



MONASH University

**THE SOCIAL EXTERNALITIES OF AUSTRALIAN BUS AND COACH OPERATORS:
HOW GOVERNANCE AFFECTS COMMUNITY PROSPERITY**

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A handwritten signature in black ink, appearing to read 'C. Lowe'.

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A THESIS

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Publications

- Lowe, C. & Davis, S. (2014). Transport—The key to improving the productivity of our cities and our quality of life. In J. Stanley & A. Roux (Eds.), *Infrastructure for 21st Century Australian Cities: Papers from the ADC Forum National Infrastructure and Cities Summit, March 2014, Sydney, Australia*. pp.147-155.
- Lowe, C. (2015). Does size matter? How firm size affects social externalities and community and regional development. *Sociology Study*, 5(1). pp.115-136.
- Lowe, C. & Evans, J. (2015). Harmony, productivity and informed decision making: The fundamental competencies of the Chief Emotional Officer in family businesses. *Sociology Study*, 5(1). pp. 60-73.
- Lowe, C. (2015). Measuring social capital linkage: The role of the state-based voluntary professional association. *Sociology Study*. Vol. 5, No. 6. pp. 429 -443.

Abstract

Governments determine public transport provision based on service provision costs, without attention to valuing social contributions. This thesis explores the social contribution of various governance models in the Australian bus and coach industry by identifying and valuing the ways in which family and non-family bus operators interact with their communities. It asks whether the family-based transport business is the best model for public transport outcomes and whether this model is sustainable. It addresses the role of the industry representative body for operators in promoting and maintaining the best outcomes for community prosperity and encouraging the most effective corporate governance model.

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Declaration of Authorship

This thesis, except with Monash University's Research Graduate School Committee's approval, contains no material which has been accepted for the award of any other degree or diploma in any university or other institution and affirms that to the best of the candidate's knowledge this thesis contains no material previously published or written by another person, except where due reference is made in the text of this thesis.

Academic History

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Most importantly, I would also like to express my thanks to the successive boards, staff and members of BusVic for supporting my desire to intimately understand this topic. I also owe a debt of gratitude to the wider Australian bus and coach industry and members of the global bus and coach industry who assisted me with this project. To those personalities in Canada (particularly Michael Roschlau and Mike Colborne), the United States of America (particularly Michael Melaniphy, Art Guzzetti and Petra Mollet), Norway, France, the Netherlands, Finland, Sweden, England, Switzerland, and New Zealand, who gave their time for an interview, thank you. I hope this study goes towards sustaining your business.

I would also like to thank my friends Julia Evans and Michael Esler for assisting me with this project. I'm not sure I would have got there without you both.

Dedication

This thesis is dedicated to my wife, Hailey, my two sons, Archie and Oliver, whom I adore, and my late mother, Jane.

List of Abbreviations

ABS	Australian Bureau of Statistics
ANOVA	Analysis of variance
APTIA	Australian Public Transport Industrial Association
ATO	Australian Taxation Office
BCR	Benefit-Cost Ratio
BIC	Bus Industry Confederation
BusVic	Bus Association Victoria, Inc.
CBA	Cost-Benefit Analysis
CI	Community Interaction
DEDJTR	Department of Economic Development, Jobs, Transport and Resources (formerly the Department of Transport, Planning and Local Infrastructure)
DET	Department of Education and Training
EBITDA	earnings before interest, taxes, depreciation and amortisation
FWA	Fair Work Australia
ISBOA	Independent School Bus Operators Association
LN	natural logarithm
MNE	multinational enterprise
NIEIR	National Institute of Economic and Industry Research
OECD	Organisation for Economic Co-operation and Development
PSOC	Psychological Sense of Community Scale

PTV	Public Transport Victoria
RFP	Request for Proposal
ROA	return on assets
ROI	return on investment
RTBU	Rail, Tram and Bus Union
SBVPA	state-based voluntary professional association
SCI	Sense of Community Index
SOC	Sense of Community
SOCR	Sense of Community Responsibility
TSC	Taxi Services Commission
TSV	Transport Safety Victoria
TWU	Transport Workers Union
UITP	L'Union Internationale des Transports Publics (International Public Transport Association)
VAGO	Victorian Auditor-General's Office
VGPB	Victorian Government Purchasing Board

...our bid laws create ... a value system which rewards budget savings from one government pocket but does not recognise that it may be offset by a similar expense from another government pocket in the form of an externality cost. (Berglund, 2011, p. 6)

It is hoped that others will be inspired to write in greater detail on specific aspects of [the bus and coach] industry that is as complex as the geography of Victoria itself and is as irrepressible as the monster of Greek mythology, Hydra, which had nine heads, each of which, when cut off, was replaced by two new ones! (Maddock, 1992, p. 8)

Our urban transport systems are a social asset as well as an economic asset. In planning their use we should consider not only the economic return but the social return. It's time for leadership. E.G. Whitlam. 1972.

1.INTRODUCTION

1.1 Research Purpose

This thesis examines if, how, and to what extent, Australian bus and coach operators add value to their communities. Where value is found, the nature of this value is investigated and an approach to measuring this value is offered.

Anecdotally, most family firm bus operators have embedded themselves in Australian communities over generations. Throughout the nation, the family name, or the family business name, has been displayed proudly on buses in the communities in which each family chose to 'put down roots' and operate its bus service. Historical accounts of the industry (Maddock, 1992) suggest that the family bus operator had developed a network of trust and reciprocity with community stakeholders, such as schools, sporting clubs and community service clubs, and contributed to the fostering of their community in many ways since the early 1900s. Typically, family firm bus operators in Australia are not bus operators alone but appear to perform several roles within their community. Anecdotally, they often display a level of local leadership that is valuable and significant, but the economic value of this community interaction has remained unknown. This thesis identifies the value of their community interactions by drawing on qualitative evidence obtained from interviews with bus operators in the period 2012–2013, quantitative analysis drawn from a survey of bus operators in 2014 and additional focus groups and interviews with bus operators and community representatives in late 2014 and early 2015.

This thesis also explores the variables that are associated with a bus operator's interaction with the community in which it operates a bus service, and how this interaction has been affected by the changing nature of bus operator governance and the decreasing number of bus operators in Australia. During the period 2005–2013, small Victorian bus operators (with less than 10 buses) declined by approximately 30 per cent, while the number of large operators (with more than 100 buses) more than doubled (from 6 to 13). Other Australian state-based bus industry voluntary professional associations (SBVPA's) have also reported similar declines in the proportion of operators. Further, the governance models of large bus operators have changed, from government or family-owned models around the turn of the millennium, to hybrid private-public models and non-family, public, multinational enterprises (MNE's) in 2015. This thesis investigates the impact of this

consolidation and how changes in bus operator governance is affecting operator community interaction.

As 'stateless' MNE's possess enormous power, access to resources and operating efficiencies, it is often argued that they have special social (and environmental) responsibilities. However, little is known about how the corporate social performance of MNE's compares with that of other governance models and the extent to which their non-economic impacts on communities are beneficial, neutral or destructive. The recent consolidation and reduction of operators in the Australian bus and coach industry means that these are relatively new questions in this industry. This thesis addresses these questions.

In Australia, most bus operators with a government-funded bus service contract belong to their SBVPA. There is a long-held custom of Australian state governments to procure some bus services via a negotiated process through the SBVPA as the representative of the collective operators. Historically, the SBVPA has also acted, to an extent, as an agent of government to assist in the delivery of certain policy objectives and social outcomes. However, some state governments are adopting policies that increase contestability, resulting in the tendering of some bus services and the awarding of bus service contracts based on the lowest price (Hansson & Holmgren, 2011; Hensher & Wallis, 2005). Contracting for social values or a social purpose, such as community prosperity, is absent from these state government bus procurement regimes. Consequently, the sustainability of many incumbent operators' businesses is being threatened by the ability of large, MNE operators to discount, indicating a move towards cost efficiency rather than a broader evaluation framework. This Australian study, with a special focus on Victoria, explores the role and value of the SBVPA in enabling bus operators' social-value addition and whether the form of service contract that operators have with the state government can affect their community interaction. The role of agency theory is relevant to this discussion in two ways: it explains the dynamic between the bus operator and the SBVPA and; the state government contracting with bus operators.

1.2 Importance of the Topic

This topic is considered important for four primary reasons.

This study identifies a class of social externalities, this being bus operator community interactions, if and where they are present, and investigates whether they can add value to the prosperity of a community as defined herein. Using quantitative and qualitative evidence, it aims to discover which bus operator governance models are the most likely to positively affect the local community on a per-staff-member basis. This is a field where little research has been undertaken.

Second, this study aims to discover whether the valuing of externalities, being (in this instance) the benefit or cost incurred by a community as a result of the transaction between the state government as the procurer and the operator as the seller of bus services, could bring a new dimension to state government procurement. This study aims to show how external costs or benefits arise when a voluntary exchange is made. It also examines the size of these costs or benefits in relation to community impacts the private savings made by the state government, generated through changes in its procurement endeavours.

Third, this study will test if the factors (later referred to as predictor variables) hypothesised to be associated with a bus operator's community interaction can be supported. Such knowledge could be of value to local, state and federal governments, as well as industry and community groups seeking a greater sense of corporate social performance, community viability and prosperity.

Lastly, this study tests whether the extent of social capital linkage (involvement and dependence) between non-profit associations and their members affects the performance of firms involved in major transactions, using the case-study of the Australian bus and coach industry. It is hoped the findings of this study will contribute to the global narrative on how non-profit associations, as facilitators of social capital linkage, might not only sustain bus operators' community interaction, but also be increasingly used as agents of both operators and government to achieve public policy outcomes; essentially, the extent to which the voluntary professional or industry-based not-for-profit can connect the social and the economic.

1.3 Definitions

This section defines the central terms and themes of this thesis.

On its website, the Organisation for Economic Co-operation and Development ([OECD], 2002) defines externalities as situations when the effect of production or consumption of goods and services imposes costs or benefits on others that are not reflected in the prices charged for the goods and services. In other words, externalities are an uncompensated benefit or cost incurred by an incidental party as a result of an activity. A voluntary exchange between two parties is considered mutually beneficial; however, the transaction can have additional positive or negative effects on third parties. It is these effects that are referred to as externalities. This study identifies and then quantifies the value of externalities of a social nature that are reflected in the exchange between the bus operator and their community. Positive externalities generate a social gain (or public good). Negative externalities impose costs on the community.

It is necessary to outline the two ways that the word 'social' is used in this study. First, the 'social' in social externalities is used in the context of the ways that bus and coach operators behave or interact with their communities. These ways are established in the exploratory part of this study's methodology. In this context, social externalities reflect an operator's attitudes, orientations and behaviours which take the interests and needs of operators' communities into account and have an effect on the community.

