction with safety and less fatigue. According to Akyeampong (2007) tourism is a combination of the entire service elements including transport, accommodation and attraction sites which a tourist consumes from the time he or she leaves home, till the time of return. The Rent-a-Car Business companies therefore have a major role to play in the tourism sector. Table 2 below presents respondents views on the role of the Rent-a-Car businesses in the development of tourism in Ghana.

**Table 2 Role of Rent-a-Car Businesses to Tourism Development in Ghana**

| Roles   | S.A   | A.    | N.   | D.A   | S.D.  |
|---|-------|-------|------|-------|-------|
| <b>Intermediaries</b>                         |       | 73.3% | 6.7% | 13.3% | 13.3% |
| <b>Creating relationships with tourists</b>   | -     | 93.3% | -    | 6%    | -     |
| <b>Relationships with tourism communities</b> | -     | 48%   | -    | 45.3% | 6.7%  |
| <b>Providing transportation</b>               | 93.3% | 6.7%  | -    | -     | -     |
| <b>Information about tourism destinations</b> | 80%   | 6.7%  | -    | 13.3% | -     |
| <b>Providing transportation</b>               | 93.3% | 6.7%  | -    | -     | -     |
| <b>Information about tourism destinations</b> | 80%   | 6.7%  | -    | 13.3% | -     |

Source, field data 2013

[A=Agree; S=Strongly; D=Disagree; S.D=Strongly Disagree; N=Neutral]

The Rent-a-Car Businesses play numerous and strategic roles to developing Ghana's tourism sector. Table 2 above indicates that there is an affirmation that the Rent-a-Car Businesses in Ghana provide intermediary services (73.3%), create cordial relationships with tourists (93.3%) and tourism communities (48%), provide safe and reliable transportation (93.3%), provide tourism information (80%), brand Ghana's tourism industry (73%), and also provide training for drivers and tour guides on tourism related driven skills and tour guiding principles respectively (53% agree). Finally there was consensus that (99.3% agrees while 6.7% strongly agrees) that the Rent-a-Car businesses create employment in Ghana.

#### 4.3 The Contribution of Rent-a-Car Businesses to the Development of Tourism in Ghana

All businesses, be it hotels, trains, restaurants or eating establishments, security service, transportation, etc contribute in their own special way to the growth of the industry. The Rent-a-Car Businesses in Ghana provide very important contribution to the development of the industry. Respondents affirmed that the subsector provides transportation for tourists, improves the comfort and safety of tourists and also promotes the industry through its campaigns and an attempts to create a niche due to increasing market competition. The sector again provides tourists some convenience and service efficiency as operators use very robust and modern cars for their business. Respondents further affirmed that their businesses help increase the patronage rate of tourism activities in Ghana. They further indicated that the sector boosts the image of Ghana's tourism sector, ensures more industry

wide competition and finally injects more professionalism into the industry. Table 3 below provides the summary of the entire respondents' views on the contribution of Rent-a-Car Businesses to the development of Ghana's tourism sector.

**Table 3 Contribution of Rent-a-Car Businesses to Tourism Development in Ghana**

| <b>Roles</b>                            | <b>S. A</b> | <b>A</b> | <b>N</b> | <b>D. A</b> | <b>S.D.</b> |
|---|-------------|----------|----------|-------------|-------------|
| <b>Transportation</b>                   | 6.7%        | 93.3%    | -        | -           | -           |
| <b>Improve comfort &amp; safety</b>     | 73.3%       | 6.7%     | -        | 13.3%       | 6.7%        |
| <b>Promotion &amp; campaign</b>         | 73.3%       | 6.7%     | 13.3%    | 13.3%       | -           |
| <b>Convenience &amp; efficiency</b>     | -           | 73.3%    | 6.7%     | 13.3%       | 13.3%       |
| <b>Increase the number of tourists</b>  | 80%         | 6.7%     | -        | 13.3%       | -           |
| <b>Enhancing tourism image in Ghana</b> | 73.3%       | 6.7%     | -        | 13.3%       | 6.7%        |
| <b>Competition in Ghana's tourism</b>   | 53.3%       | 13.3%    | 6.7%     | 26.6%       | -           |
| <b>Professionalism in tourism</b>       | -           | 73.3%    | 6.7%     | 13.3%       | 13.3%       |