Second, the words 'social costs' and 'social value' have a wider meaning. In the economic sense, these words mean all economic, environmental and social benefits and/or costs that accrue to a community, not exclusively benefits and/or costs of a social nature, provided they can be expressed in money terms. Thus, in this context, the term 'social' extends beyond private transaction costs and benefits to include all impacts on people or societal value in some way. Similarly, 'net benefit' refers to the difference between the total benefits and total costs, including economic, environmental and social and environmental impacts.

In Australia, there is no official definition of a family business. In fact, the absence of a consensual definition was the subject of an Australian Senate Committee Inquiry in 2012 (Family Business Australia, 2013). Shanker and Astrachan (1996) suggest that the criteria used to define a family business can include percentage of ownership, voting control, power over strategic decisions, the involvement of multiple generations and active

management by family members. For the purposes of this thesis, however, Family Business Australia's (2013) definition has been adopted:

A family business is comprised of two or more members of the same family involved in the business with one or more related members having a controlling interest. (p. 27).

Firm size in the Australian bus and coach industry is usually measured using number of buses in a fleet as the unit indicator. However, there is no consensus among Australian federal agencies on what constitutes a small, medium or large business. For instance, the Australian Bureau of Statistics (ABS) (2013) uses an employment-based definition of size: a micro business has between 1-4 employees, a small business has between 5-19 employees, a medium-sized business has between 20-199 employees. The Australian Taxation Office (ATO) (2015) defines small business as having an aggregate turnover of less than \$2 million, whereas Fair Work Australia (FWA) (2013) defines a small business as an entity with fewer than 15 people, a medium-sized business as employing between 20 and 200 persons and a large business as employing 200 persons or more. The ABS (2013) definitions have been adopted for this study, then contextualised in keeping with the general understanding of Australian bus and coach industry personnel: a small bus operator has 1-9 buses; a medium-sized bus operator has 10-99 buses; and a large bus operator has 100 or more buses. The firm size category 'micro' has also been used in a set of answers relating to one survey question concerning number of employees only. This was done because the number of responses to the survey from small operators was so high that there was a need to create another (smaller) sub-category in order to understand if the behaviour of small operators was more prominent in firms with 1-5 employees or firms with 6-29 employees.

The OECD (2008, p. 12) defines an MNE as a firm established in more than one country and so linked that its dispersed elements may co-ordinate their operations in various ways.

To define sense of community (SOC), McMillan and Chavis' (1986) definition is adopted:

Sense of community is a feeling that members have of belonging, a feeling that members matter to one another and to the group, and a shared faith that members' needs will be met through their commitment to be together. (p. 9)

This thesis uses the term 'community' in two dimensions: territorial and relational. The territorial dimension concerns a geographic area, such as a neighbourhood, town or municipality. The relational dimension concerns the nature and quality, or depth and breadth, of a relationship, including a 'community of interest'.

The definition of corporate governance that is adopted for this study is drawn from the Governance Institute of Australia's (2014) website:

Governance encompasses the system by which an organisation is controlled and operates, and the mechanisms by which it, and its people, are held to account. Ethics, risk management, compliance and administration are all elements of governance.

Throughout this study, the following terms are interchangeable: 'employee' and 'staff', 'externalities' and 'spillovers' (although 'spillover' is only used in place of 'externalities' in some cited references), 'linking social capital' and 'social capital linkage', and 'cost-benefit analysis' (CBA) and 'benefit-cost analysis' (BCA).

'Social capital' is presented in this study in four ways. First, this study adopts Putnam's (1995) overarching definition of social capital as the development of reciprocity, social networks and trust between people. This study also adopts Putnam's (1995) ancillary definitions of various types of social capital. Second, linking social capital (or social capital linkage) refers to the connection between individuals and groups in different social settings in a hierarchy where status and wealth are accessed, including the capacity to leverage resources, ideas and information from formal institutions beyond the community, such as a bus operators' SBVPA. Third, bonding social capital refers to the value assigned to social networks between homogeneous groups such as family, relatives, kinship and other close, dense relationships. Fourth, bridging social capital refers to social networks between socially heterogeneous groups of people who are not close and differ from the family—which facilitate access to multiple networks, resources and opportunities.

A specific definition of community prosperity has been developed for this study, as no scholarly definition could be located. Some scholars have written of community prosperity (Brooks, 2007; Cava & Mayer, 2006) but they do not refer to any explicit definitions. There is also an absence of a broad academic acceptance of the determinants of community prosperity; these scholarly articles discuss what community prosperity represents in their field of interest, as opposed to what it actually is or might be. Therefore,

for the purposes of this study, community prosperity is defined as an overarching term that describes the state of economic, environmental and social flourishing, thriving, good fortune and success of both a geographic community and a relational community of interest. These include factors associated with health, wealth and happiness. The economic and social concepts that could contribute to community prosperity might be local employment opportunities, income equality, community capacity, resilience, viability, connectedness and social cohesion. Indicators of environmental prosperity could include low greenhouse gas emissions, clean water, fresh air, healthy soils, minimal waste and pollution and eco systems that can support our needs. The suggested definition of community prosperity is presented in Figure 1.

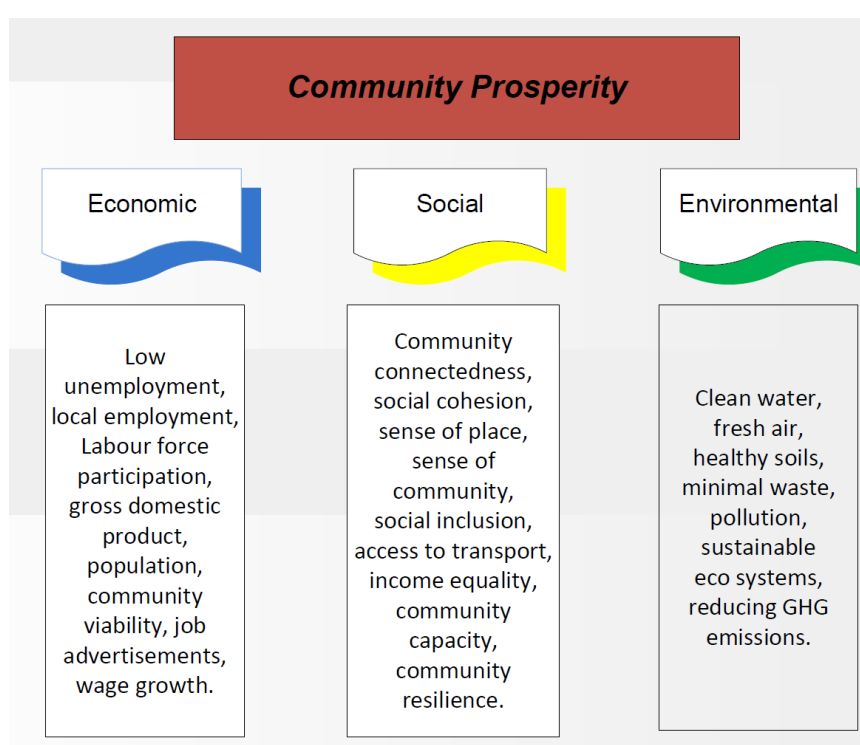


Figure 1: Researcher's Definition of Community Prosperity

Some of these economic, social and environmental determinants of community prosperity are discussed throughout this study.

1.4 Organisation of the Thesis

Following this introductory chapter, Chapter 2 provides context by describing the Australian bus and coach industry's composition, behaviour, history and current trends.

Chapter 3 features an interdisciplinary review of the literature associated with this topic, organised into four sections:

1. theories and constructs that might be usefully applied to understanding the propensities of bus operator governance models to encourage certain levels of community interaction, including the 'the family point of view', localism, the stakeholder perspective, globalisation and agency theory;
2. social externalities, as identifying, valuing and understanding their utility and meaning is a primary objective of this study;
3. the corporate social performance of family and non-family firms and the pertinent characteristics of various governance models operating in the Australian bus and coach environment; and
4. some of the factors that are hypothesised to influence a bus operator's community interaction, including firm size, the state governments' method of awarding operating rights (negotiated process or competitive tender), SOC, and linking social capital (the nature of the relationship between a bus operator's SBVPA and its members).

Chapter 4 discusses the research theory adopted for Stages One and Three of this study's methodology, being Grounded Theory. Stage One is exploratory, involving interviews with local and international bus operators, authorities, industry associations and universities. The primary objective of these interviews was to understand how operators add value to their communities and whether their community interaction is associated with any unique variables. Stage Two is quantitative and measures the extent and value of bus operators' community interaction and the role of the SBVPA in enabling bus operators' social-value addition. This takes the form of an Australia-wide survey of bus operators in early 2014. Stage Three returns to a qualitative approach to clarify bus operators' views as to why they interact with their communities in the way that they do and to harness the communities' views of bus operators and their interaction. This involved a bus operator

focus group and interviews with community representatives including school principals, local government representatives and community organisations.

Chapter 5 presents the consolidated quantitative results, supported by some qualitative data from all three stages of this study, to determine whether the hypotheses can be supported. It also presents the communities' views of their local bus operators' community interactions and discusses some intangible benefits associated with this interaction.

Chapter 6 presents a discussion of the results, including each factor hypothesised to be associated with an operator's community interaction. The risks to sustained bus operator community interaction are also discussed here, along with several models that illustrate the external effect that bus service contract margin reductions and bus service terminations might have on bus operators' community interaction. The current jurisdictional frameworks that facilitate the consideration of externalities as part of value-for-money analysis methods, social contracting and the triple bottom-line are also discussed. Lastly, a discussion of the applicability of the suggested theories and constructs that might underpin a bus operator's community orientation and interaction is presented.

Chapter 7 presents some policy directions and recommendations for maximising the external societal benefit of bus operations to our communities and draws a conclusion to this study.

1.5 Qualification

The researcher has been employed as the Executive Director of Bus Association Victoria, Inc. (BusVic), the Victorian voluntary professional association for bus and coach operators and suppliers (such as manufacturers) since July 2008. This has afforded him privileged access to information and industry stakeholders from all around the world, which non-bus industry practitioners may find more challenging and time consuming to obtain. In his view, this has strengthened the sourcing and interpretation of qualitative and quantitative data contained herein and enabled an integral discussion of the topic.

Being aware that he is both a practitioner and a researcher, he has taken steps to ensure that ethical procedures were in place. All information obtained for this study is either in the public realm or was requested as a student of Monash University. All information supplied has been de-identified to protect the location or identity of survey participants. All requirements in relation to interview participants and sources of industry-

specific information have been adhered to in accordance with, and approved by, the Monash University Human Resources Ethics Committee.

2. CONTEXT

2.1 Introduction

This chapter provides context by describing the Australian bus and coach industry's composition, the varying nature of the different types of bus and coach operator governance models, the types of services operators offer and the stakeholders involved. The industry's history will also be presented, as will the legislative environment in which these firms operate. This chapter will also present two phenomena which are causing the industry significant change: the recent consolidation of operators and; the method government may use for evaluating resources, the cost-benefit analysis (CBA) .

2.2 Industry Composition and Behaviour

This section provides some context to the Australian bus and coach industry. Some of the observations concerning the industry are derived from personal knowledge gained from seven years leading the Victorian voluntary professional association.

According to the Bus Industry Confederation ([BIC], 2014), the Australian bus and coach industry contributes more than four billion dollars to the Australian economy each year and employs more than 50,000 people. Bus operators' vehicles travel a total of 18 billion kilometres per year and cater for approximately 1.5 billion passengers' trips per annum; there are approximately 88,000 buses in Australia (BIC, 2014).

The Australian bus and coach industry effectively operates as two disparate systems in each jurisdiction. Each jurisdiction comprises a metropolitan, mass-transit centric, multi-modal public transport network, where bus services are operated by one to six large, family, hybrid and non-family route bus operators (except in Victoria), and charter and tour operators offer a diverse array of services. There are also 135 to 2,000 small-to-medium regional and rural, mainly family business bus operators in each jurisdiction, ranging from school bus operators with one bus to inter-city coaches and long-distance rail replacement coach operators that can mobilise hundreds of buses.

2.3 Stakeholders

There are six sets of stakeholders in the Australian bus and coach industry: operators, authorities (or regulators), unions, suppliers, voluntary professional associations, and users (or patrons). The wider public also has an interest in the industry as they may benefit indirectly from good bus services, for example, less congestion and cleaner air.

2.3.1 Bus Operators

The six SBVPA's and BIC (Gargano, Huefner, Lewis, Ozols, Mellish, Tape, Apps, personal communication, 17 September 2014) estimate that there are approximately 5,500 bus and coach operators in Australia that take the form of one of four governance categories:

- small, medium and large, mainly trans-generational family firms;
- medium and large, 'hybrid' (private/public) firms where several families own the firm or one family has sold some equity in the firm to other entities (such as overseas pension funds);
- large, non-family, public MNE's; and
- government-owned and operated firms.

2.3.1.1 Family Business Bus Operators

Until the early 2000s, almost all of Australia's bus and coach operators were small, medium and large family businesses, which with the exception of a handful of operators, traded in one jurisdiction only. Today, the overwhelming majority of family firm bus operators in Australia are small, trans-generational mixed businesses, meaning the bus business is not their only business interest. Small school bus businesses are often supplementary to other commercial interests, such as farming, freight and haulage. These firms have flat, informal organisational structures. Medium and large bus operators appear to have a lesser propensity for other business interests.

The long-term nature of family firm bus operators is one of their key characteristics, as they tend to have lengthy tenures and anticipate long careers, not only for themselves but also for their children. During his years as a practitioner, the researcher has observed that family community status and identity are important to family firm bus operators in order to build a reputation for the future. This long-term orientation means the topic of

succession receives a significant degree of attention by family firm bus operators, their SBVPA and the family business associations to which most of them belong.

The consolidation of family firm bus operators in Australia could be seen as a consequence of some family firms not adopting sufficient corporate governance measures to avoid exiting the industry. There are multiple scenarios that cause a family firm to contemplate separating the family from its firm, such as: increased government regulation; divisions among family members and remunerated (non-family) management; reduced student demand in some regional and rural centres owing to declining economic activity, which causes operators to relocate and/or exit the industry; and increased vocational opportunities for children of operators, causing an absence of the next generation to continue the business. These factors contributing to the demise of family firm bus operators is elaborated on in section 2.6.

The extent of interdependence among family firm bus operators is another key feature of this governance model. Many firms work with other operators that are either nearby or part of the network of members of the same SBVPA. Knowledge is shared and exchanged between these firms, although this often appears tacit.

2.3.1.2 Hybrid Operators

Hybrid operators are firms that have more than one equity partner in the business. Several family firms may have equity in the business, or a firm may be part privately owned, part publicly owned. There are approximately 10 hybrid operators in Victoria. Some medium and large operators still consider themselves to be family firm operators, although they are owned by more than one family and others have non-family (independent) individuals on their company board. These firms tend to operate in more than one state of Australia, and one operator has rights to operate bus services overseas. Some operators have sold equity in the firm to local or offshore private and public entities, which they saw as a natural evolution in order for their firm to continue to grow and prosper. These firms have been observed to have a greater degree of sophistication in their *modus operandi* than small family firms; they had the wherewithal to negotiate their own procurement arrangements (such as fuel and finance) and labour agreements, and they are technologically advanced.

2.3.1.3 MNE Operators

Only four bus operators in Australia are part of large, non-family MNE's. They are subsidiaries of firms that originated in other parts of the world. For some MNE operators', their Australian interests represent a material proportion of their global interests, while others do not. These subsidiaries heavily borrow resources and intellectual property from their parent companies and adapt their parent companies' brand pursuant to the local operating conditions and their contractual obligations. Aided by globalisation, they delicately navigate a path between international standardisation and local adaptation. MNE operators in Australia have been awarded rights to operate bus services by either responding to state government tenders or acquiring an incumbent family bus operator.

An MNE bus operator's capability lies mostly in resources. The strengths of large business are financial, technological, human resource economies of scale and intellectual property. MNE's have access to shareholder capital, a competitive advantage of this governance model over their smaller counterparts. MNE's can also participate in transfer pricing, which refers to the prices charged on intra-company transfers of goods and services and being able to move profit between tax jurisdictions with differential tax rates, minimising total corporate tax and maximising returns to shareholders. As small to medium, family business operators typically do not participate in transfer pricing. This is another point of difference and possible competitive advantage for MNE bus operators when pursuing growth strategies. This concept is currently receiving much attention by the Australian media (Chenoweth, 2014; Walsh, 2013), and a Senate Inquiry into tax avoidance and aggressive minimisation by MNE's registered and operating in Australia is currently underway.

Anecdotally, due to their sheer size and the expectation of shareholders to receive a return on their investment (or dividend), MNE's appear now to be more attuned to the requirements of corporate governance. Sound corporate governance has gained tremendous importance of late because of corporate scandals and failures, making investor protection a significant issue. As investors are requiring MNE's to implement rigorous corporate governance principles to reduce agency costs and achieve better returns, some MNE's have realigned their focus on stakeholders, rather than exclusively on shareholders.

2.3.1.4 Government Operators

Government-owned and operated bus operators are scarce in Australia. In Tasmania, the entire metropolitan route bus network is owned and operated by a government entity. A large proportion of Sydney's route bus network is still owned and operated by a government entity, and in Brisbane, the City Council owns and operates a large proportion of the metropolitan route bus network.

It is unknown as to why some governments have chosen not to contract these government services to the private sector. Several government and industry personnel interviewed for this study suggested that these governments were deferring efficiencies and productivity improvements by sustaining government-owned and operated firms, whereas others hypothesised the benefits of maintaining the status quo in order to avoid industrial action associated with privatisation. The bus industry strongly believes that available evidence supports the view that the private sector provides the best 'value-for-money' bus services (BIC, 2012).

2.3.2 Authorities (Regulators)

A public transport authority's remit is generally to manage the network planning, service delivery and coordination of a state or territory's train, tram, bus, ferry and other public transport services. It provides a single contact point for users to gain information about public transport services, fares, tickets and initiatives. It typically aids the construction, maintenance and management of public transport infrastructure, assists in planning for the public transport system, and develops and implements policies to increase security and safety.

The number of responsible state government authorities that regulate the public transport network varies from state to state. In Queensland and Tasmania, one government department oversees the entire policy development, planning and operating environment. In South Australia, the Department of Planning, Transport and Infrastructure administers public transport contracts, operator accreditation, registration and licensing, vehicle inspections and roads, but the Department of Education administers school bus contracting. In New South Wales, there are two authorities: Transport for NSW and Transport Roads and Maritime Services. In Victoria, there are five authorities that oversee the policy and operating environment:

- Public Transport Victoria (PTV), which regulates the public transport network, undertakes network planning and performs all government contracting of operators;
- VicRoads, which is the roads authority;
- Taxi Services Commission (TSC), which regulates the taxi and hire vehicle industries and issues bus driving authorities;
- Transport Safety Victoria (TSV), the safety regulator for bus, maritime and rail transport that accredits operators and manages transport safety risks, monitors operator compliance and takes enforcement action; and
- the Department of Economic Development, Jobs, Transport and Resources (DEDJTR), which develops policy that is handed to the various authorities for implementation and undertakes strategic planning.

Operators and SBVPA's also work closely with the police departments in each jurisdiction.

2.3.3 Unions

The Transport Workers Union (TWU) is the general representative for workers in the transport and logistics industry, including roads, ports, warehousing and aviation. It is the union with which bus operator SBVPA's engage regularly to discuss matters such as workplace agreements, awards, health and safety and equal opportunity. The Rail, Tram and Bus Union (RTBU) has virtually no involvement in the bus industry, despite what its name suggests. It is concerned with the welfare of the train and tram drivers and Authorised Officers who patrol public transport networks.

2.3.4 Suppliers

Suppliers are the bus manufacturers and other providers that have a product or service that assists an operator in delivering its bus service, such as air conditioning, seats, global positioning systems, fuel and oil lubricants, as well as management consultants who provide legal, commercial and other professional services.

The number of suppliers in the bus and coach market has grown exponentially since the 1980s. Suppliers are generally represented by BIC, which gives members voting rights. SBVPA's allow suppliers to become members, but they are not afforded any voting rights.

2.3.5 Voluntary Professional Associations

The Australian bus and coach representative environment is a focus of this study and underpins one of the research hypotheses. There are eight primary voluntary professional associations in the Australian bus and coach representative environment: six SBVPA's and 2 federal bodies. In respect of the six SBVPA's: the Queensland SBPVA recently extended its remit to include operators in the Northern Territory and; BIC, the federal industry body, by virtue of its location in Canberra assumes the task of representing the industry to the Australian Capital Territory Government. The remit of the SBVPA's is to represent their members' best interests to respective state and territory governments on matters including service contract negotiation, state-based industrial relations, legislative and regulatory compliance, education (mainly through conferences, exhibitions and seminars), public safety and transport infrastructure. Most SBVPA's offer their members products or services such as purchasing incentives on items like fuel, insurance and finance, to varying extents.