Source, field data 2013

[A=Agree; S=Strongly; D=Disagree; S.D=Strongly Disagree; N=Neutral]

#### 4.4 The Role of PPP in Tourism Development in Ghana

Majority (69.3%) of the respondents indicated that PPP in tourism management has the potential to reduce financial and administrative burden on the government. The researcher noted from respondents that public management of tourism activities on a day-to-day basis generates a considerable demand on governmental resources in terms of time and personnel for what is largely a commercial enterprise. Whilst this resource demand falls most heavily on directly concerned ministries and agencies, it can be shown that it frequently spills over to those peripherally involved. Respondents therefore indicated that PPP is adopted to cede some of the responsibilities to the private sector. The respondents explained that though professionals in government will continue to be required to manage the residual responsibilities that the government chooses to retain, they will only be a fraction of those that were on the public roster when it played the combined roles of owner, manager, operator and regulator. Again, 73.3% of the respondents stated that PPP in tourism helps attract new or additional business and trade. Finally, 26.6% of the respondents viewed the potential gain of PPP in tourism management as risk sharing. Risk in financing and operation of the tourism sector is divided among government and the private sector, with each unit taken responsibility of those risks it has greater capacity. This helps in reducing and managing potential risk that could present insurmountable challenge to government to a barest level.

#### 4.5 Challenges Rent-a-Car business faces in PPP in Ghana's tourism sector

Respondents mentioned that Rent-a-Car business faces a lot of challenges in PPP within the Ghanaian tourism sector. These challenges include government exclusive right of tariff setting in the tourism sector (26.6%), small size and ownership structure of Rent-a-Car business (55.3%), overlapping of institutional functions (69.3%), multiple regulatory regimes without specific sector related regime (52%), lack of access to flexible long term loans (80%), and finally difficulties in securing government contracts (93.3%).

#### 5.1 Summary of findings

The study identified that depending on their orientation or sector, practitioners differed in their understanding of PPP. Whiles others think it is collaborative activities, others believe it is a contractual agreement that comes with timelines, responsibility and accountability.

Also the study found that there is information asymmetric within the tourism sector. Whiles it is evident that PPP is practiced within the Ghanaian tourism industry some Rent-a-Car companies are completely unaware. Similarly, some public agencies that have some regulatory oversight responsibilities within the tourism industry are also not aware of PPP application among Rent-a-Car businesses though they are aware it is operational within the industry in areas such as hotels.

Furthermore, this study found that there are no specific regulatory regimes (law) for managing PPP within the Ghanaian tourism sector. Though one of the objectives of GIPC LI 1817 is to manage some investment aspects of PPP in tourism the LI has been repealed whiles a new bill is underway for approval. Generally, respondents indicated that experiences and benchmarks are borrowed from other sector wide related activities for the management of any partnership agreement.

Additionally, the study found that the Rent-a-Car Businesses play very significant roles in tourism development

and growth. These include branding, relationship creation and image building, easy access to transportation, relationship with communities and employment creation. These roles help grow the tourism sector and thus become more attractive to other international investors.

Similar to the above, the study unearthed that the Rent-a-Car Businesses in Ghana's tourism contribute in diverse ways towards tourism development. These contributions are evident in the provision of transport service, safety and comfort to tourist, promotion and campaign for the sector, injection of competition and its attendant impacts, injection of professionalism in tourism management, image building and increased number of tourists to Ghana. Again, the study found that PPP is beneficial to Ghana's tourism sector because it provides state of the art mode of service delivery, it creates positive image for the sector as tourists enjoy safety ride and comfort, provide funds for capital intensive investment, support the growth of smaller business, helps meet the needs of tourists, generate much revenues to government, creates employment due to the opportunity of expansion etc.