The federal voluntary professional association, BIC, represents the interests of its members to governments and the community on a range of issues, including technical vehicle and parts-based issues and the broader challenge of meeting the growing passenger transport task and providing Australian commuters with a genuine alternative to the car. BIC is primarily a policy development organisation that commends such policies to local, state and federal governments. Its industrial arm, the Australian Public Transport Industrial Association (APTIA), represents and assists its members in matters relating to the settlement of industrial disputes between members and their employees and promotes and protects the interests of employers within both the publicly and privately owned passenger transport industry.

Two secondary associations in Queensland and Western Australia have a smaller number of member operators and are not actively involved in the industry's collective representative endeavours; hence, their input has not been sought for this study. There are also peripheral voluntary professional associations to which some bus operators and/or SBVPA's belong, such as UITP (the International Association for Public Transport, from the French *L'Union Internationale des Transports Publics*) and the Australian Railways Association. The Victorian SBVPA also has relationships with and exchanges information with the American Public Transportation Association (APTA) and the Canadian Urban Transit Association (CUTA) and the Confederation for Passenger Transport, United Kingdom (CPT).

Each of the eight Australian primary voluntary professional associations has its own constitution and board; each has its own methods (or formulae) for levying members and operates completely independently. There are virtually no scale economies or shared services between the six SBVPA's; the only known arrangement is between the South Australian and Victorian SBVPA's whereby the Victorian SBVPA manages some of the South Australian SBVPA's finance functions and the South Australian SBVPA manages some of the Victorian SBVPA's marketing and communications requirements. There are also some scale economies present between BIC and APTIA. The pursuit of increased scale economies and shared services is currently a focus of the industry due to the declining number of operators.

The Victorian SBVPA is acknowledged as being unique in the bus and coach representation environment. It has an employee headcount and turnover that is markedly larger than the other SBVPA's and the BIC. It undertakes a significant amount of research in quadruple bottom-line (social, economic, environmental and governance) issues in an endeavour to show government and other industry representative bodies how increased resources for public transport can aid the alleviation of externalities such as urban congestion, public health, emissions and social inclusion, and improve the efficiency and effectiveness of the bus services in the communities in which its members operate. The Victorian SBVPA owns several commercial entities that sell its member operators products and services that enable them to fulfil their contractual and regulatory obligations, such as bus inspections (to attain annual mandatory roadworthy certificates), spare parts and accessories, finance, comprehensive insurance, education and events opportunities. Member operators show a high degree of loyalty to these commercial endeavours.

The state government has also contracted the Victorian SBVPA over the years as its agent to deliver on some of its objectives such as fare evasion reduction and ticketing system implementation. The principal task of the Victorian SBVPA is to negotiate a template bus service contract with the government every 10 years or so on behalf of its members. The last contracting regime was undertaken between 2006 and 2011, and both government and industry are now working to frame the strategic, tactical and operational context for the next contracting regime, which should commence in late 2015.

2.3.6 Users

Users or patrons of buses and public transport are not a part of the bus industry, but they are a key stakeholder in the public transport operating environment, and the most important. Patrons are customers; they pay a fare to be conveyed from one point to another so their satisfaction is paramount. This makes the safe, reliable and efficient carriage of passengers the prime task of all bus (and public transport) operators.

2.4 Types of Services Offered by Bus Operators

Bus and coach operators provide services in one or more of the following sectors:

- mainstream school bus
- special school bus
- route bus
- charter and tour coach services
- community transport (informal)
- hire and drive

2.4.1 Mainstream School Bus services

School bus operators are typically located in regional and rural locations and are contracted by each state government authority to convey approved students to and from school. Many of Australia's school bus services started on the back of farm business, when families voluntarily drove children to and from school. Each state formalised this sector at the end of the Second World War, and many of today's school bus service contract holders are descendants of the original operators. School bus operators are often mixed, small businesses with other commercial interests in the area in which their bus service operates, such as farming, retail, mechanics, cartage and other transport-related tasks.

Historically, state government authorities have typically engaged with the SBVPA to undertake a formal negotiation process to renew incumbent mainstream school bus operators' service contracts every five to ten years (depending on the state). This keeps transaction costs under control and gives the state government a degree of security that the service will run, given the disparate and isolated nature of some of the services. With the exception of South Australia, states do not tender existing school bus services. Some jurisdictions procure new mainstream school bus services via a tender process, although

exceptions are often made and the government chooses to negotiate with an incumbent operator. Mainstream school bus contracts in Victoria can be terminated with 90 days' notice if the level of student demand falls below a certain level.

Mainstream school bus operators were the first form of bus service to be subsidised by the government. Today, almost all of the previously self-supporting bus enterprises in metropolitan and country regions throughout Australia are in receipt of some form of government subsidy.

2.4.2 Special School Bus services

All states and territories across Australia approach the transport of students with disabilities to and from school slightly differently. Despite this, there are some common factors that are key to the ongoing delivery of this support:

- bus transport systems are all organised by the state or territory education system;
- eligibility criteria manage family expectations and contains costs;
- partnerships with families for input and feedback are critical to planning, delivery and management; and
- long-term contractual arrangements with private operators enable operators to invest in capital equipment and appropriately trained staff.

There are few exclusively special school bus operators in Australia. Most operators who provide these services also provide other bus and coach services, such as mainstream school bus services or charter services. Like mainstream school bus operators, special school bus operators are typically trans-generational, small, medium or large family firms. They have a bus service contract with the authority to pick up children with a disability at a designated point and take them to a special school in the morning, then pick them up from school and return them to the designated point in the afternoon. The designated point can be the family home or an agreed location near the family home that has been assessed as safe for set down and pick up. The buses used for this task are in most cases modified to cater for each student's travel needs (which might include a hoist, wheelchair bays and tie-down points). A special school bus service has a supervisor on board who has the responsibility of attending to the children while in transit, so the driver can drive the bus.

Special school bus services are procured in Victoria when the Department of Education and Training (DET) deems there is sufficient demand for a new special school bus service. The service is typically tendered, whereas existing contracted services are 'rolled over' (or renewed) via a negotiated process with the SBVPA every 10 years subject to demand factors and commercial principles. The terms and conditions closely resemble those of a mainstream school bus service contract.

2.4.3 Route Bus services

Route bus operators are contracted by state governments to provide bus services that operate on a pre-determined, fixed route at a scheduled time. There are typically two types of route bus services that operate throughout Australia: local services that serve a social transit task and convey people around a community (or neighbourhood), including to and from major community activity centres such as schools, shopping centres, medical centres, sporting venues and other modal (tram/train/bus) interchanges; and arterial/trunk road bus services that serve a mass-transit task and operate at a high frequency (for example, every 15 minutes or better at peak times) over a broad span of hours and carry passengers in and out of a neighbourhood. Melbourne's SmartBus network is one example of a mass-transit route bus service.

The origins of route bus services do not materially differ between states. Generally, families requested permission to operate a horse-drawn bus service from the state government following World War One. Many returned servicemen with wartime transport experience and the urge to start a business purchased a truck chassis and fitted bodies to them, opening services where they expected patronage. Some operators pooled their resources to form companies to run services from the suburbs to the city and between suburbs (Maddock, 1992, p. 9).

In Victoria in the mid-1920s, the state government intervened to control what was at the time uninhibited competition and many operators went out of business. However, despite regulatory strictures and competition from state-of-the-art fixed rail systems, some small private bus operators still found routes, which they developed very successfully. The 1950s saw more amalgamation of operators and routes, as the state government gave licensing and control of all private bus services throughout Victoria to the Transport Regulation Board. There was considerable growth in bus services between the 1950s and 1980s as a result of urbanisation, particularly in the northern suburbs of Melbourne.

Anecdotally, many private operators thought that the state government was attempting to dismantle Melbourne's privately operated suburban network despite such growth.

The SBVPA's have provided data on the number of route bus operators in capital cities across Australia: Brisbane has six, Sydney has nine (one of which is a government-owned and operated entity), Perth and Adelaide have three each, and Hobart has one government-owned and operated metropolitan route bus operator. Melbourne is the exception. It had 30 contracted route bus operators in 2008 and currently has 13, of which two are MNE operators, two are hybrid operators, one is a large family firm, and eight are small and medium-sized family firms.

Metropolitan route bus operators in Victoria originated as small entrepreneurial private family businesses between the 1920s and 1970s. Although most of them are now medium, large, hybrid or MNE operators, they still rely on the original notion of ownership of the route services they operate. It is unclear why other states and territories in Australia do not rely on such a notion of privately operated suburban bus networks, but it is likely that their governments used techniques to dismantle such notions after the nationalisation of bus operators, which occurred for example in South Australia in the mid-to-late 1970s.

The development of policy in Australia to have an affordable, accessible public transport network in each state changed the essential business nature of the bus industry. In Victoria, the decision in the late 1970s to regulate fares across the whole public transport system in return for government subsidies saw private operators become financially dependent on the state, despite retaining a strong culture of operational independence. Bus route changes can be initiated by government bodies and/or bus operators and/or community groups, subject to funding availability and service need.

In the late 1980s, the Victorian state government embarked on a plan to further rationalise private transit operators in Melbourne, entitled 'Go or Grow'. One bus operator acquired another, and the state government had undertaken to renew this entity's contract for the operation of bus routes without calling for tenders. On the strength of this assurance, the amalgamated operator spent money on upgrading its buses. When the operator's contract expired, the state government decided to seek tenders and awarded the operator's bus routes to another company. The amalgamated operator, Waverly Transit, with the support of all Melbourne's bus operators and the Victorian SBVPA, took the state government to the Supreme Court, which found that the Government had acted improperly and an order was made to quash the contract with the new entrant. The state

government appealed and the operator launched a counter appeal, resulting in another victory for Waverly Transit and the private operators. The amalgamated operator (Driver Bus Lines, 2015) to this day holds the position that this outcome established that private route operators owned their own licences and routes. The Court found that the operator, as a long-established firm, had a legitimate expectation that its business would not be terminated without good cause. Since this case, 70 per cent of Melbourne's route bus service contracts have been renewed via a negotiated process, typically every 10 years. Operators in Victoria are awarded exclusivity on a 'line of route' or a geographic area basis, pursuant to the relevant legislation; an operator's exclusivity generally reflects an incumbent operator's forebears' original routes, with modifications being made as community activity centres emerge and areas grow in size and population. Victoria, Tasmania and Queensland are now the only states in Australia to give the SBVPA's in these states a commitment to maintain negotiation as the method of contracting for metropolitan route bus services.

2.4.4 Charter and Tour Services

Charter and tour bus operators are arguably the most entrepreneurial sector of the Australian bus and coach industry, since they run a completely commercial business. They do not have any government service contracts to subsidise their operations; they take on all the commercial risk and are completely exposed to economic circumstances.

The charter and tour sector generally operates coaches, as opposed to buses. A coach is used for conveying passengers on excursions and on longer distance intercity bus services. Unlike buses, which are designed for shorter journeys, coaches often have a luggage hold that is separate from the passenger cabin and are normally equipped with facilities required for longer trips, including more comfortable seats and sometimes a toilet. Coach operators typically devise short- and long-distance coach tours by packaging various components (for example, meals, accommodation, guided tours), which they market to the public.

In addition to long-distance and day tour services, many charter operators contract their services for excursions by private schools that either cannot or do not participate in the state government's free school bus system. They also offer their services to schools, clubs and local community groups on a fee-for-service basis.

Airport shuttle operators have characteristics that resemble charter, tour and route bus operators, but they are not subsidised by the state government: they survive on fares charged to the customer and the operator takes on all the operating risk. However, they operate on fixed route, adhere to a timetable and can only do so with a (non-subsidised) state government service contract. In Melbourne, the shuttle bus service from Tullamarine (Melbourne) Airport to the central business district has a designated route number, and the operator pays the state government authority a percentage of the revenue it receives from its 'farebox' (ticket revenue).

2.4.5 Community Transport Services

Recognition of the importance of access to services and occupational needs (where there is either an absence of local public transport or personal difficulties using public transport) has led to the growth of community transport in Australia and other industrialised countries (Wines et al. 2014, p. 9.) Community transport (mainly small buses, but also larger buses and cars) is available for selected people and activities commonly for those with a disability and the elderly, usually to travel to and from a specific agency service or activity at a set day and time. Funding is often provided by charitable donation, or federal and/or state government grants. Community transport assets are often owned by local welfare organisations, community groups, councils and/or local businesses, and drivers are generally volunteers.

Community transport is not regulated like the formal public transport network, which is one reason why it is often referred to as the 'informal', 'registered' or 'para-transit' (or parallel) sector in other parts of the world. The public transport sector requires all government-contracted bus, rail and ferry operators to be accredited. This is usually achieved by demonstrating competency and capability to the regulators and maintaining risk analyses. This system also ensures that operators have chain-of-responsibility obligations. Community transport providers' regulatory obligations are generally less stringent than those of accredited public transport operators; in Victoria for instance, they merely need to be 'registered' with the safety regulator and the vehicle must have an annual roadworthy certificate. This effectively means there are two classes of buses and bus operators in most states—a topic of concern to some in the industry and in public safety policy.

The community transport sector is typically regulated by the Department of Health and/or Community Services in each state. It has little connectedness with the state government department or agency responsible for transport, it largely survives off a federal government funding, and its services tend to be invisible to the travelling public. It is also an exclusionary transport network predicated on eligibility. There appears to be an opportunity for the informal network and the formal public transport network departments and agencies to cooperate to achieve some scale economies and deliver a greater level of cohesion and visibility so as to improve access to transport.

Following legislation passed in 2009, the Victorian SBVPA amended its constitution to allow registered operators to join the association, although membership take-up by community transport operators is low. The other five SBVPA's do not represent community transport providers.

2.4.6 Hire and Drive

Hire and drive is a term given to a type of firm that rents out mini-buses to the public on a daily rate basis. These firms are mainly rent-a-car companies and a small number of bus and coach operators.

2.5 Legislation

This study has a special focus on Victoria, Australia, and to partially explain why there are more authorities in that state than other states, the relevant legislation is outlined. The *Bus services Act 1995* (previously the *Public Transport Competition Act 1995*) implements a system of service contracts for certain types of bus services and sets the service standards for the provision of those services. Primarily, this Act bestows exclusivity rights to operators for a geographical area (region) or line of bus route.

Bus safety legislation and regulations apply to most operators of bus services in Victoria and are administered through a system of accreditation and registration under the *Bus Safety Act 2009* and *Bus Safety Regulations 2010*, which have been designed to promote an improved safety culture across bus operations and apply to all commercial and non-commercial operations. The *Transport Integration Act 2010* and the *Transport (Compliance & Miscellaneous) Act 1983* also form part of the bus safety regulatory regime.

The Victorian Government Purchasing Board (VGPB) is established under the *Financial Management Act 1994* and is charged with the purchasing, renting and leasing of goods and services, and the management and disposal of goods. VGPB (2015b) policy and practices apply to practically all government departments and provide for Victorian Government procurement to be tendered, except under 'exceptional circumstances' (p. 21). The negotiated renewal of a large portion of Victorian route bus, mainstream school bus, special school bus and intra- and inter-state long-distance regional bus service contracts has historically been facilitated in part by being considered exceptional circumstances.

2.6 Operator Consolidation

The number of bus operators in Australia has declined since 2008. Operators are generally selling to other existing operators and new entrants to the industry are rare. The SBVPA's have estimated (Huefner, Ozols, Tape, Lewis, Mellish, personal communications, 4 February 2013) the following reductions in the number of operators in their respective jurisdictions between 2008 and 2013:

- South Australia 50 per cent
- Victoria 30 per cent
- Queensland 20 per cent
- Tasmania 10 per cent
- New South Wales 10 per cent

According to the Western Australian SBVPA (Gargano, personal communication, 7 February 2013), there has been no reduction in operator numbers or service contracts in Western Australia. This could be associated with the economic growth that Western Australia has experienced in the last decade, and movements on behalf of their operators to sign 'evergreen' service contracts (that are perpetual but pursuant to a five yearly review of key performance indicators and student loads) with the state government; the result of a policy decision by its government to not place a maximum term on some government contracts.

Operator consolidation is occurring for several reasons, some of which are unique to a particular jurisdiction, while others apply to all operating environments. All of the following scenarios are observations made after discussing with operators about their reasons for exiting the industry since 2008.

First, increased regulatory obligations ('red tape') in some states has caused a number of operators to sell their businesses. For example, in Victoria in 2009, legislation was passed that mandated incumbent operators to undertake a new accreditation regime by December 2015. The existing (previous) accreditation regime, which saw every bus and coach operator undertake a course at one of Melbourne's universities approximately 13 years ago, was disregarded. Under the new arrangements, operators need to demonstrate their competency and capability to the safety regulator, TSV, in order to have their accreditation renewed. This is typically a three-step process: a safety regulator auditor physically inspects the bus operation so the operator can demonstrate their capability to the auditor; the operator completes a new, two- or four-unit Diploma-level course at the same university to demonstrate competency (the number of units undertaken is dependent upon whether the individual had completed the previous, now disregarded, course); then the operator gathers all documents relevant to the business (risk analyses, roadworthy certificates etc.) and applies to the safety regulator for accreditation, with no guarantee of receiving it. The SBVPA has been informed by numerous operators that this process is onerous and unnecessary and has prompted the sale of many operators' contracts and/or business, mainly to neighbouring or nearby operators.

Second, declining economic activity and populations in some rural communities of Australia has seen the rationalisation of school bus services in these towns. Each state government has eligibility criteria that inform stakeholders when a school bus service will and will not operate. These criteria include the number of students needing to travel and eligibility requirements of a student to access state-funded travel, such as the distance of the home from the school. In recent years, a number of school bus services have been rationalised for these reasons.

Third, since globalisation, new vocational opportunities have presented themselves to children of operators and many have decided not to continue the family bus business. The mobility tendencies of children of operators born in the 1970s and 1980s onwards have caused some bus operator families to sell their business. In other situations, some operators who are considered 'baby-boomers' have no children and have reached a stage of life where they are retiring and have sold their business.

Fourth, a number of operators have sold their bus business because they do not trust that the government will not tender their bus service contract, which has been in the family in some cases for generations and has historically been renewed via a negotiated

process involving the SBVPA. Some families have elected to exit on their own terms rather than face the risk of having their bus service contract terminated by the state or territory government authority.

This underscores the level of importance of the relationship between state government procurement policies for bus services and operator consolidation. Each Australian state and territory has unique considerations, or economic, social, political and historical factors that cause each jurisdiction to procure differently. Political philosophies relating to the roles of the public and private sectors in planning and delivering public transport services and attitudes towards asset ownership (for example, depots, vehicles) can differ between jurisdictions (BIC, 2012, p. 4.) Such considerations often require local solutions suited to a particular context and category of service.

The Australian bus industry has a high level of expertise in bus contracting, developed in Australia but also utilising international experience over a long period, including active involvement in leading international forums such as the *Thredbo Conference Series on Competition and Ownership in Public Transport* and various UITP conferences. The industry has fostered relationships with academic and industry experts, and with government, to grow public transport services and patronage and to develop contractual frameworks that support such growth.

Successful negotiation of bus service contract renewal offers a degree of continuity and certainty to incumbent operators, as evidenced in most jurisdictions' school bus contracts. In Victoria, for example, many current bus operators are descendants of original service contract holders. Tendering threatens this continuity as operating rights may be withdrawn from incumbent operators and awarded to others who place a more competitive bid for the scope of services. In recent times, particularly in South Australia, New South Wales and Western Australia, tendering has become the predominant method of state governments awarding operating rights to bus operators. The new Queensland state government has indicated it will not tender incumbent operators' service contracts and will seek to renew them via a negotiated process. This predominance of a preference for state governments to tender bus services has emerged due to the introduction of legislative and regulatory regimes and contestability policies that facilitate such a process. Further, some state governments have found themselves in constrained fiscal circumstances.

Anecdotally, these circumstances appear to increase a state government's propensity to procure bus services using the lowest possible price as the sole, or at least primary, determinant. No evidence has been located that suggests state government bus service procurement regimes in Australia consider externalities as part of their cost-benefit analysis (CBA) evaluation process.

2.7 Cost-Benefit Analysis

Nash, Pearce & Stanley (1975) note

Since its beginnings as a pragmatic method of evaluating water-resource projects in the 1930's, the practice of CBA has spread to encompass most areas of government decision-taking, ranging from fuel policy and industrial project evaluation to health and social services (pg. 121.)

The Australian Government (Department of Finance and Administration, 2006) defines CBA analysis as follows:

CBA is a method for organising information to aid decisions about the allocation of resources. Its power as an analytical tool rests in two main features: costs and benefits are expressed as far as possible in money terms and hence are directly comparable with one another; and costs and benefits are valued in terms of the claims they make on and the gains they provide to the community as a whole, so the perspective is a 'global' one rather than that of any particular individual or interest group (p.xi.)

With competing demands for scarce resources, governments need to demonstrate the value for money of new infrastructures (Weisbrod et al. 2015.) CBA not only includes tangible costs and benefits for users, it can also capture the benefits and costs of externalities and wider benefits. CBA aims to identify welfare benefits and costs of options in a quantitative manner, using money as its measuring rod as far as possible. From a transport perspective, CBA captures societal benefits such as reduced congestion, reduced social exclusion, time savings, reduced emissions and improved safety.