Finally, the study found that lack of single regulatory regime for managing PPP within the tourism sector was a challenge to Rent-a-Car Business. Due to lack of specific policy that guides the entire process of PPP, political manoeuvring and individual parochial interest influence contract awards, tax exemptions, access to government long term soft loans and access to information in most PPP programs. Finally the structure and size of Rent-a-Car businesses in Ghana affect their ability to access some government contract. Their sizes are very small in such a way that they may lack the capacity to execute some government contracts.

### **6.1 Conclusion and Recommendations**

Private Public Partnership is a concept developed from privatization theory which involves transferring fully or partially the ownership or management of an enterprise, business, public service or an agency from the public to the private sector. The practice has been applied to an array of activities across sectors, industries and continents with much more successes. The tourism sector has not been left out. The concept has been well applied in the tourism sector both in developed and developing countries in hotels, restaurants, transport and protected areas. Effective tourism development must be a collaborative effort between the private and public sectors. Private Public Partnerships in tourism have therefore become imperative as an effort towards ensuring that maximum benefits are derived from the industry. Unfortunately, just like Ghana, many developing economies failed to explore the dynamics of transportation within the tourism industry. Generally, the relevance of transportation and by extension the important role of Rent-a-Car business to tourism development is enormous as they contribute to developing positive image for the sector, create more jobs, inject competition, inject financial acme that government may lack including high expertise and professionalism. It is against this backdrop that public sectors welcome partnership into the tourism sector in their pursuit for effectiveness, efficient marketization and improved services delivery as a characteristic of the 'new public management. The study therefore concludes that PPP within tourism sector of Ghana will be economically beneficial to all stakeholders if the right atmosphere for partnership is created. The results gained from the research questionnaires indicate that both the private sector and public sector are in favour of PPP within the tourism sector of Ghana. Business organizations, public institutions, as well as managers confirm this finding. Both the private sector and the public sector need to work together in partnership to improve the business environment of tourism in Ghana. However, according to the questionnaire results, there are relative challenges resulting from regulatory regimes, business structure, and access to funds and government contracts. More needs to be done in that direction and the recommendation below provide solutions.

This study recommends based on the theoretical position and the primary data collected. That: First, the government should expedite action towards developing a comprehensive sector-wide PPP regime to help give PPP policy direction. Also Rent-a-Car Businesses should consider intra-sector mergers to help them develop the capacity in terms of finance and personnel to meet the requirement of any regulatory regime. The researcher recognises the difficulties with business mergers especially in developing countries but still recommends because of its relative benefit that Rent-a-Car Businesses would have if they are able to overcome the limitations in merger. Also bidding of government contracts should be made open and transparent with equal participatory opportunities for all Rent-a-Car Businesses to participate. Finally, a tourism development fund can be set up for assisting subsectors to access the fund for the purposes of developing the sector.

### **6.1 Practical implications**

The paper is original, timely, and arguably, the first of its kind and therefore relevant to Rent-a-Car firms, other tourism firms and government agencies responsible for promoting tourism and trade. It should be noted that in recent times tourism is one of the world's largest and fastest growing industries. In 2010, the overall global tourism export exceeded US\$ 1 trillion (World Tourism Organization, 2011). Therefore, having information on



an important subfield but highly neglected area in research provides tremendous opportunities to all actors within the sector to annex the opportunities in the sector. The paper informs government about the overarching importance of PPP in the tourism sector and the various challenges various actors' faces and how to resolve them.

### 7.1 Suggestions for further research

As a pioneering paper, it is more like a provocative study and hence future studies are recommended for a detailed examination of the type, nature, strength and weakness of adopting PPP within the Rent-a-Car business as a subfield of tourism. Also, business nature, size, characteristics of Rent-a-Car business in Ghana can be studied in order to explore their opportunities for growth.

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