No evidence can be located that suggests community interaction, development or prosperity is factored into state government CBA evaluations (personal communications, confidential, November 2014 - February 2015). This is most likely a symptom of the fact that any criterion for choosing between alternative policies reflects value judgements of the official responsible for executing the CBA as to what to count as benefits and costs. It is hoped that the values associated with community prosperity will see this externality form part of consistent CBA frameworks as a matter of policy.

In Victoria, transport bodies have a legislated obligation to take into consideration triple bottom-line (environmental, economic and social) imperatives. However, it appears that at worst, such bodies disregard and, at best, inadequately give effect to their obligations to consider triple bottom-line factors. When the researcher requested information relating to the appointment of a MNE operator to 30 per cent of Melbourne's bus network in 2012, nothing was forthcoming. Upon requesting the same information of the Minister on how PTV had regard for the decision making principles associated with this appointment, but no reply was forthcoming. At a later meeting with the Minister for Public Transport, the same question was asked. The reply was that the answer was confidential. Therefore it appears that the problems around measuring costs and benefits are associated with transparency and disclosure. This topic will be further discussed in chapter 6.

2.8 Conclusion

In this chapter, the qualitative composition and behaviour of the Australian bus and coach industry has been presented. The role of each industry stakeholder has been detailed, some historical context has been presented and current trends associated with operator consolidation and the method that Australian government's commonly use to evaluate 'value for money', namely, the CBA were also discussed.

This chapter has detailed how the Australian bus and coach operating environment is undergoing significant change. The 'get big or get out' mantra is an ever-present phenomenon. The number of bus and coach operators is declining; small family firms are being subsumed by other small and medium-sized firms, medium and large operator firms are increasing in size, overseas equity investors and MNE operators have entered the market, and some state governments are now favouring the competitive tendering of selected bus services rather than negotiating the renewal of service contracts with incumbent operators. Anecdotally, more bus service contracts are being awarded to large, non-family firms due to their perceived ability to offer the most competitive price. The

consideration of non-financial factors, such as externalities, is absent from government procurement regimes. This brings the issue of measuring and evaluating cross-sectoral, or cross-disciplinary benefits, such as transport and regional development, rather than just benefits that may accrue to one discipline, such as transport, to the fore. A more in depth analysis of current evaluation practices will feature in Chapter 6.

These realities are threatening the sustainability of trans-generational operating firms and the long-term investment and amortisation of capital expenses that come with incumbency and growth. But what do these changes mean for a bus operator's community orientation, community interaction and community reinvestment, and what is the impact on the community itself? This is the primary objective of this study: to measure the ways that bus operators interact with their communities and examine whether they do or do not add value, particularly beyond that embedded in the contract regime. Another objective of this study is to identify whether a bus operator's community interaction is associated with any unique variables. If such variables could be identified, this may influence policy and outcomes being sought by government and industry.

3. LITERATURE REVIEW

3.1 Introduction

This multidisciplinary study endeavours to demonstrate how the dynamics of the social realm impact the dynamics of the economic realm as it relates to community prosperity. Specifically, this study explores the following themes in the literature, in order to better understand the state of the field:

1. How do bus operators interact with the communities in which they provide a bus service? (RQ1)
2. What are the factors (predictor variables) that are associated with bus operators' community interaction? (RQ2)
3. What is the scale (or extent) and value of bus operators' interactions with the community in which they provide a bus service? (RQ3)
4. What is the role and value of the SBVPA and does it contribute toward enabling bus operators' social-value addition? (RQ4)

The objective of this literature review is to see whether existing research assists in analysing, or providing the methods to find the answers to these questions. Such a challenge necessitates a broad literature review of social and economic disciplines. This study relates to many, often nuanced modern management disciplines associated with corporate governance. It has been established that *inter alia*, the behaviour associated with bus operator governance can be viewed from the social sciences, welfare economics, business ethics and strategic management perspectives.

To capture knowledge from the multiple disciplines that this topic embodies, literature from textbooks, journal articles, media articles, other theses, government and association publications, legal and professional publications, trade literature and conference papers was sourced from academic libraries, public libraries, museums, political party publications, commercial organisations and the internet. The authority, accuracy and objectivity of the literature was evaluated. A voluminous amount of literature was significantly refined to a focused set of concerns. When these concerns were combined with early observations from the exploratory stage of this study's methodology (which is

explained in the next chapter) and the author's observations as a practitioner, a basis for the formulation of research questions and the final focus of this study was identified.

This review is structured in five sections. Section 3.2 reviews literature on one construct, two philosophical movements and two theories which may be applied to understanding the propensities of governance models to achieve certain levels of community interaction. A construct entitled 'the family point of view' is discussed; it underpins a family bus operator's community orientation. This is accompanied by a discussion of localism in the context of how it supports the sustained procurement by government of local products and services, and the promotion of local history, local culture and local identity. Globalisation is also discussed in the context of the proliferation of MNE's in some parts of the world and its potential effect on Australia's bus and coach operating environment. The first theory, the stakeholder perspective, explains much of an MNE's behaviour. This study's second theory, Agency theory, appears to provide a theoretical basis for how voluntary professional associations or industry not-for-profit organisations represent the best interests of their members and make decisions on their behalf in order to sustain their business.

Section 3.3 discusses literature associated with the first and third research questions: the nature (RQ1), scale (or extent) and value (RQ3) of how firms interact with their communities. This includes studies on externalities (as identifying, valuing and understanding their utility and meaning is a primary objective of this study) and corporate social responsibility.

Section 3.4 centres on the second research question (RQ2): the factors hypothesised to be associated with a firm's community interaction (later referred to as predictor variables), including firm size; being local; SOC; social capital linkage (the relationship and extent of dependency between associations and their members); and the method of procurement state governments use to secure an operator for bus services (negotiated process or competitive tender).

Section 3.5 investigates the pertinent characteristics of the family firm and non-family firm governance models, which are either exclusive to one governance model or mutual. These are the mechanisms, processes and relations by which bus operators control and direct their business.

Section 3.6 centres on the fourth research question (RQ4): it explores the role and value of voluntary professional associations, or not-for-profit industry representatives, in enabling a firm's community interaction, which is the focus of the final research question. Although the literature on their roles is substantial, there is little research on if, and how, they contribute to the enabling of a firm's social-value addition. This section also reviews the literature concerning government and industry partnerships, as voluntary professional associations are often contracted by government as an agent to deliver services on its behalf.

3.2 Constructs, Movements and Theories

One construct, 'the family point of view', two philosophical movements, localism and globalisation, and two theories, the stakeholder perspective and agency theory, have been identified as being potentially useful for understanding a family firm and a non-family firm bus operator's community orientation, interaction and corporate social performance.

3.2.1 The Family Point of View

In respect of the family firm bus operators' corporate social performance, Sorenson et al.'s (2009) 'family point of view' is drawn on in this study because it appears to be a construct that explains a family firm's community orientation and interaction. Their work examines business governance systems and how they are used to identify and develop assets that benefit the family's objectives, the business itself, individuals and communities. The authors suggest that good governance of both the business and the family requires family members to develop a shared point of view towards the business and their involvement in it—that is, the 'family point of view'. Sorenson et al.'s (2009) empirical analyses confirm that a positive relationship exists between collaborative dialogue and ethical norms, between ethical norms and family social capital and between family social capital and firm performance. The 'family point of view' is thus the united family perspective, achieved through collaborative dialogue and shared ethical norms.

The authors assert that

when a family establishes a business, the beliefs and norms that are important to the family tend to carry over to the business. This inheritance or passing on of beliefs and norms is one of the characteristics that make family companies distinctive (Sorenson et al., 2009, p. 239.)

The authors found that extensive collaboration within the family was associated with an increase in the resources available to the family business, including loyal customers, family support and, critically, community goodwill. Family members who understand and participate in the governance of the enterprise can work with the business to prepare other family members to be potential employees, leaders, board members, active shareholders, community representatives and participants in family foundations and philanthropy. In turn, being well resourced delivers positive family social capital, which is founded on positive network relationships among the family, employees, customers and community members, and implies that 'an emphasis on ethical norms helps to build enduring network relationships' (Sorenson et al., 2009, p. 240.)

3.2.2 Localism

Localism is not so much a theory, but a political philosophy that prioritises the local. This philosophy could explain a local firms beliefs, attitudes, values, orientation and behaviour - or their corporate social performance - with the community in which they operate.

Avis (2009, p. 634) suggests localism refers to the claim that, as a result of the complexity surrounding policy interventions, it is only by placing them in their local context that policy makers will be able to respond effectively to the needs of the community they serve. For this to occur, locally based stakeholders need to be engaged in the formulation and development of policy. The author also asserts notions of empowerment, responsiveness and adaptability carry with them a localising emphasis. Rodriguez (2000) discusses theoretical bases of localism, most notably that of Jerry Frug, a US academic and specialist in local government law, who emphasises the relationship between local power and community formation and maintenance. In this account, communitarian (the worth given to community, as well as commitment to collective community improvement) values require small, cohesive local enclaves whose authority is ensured by law. Rodriguez (2000) suggests a related strand emphasises the value of fostering citizen participation and improving local self-government.

Generally, localism supports the local production and consumption of goods, local control of government, and promotion of local history, local culture and local identity. It draws on a wide range of movements and concerns, proposing that by relocating democratic and economic relationships to the local level, social, economic and environmental problems will be more definable and solutions more easily created.

An emerging governance measure to stem the decline of local firms in many parts of Australia is to empower local communities to make decisions for themselves, rather than have a state or federal government decide the best action for the locality or municipality to invoke. Blond (2010) proposes a progressive Conservatism that purports to restore social equality and revive British culture by calling for, *inter alia*, the strengthening of local communities. The same philosophy was recently supported by Walker et al. (2012), who outline a blueprint for reform starting with pilot structure in the Pilbara and in central Australia. Their report suggests that: the three-tiered governance structure does not work in remote communities and often serves to increase a sense of alienation and disempowerment; there is no strategy or considered development framework and, despite many successive attempts, little coordination among the various jurisdictions/tiers of government; current approaches are universally *ad hoc* and non-systemic; and governance arrangements are a threshold cause of policy failure. Two key recommendations of Walker et al.'s (2012) report are whole-of-government action at the local level and engagement with community organisations to deliver social services, small infrastructure and local justice. These place based approaches see the authors embrace the concept of localism, that is, the empowering of local communities to potentially improve the social well-being of the community and the absolute necessity for governance change to bring this about.

It is noted that the aforementioned recommendations have been embraced as part of the development and trial of a new model for the delivery of integrated community transport and public transport services in a regional setting (Wines et al., 2014). This social enterprise model has been trialled in Warrnambool, Victoria, since 2012 and both government and industry are now considering funding the extension and expansion of the trial to two more regional and two metropolitan fringe council areas in 2015.

3.2.3 Globalisation

Globalisation is relevant to this narrative to understand the growth of MNE's and the corporate social capability that has accompanied that growth. The term globalisation was conceived in the 1980s, became a buzzword in the 1990s and terms such as 'global village', 'global brands' and the 'global economy' emerged. Globalisation does not enjoy a single, agreed, best definition. De Wit and Meyer (1998, p. 5) refer to globalisation in three dimensions:

- scope: to describe the spatial dimension, a firm that has operations around the world, or the process of international expansion
- similarity: to describe the variance dimension, a firm that sells the same product around the world, and has a degree of international similarity and declining international variety
- integration: to describe the linkage dimension, when an event in one market affects another geographic market or increasing international interconnectedness.

De Wit and Meyer (1998, p. 556) offer two perspectives on globalisation that organisations will have to consider. The 'global convergence' perspective suggests the ease, low cost and frequency of international communication, transport and travel has diminished the importance of distance and has created a global village in which goods, services and ideas are easily exchanged, new developments spread quickly and the best practices of one nation are rapidly copied in others. The authors add that the product might be standardised worldwide, but the cultural norms and values that influence its purchase and use remain diverse across countries. Levitt (1983, p. 733) predicts the world is moving towards a 'converging commonality', suggesting the commonality of products leads to their standardisation.

Yeates (2001) presents globalisation's effects on social policy, suggesting social policy is the key terrain on which the politics of globalisation are fought over and defined. Moving beyond a simple political economy approach, Yeates (2001) shows how the welfare state is being transformed and the effect this is having on communities, families, households and individuals. Yeates (2001) is but one critic of globalisation, suggesting some organisations and governments claim globalisation is responsible for the dismantling of social institutions, redundancies and closures.

MNE's have faced localised pressure of late and there is evidence that they have sought to find a greater equilibrium between localisation and globalisation in their businesses. According to Solvell (2003), MNE's have typically benefited from globalisation, selling their products worldwide and tapping world markets for factors of production and introducing goods and services to enhance their overall efficiency. De la Torre et al. (2003) suggest the effect of globalisation in world markets has influenced industries in different ways depending on the nature of the products or services they offer and the markets they serve. Kennelly (2000), in examining the growing disparity in the distribution of income and wealth around the world and 'intractable social problems' (p. ix), states that MNE's will play

a critical role in the ability to successfully engage the social challenges confronting this planet, yet there is little agreement on the role that MNE's and their institutional owners will play. Kennelly (2000) suggests that MNE's have been demonised by some critics as being leaders of a 'race to the bottom' (p. 27), as environmental and labour standards are inexorably driven down to the lowest possible levels and MNE's seek every last iota of marginal economic gain.

The sociologist T.H. Marshall (1963) identified the welfare state as a distinctive combination of democracy, welfare and capitalism. The welfare state is a concept of government in which the state plays a key role in the protection and promotion of the economic and social well-being of its citizens. A fundamental feature of the welfare state is 'social insurance'. Welfare economics analyses social welfare, however measured, in terms of the economic activities of the individuals that compose the theoretical society considered. Posey (2011) suggests a hyper-globalised form of capitalism has exercised hegemonic control over the world economy. Legitimated by an ideology known as neoliberalism, the economic order has been characterised by deregulation, privatisation, welfare state retrenchment, free trade, capital mobility, and attacks on organised labour. Posey (2011) argues that the economic turmoil to 2010 has shown that three decades of neoliberalism failed to produce an economy that is not bubble-prone and that is capable of improving the living standards of most of the world's population.

Verdin et al. (2003) suggest that, because some MNE's have lost touch with local markets and the cost of complexity has overruled any theoretical scale economies, this has given rise to renewed attention to local strategies in recent countermeasures by MNE's. The authors cite several examples of MNE's adopting a greater emphasis on local strategy, which mark a renewed trend to rediscover or re-establish the value of local business and to avoid the unnecessary costs of global complexity. Verdin et al. (2003) suggest that the goal is not to identify the perfect fixed point on the local-global range, but rather to provide a framework for analysing and continuously reflecting on the repercussions of the local-global attention in a changing international playing field.

3.2.4 Stakeholder Perspective

With regard to the MNE operators' corporate social performance, stakeholder theory, more specifically, stakeholder perspective, offers insights into MNE's' propensity to undertake some level of social performance to achieve social legitimacy. Stakeholder theory is a theory of organisational management and business ethics that addresses morals and values

in managing an organisation. R. Edward Freeman's (1984) landmark publication identified the groups that are stakeholders of a corporation, describing and recommending methods by which management can give due regard to the interests of those groups. The adoption of stakeholder theory as a way to frame, organise and guide firms' corporate social responsibility systems and programmes arguably improves employee attitudes and behaviour and strengthens commitment.

In the traditional view of the firm—the shareholder view—the shareholders or stockholders are the owners of the company, and the firm has a binding fiduciary duty to put their needs first, to increase value on their behalf. Stakeholder theory argues that other parties are involved, including governmental bodies, political groups, trade associations, trade unions, communities, financiers, suppliers, employees and customers. The stakeholder view is used to define specific stakeholders of a corporation and to examine the conditions under which these parties should be treated. A premise of stakeholder theory is that focusing attention on stakeholders will lead to increased trust and cooperation and reduced opportunism.

Stakeholder theory is notable not only in the field of business ethics, but as one of the main frameworks for all corporate social responsibility methods. In fields such as law, management and human resources, stakeholder theory succeeds in challenging the usual analysis frameworks by suggesting firms put stakeholders' needs at the centre of any action or organisation.

Stakeholder perspective has been presented as an instrumental theory for evaluating corporate social performance (Carroll, 1991; Clarkson, 1995); social contracting (Donaldson and Dunfee, 1994); the purpose of a firm (Brenner and Cochran, 1991; Donaldson and Preston, 1995); in family firms (Neubaum et al., 2012) and the challenges that globalisation brings to stakeholder theory (Jensen & Sandstrom, 2011).

3.2.5 Agency Theory

Agency theory is relevant to this study in two ways: it explains the dynamic between the bus operator and the SBVPA; and the state government contracting with bus operators via the SBVPA.

In the first instance, the bus operator, as the principal, delegates authority—in terms of control and decision-making about certain tasks—to another party, in this context, the SBVPA, as the agent. There is a multitude of tasks that Australian SBVPA's undertake as

the agent of its bus operator members (the principal) (Bus Association Victoria, Inc. 2014; 2015). The primary task of bus and coach SBVPA's for at least the last 30 years has been to negotiate bus service contracts with state governments, as an agent of the collective operators. Operators place their trust in the competency of the SBVPA negotiators to reach an outcome with government whereby they achieve business continuity and a fair reward for the contracted task. Another task of the SBVPA's has been to negotiate template industrial instruments (for example, Enterprise Agreements and Workplace Agreements) with employee groups (unions) that are then commended to operators for implementing in their workplaces. Members also expect their SBVPA to act as an agent to resolve operating issues that have the potential to affect the collective operators, particularly on matters that concern driver and passenger safety, technical requirements, contract disputes and legislative and regulatory interpretations.

In the second instance, the state government, as the principal, delegates its responsibility for the provision of bus services to bus operators, as its agent, as in most parts of Australia, state governments do not own operate their own public transport networks. The state government also looks to the SBVPA, as its agent to commend a bus service contract to member operators in order to control the government's transaction costs and achieve public policy outcomes. These behaviours of the SBVPA are undertaken as an agent of both the member operator and the Government. The operator does not undertake their contracting task, nor does the Government operate bus services directly; both principals seek the services of the SBVPA as their agent.

When an agent is acting for the principal, it adopts behaviours such as performing for the benefit of the principal or acting as the principal's representative (Fayezi et al., 2012, p. 557). Contributions by scholars such as Ross (1973), Mitnick (1973), Jensen and Meckling (1976) and Eisenhardt (1989) demonstrate agency theory's relationship with the economic realm. Other scholars have investigated agency theory as it relates to disciplines such as finance, information systems, management, supply chain management (Ritchie et al., 2008) and sociology (Shapiro, 1987; 2005). However, no literature has been located that discusses the concept of an agent representing and negotiating with two principal's (operators and government), making the agency circumstances of this study, unique.

The unique structural relationships between operators, the SBVPA and the government are illustrated in Figure 2.

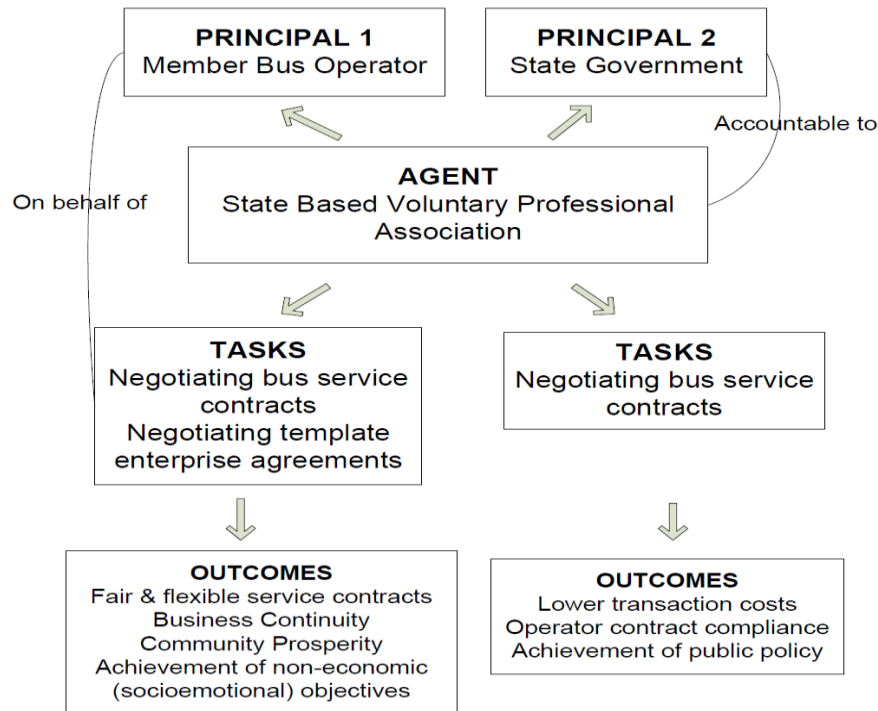


Figure 2: Agency Theory in the Context of the Australian bus and coach industry

3.3 The Relationship between the Firm and the Community

3.3.1 Externalities

This study aims to establish whether different outcomes might eventuate if externalities were quantified and considered as part of the decision-making process associated with a state government awarding operating rights for bus services. This was done by measuring and then evaluating what community interaction might be foregone if an operator's service contract margin is reduced and/or if a bus service contract is terminated and not replaced. The need to understand what community interaction might be foregone if government awards operating rights to differing governance models underpins interest to undertake this research. Hence, the need to review the literature on externalities.

The theory of social cost measurement has been a source of academic controversy ever since the publication of Pigou's work *The Economics of Welfare* in 1920 (Pearce, 1978, p. 8.) Pigou was an early analyst of this phenomenon, with a focus on the impact of firm behaviour. Economics considers all costs to be social costs, irrespective of their origin or nature, that is, irrespective whether they are economic, social or environmental in nature.

This study looks at the social part of social cost theory, that is, those externalities of a social nature.

Two issues central to the controversy are, can, and should, a dollar value be put on social externalities. Pearce (1978, p.10) suggests disbenefits (and bads) can include noise, air and water pollution, danger to health or safety, and social disruption. Placing a monetary value on social costs, or non-marketed goods (and bads) (Pearce, 1978, p.1) allows performance to be monitored in terms of social rather than private profitability. The author suggests that having some knowledge of social cost valuations is better than none, whether it be for designing taxes to secure marginal social cost pricing, setting standards to regulate output, or determining the optimum size of projects.

Stopher & Stanley (2014) draw distinctions between consumption externalities and production externalities.

A consumption externality arises when a person's enjoyment of some good or service is affected by another person's production or consumption behaviour and that effect is not priced. A negative consumption externality arises where that impact is to reduce the benefit that is derived from the person's use of the good or service; the converse applies for a positive consumption externality (p. 25.)

Stopher & Stanley (2014) also state:

Not all countries use quantitative and comprehensive money-based evaluation tools, such as CBA, which relies on imputing monetary values for the externalities in order to find a satisfactory way forward (p. 27).

Studies on economic and environmental externalities have been discussed in many different contexts. Eapen and Krishnan (2011) and Sinani and Meyer (2004) discuss whether the presence of foreign firms in a host market leads to technology externalities and the upgrading of domestic firms. Grinols and Mustard (2001) provide a framework for addressing theoretical cost-benefit issues of casinos by grounding CBA on household utility and the current state of knowledge about the estimated positive and negative externalities generated by casinos. Aldrich (2011) demonstrates how high levels of social capital simultaneously provide strong benefits and equally strong negative externalities, especially

to those on the periphery of society, in Southeast India's post-tsunami recovery. These four studies have elements of similarity to this project: they focus on social capital, some include economic and environmental externalities, and one touches on MNE capability and benefits to host nations. However, they concern different industries and circumstances. The National Institute of Economic and Industry Research ([NIEIR], 2011) on Melbourne route bus contracts quantifies the economic cost and benefits to Victoria's economy associated with the change of ownership in the operating rights of a bus service contract from a local operator to an overseas operator.

Studies on social externalities, however, are scarce. It appears no attempt to quantify social externalities according to the behaviour of a group of persons or organisations by industry has been made, probably because of a lack of suitable pricing of the effect that gives rise to the externality. It may not have occurred to anyone to undertake such a task.

3.3.2 Corporate Social Responsibility

If, how and to what extent a firm interacts with its community forms part of a firm's corporate social responsibility. As this study assesses the propensity for different types of firms to interact with its community, a review of corporate social responsibility, performance and governance will provide an understanding of what has gone before.

Corporate social responsibility has become central to many organisations' *modus operandi*, as large corporate scandals and failures have made investor protection a significant issue for all financial markets. Scandals and disasters such as Enron (2001), Arthur Andersen (2002) and HIH (2001) are rooted not in family businesses, but in large, publicly traded MNE's. As a result of some large corporate disasters, investors and regulators are requiring that companies implement rigorous corporate governance principles to reduce agency costs and achieve better returns. Literature on corporate social responsibility, performance and governance is voluminous.

Aras and Crowther (2008, p. 440) suggest there are four principles of good corporate governance: transparency, accountability, responsibility and fairness. Corporate governance attempts to address the creation of sustainable value, achieving the firm's goals and keeping a balance between the economic and social goals of the company, including the efficient use of resources, accountability in the use of power and the behaviour of the corporation in its social environment.

Aguilera and Cuervo-Cazurra (2004) suggest corporate governance issues have received recent attention from policy makers and the public because of two parallel processes, globalisation and transformation in the ownership structure of firms. Effective corporate governance systems provide countries with a location advantage, but changing governance systems is not a simple task, as governance practices are embedded in the broader institutional environment. This reflects the current state of the Australian bus and coach industry.

De Chiara and Spena (2011) stress the need for MNE's to frame their behaviour within corporate social responsibility systems and to adopt a different approach to the management of local resources and stakeholders. They argue MNE's should shift their perspective concerning workers, suppliers and community from viewing them as exploitable resources to perceiving them instead as partners and co-creators of MNE values.

Klassen and Vereecke (2012) examine which management capabilities contribute to competitiveness and, more specifically, how they might be linked to social responsibility, risk, opportunity and performance. Perrini et al. (2011) suggest that the narrow, exclusive focus on short-term monetary results has led to counterproductive and negative consequences for business and society and the real influence of corporate social responsibility efforts on corporate performance remains questionable.

Cennamo et al. (2012) suggest stakeholder management is increasingly at the forefront of the corporate agenda. At its core is the notion that a firm has multiple goals in addition to maximising shareholders' economic value. This requires the firm to see beyond its own financial goals to identify and meet the desires of diverse parties, often with conflicting interests, such as employees, environmentalists and the community at large. The 'balanced scorecard' (Kaplan & Norton, 1992) approach is another model that has such a focus.

Cennamo et al.'s (2012) paper is the only scholarly attempt the researcher could locate that discusses, albeit briefly, how firms interact with their communities. The author's assert that the firm is an extension of the family and

should reflect the leading family principals' core values which could entail other-benefiting activities such as consideration of others' interests when important decisions are made,

benevolence, nonreciprocal good deeds, and philanthropic giving in the community at large (p.1159.)

This is the extent of what the authors suggest a firm's responsibilities are to the communities in which they operate. The authors also assert:

engaging with stakeholders is the 'right thing to do' regardless of financial or individual consequences. If unselfish emotions are at play, issues like well-being of the local community in which the firm operates, environmental management, human rights and poverty among many other social ills, are likely to become more salient to family principals, even if these issues have no direct link with the firm's activities (p. 1163.)

The absence of scholarly attempts to define more specific ways in which firms interact with their communities underpins the need for this research.

3.4 Bus Operator Community Interaction

Other than Cennamo et al.'s (2012) paper, which generally discusses a firms' philanthropic endeavours with the community, no other scholarly literature on the specific types of ways firms interact with their community was located, for example, sponsorships, donations, time contributions, safety and security contributions, just to name four. Nor can any literature be found which directly examines the value add of the bus industry to a community. However, there is relevant literature on factors that may impact on a firm's interaction with its community and what factors might lead a firm to interact with its community. The literature highlights firm size, being local, SOC, social capital linkage and the type of contract or method of procurement state governments use to secure an operator for bus services.

3.4.1 Firm Size

The question 'Does size matter?' in the Australian bus-operating environment is one of several key questions that this study attempts to address. Firm size is later hypothesised to be a factor that may influence a firms propensity to interact with its community, hence its inclusion in this literature review.

Various researchers have written on the capabilities and benefits of being small or large in business, and whether size affects economic performance, but the literature is inconclusive.

Birley and Norburn (1993) state that a small business owner can 'hold the firm in the palm of his [sic] hand' (p. 86) and as a result, adapt quickly. They suggest that reporting obligations in large businesses have become the end, not the means. Brady and Voss (1995, p. 1) extend such thinking, suggesting small businesses are 'where the action is' and that small companies are naturally quick to respond; large corporations' inability to react quickly can be a barrier to growth. Similarly, Lawler and Galbraith (1995) suggest size has not assured large MNE's success; rather, it has contributed to large companies' problems by causing them to become internally focused, concerned with maintaining and managing their internal relationships. However, Winger (1994, p. 43) suggests the 'mega firm' is responding to current times, mostly around retrenchment, removing bureaucratic fat, disposing of operations not related to core concerns; most mega firms are beginning to show more concern with fostering innovation and entrepreneurship. Kotkin (2000) states that

in sectors where capital is paramount, big companies will become bigger, but where flexibility, initiative and creativity are important, smaller firms will predominate' (p. 41).

Dumain and Labate (1992) suggest that 'big' means complex, and complexity results in inefficiencies. They provide examples of large organisations splitting their assets into smaller, more efficient, more independent businesses, decentralising their businesses and giving people the freedom to act without going to headquarters for permission.

Moates and Kulonda (1990) make a point that to an extent resembles one of the purposes of this study:

An important question that remains to be answered is whether or not the differences identified lead to increased effectiveness. If small companies are indeed more effective, then improvements in large companies might result by identifying the underlying causes for this effectiveness and applying them in larger companies. This potential for improvement makes future research into small company performance and effectiveness, along with an effort to

identify specific causes of observed size-related differences, a priority issue. (p. 35)

The Economist (1995) says MNE's are:

... mimicking their smaller competitors by shrinking their head offices, removing layers of bureaucracy and breaking themselves up into constellations of profit centres. They are learning to combine economies of scale in product development with sensitivity to local tastes. (p. 3.)

Brady and Voss (1995, p. 46) suggest the challenge for MNE's is to identify and emulate small company-like growth tactics, encouraging managers to 'think small'. The authors provide a case study of the firm Johnson and Johnson, which has:

... a decentralized management system that allows its units to run like independent companies. Another example is Nucor Corp. Even Hewlett Packard is said to keep a small, forward thinking mentality and compare themselves to the world's highly profitable, niche players who at times can move more quickly than other companies. Often these niche players are small companies. HP believe they have achieved the optimal balance between large size and nimbleness, by giving decision-making ability to business managers who are closer to technologies, competitors and customers. (Brady & Voss, 1995, p. 3.)

Lyson (2006) brings large corporations' degree of neighbourliness into question. He suggests that sociologists and economists would be well served to revisit the core assumptions that underlie the understanding of both socioeconomic attainment processes and approaches to regional and community development. He concludes that the re-emergence of an economy organised around locally co-ordinated, smaller scale, technologically sophisticated and globally competitive enterprises is both theoretically and practically possible and that a rethinking of conventional notions is in order—thinking that has a direct bearing on this study.

Irwin et al. (1998) hypothesise that networks of small enterprises are linked together by community conditions and are as much embedded in the locality as residents; these firms, through their owners, are embedded in the local community. This embeddedness helps ensure that small producers are less likely to remove themselves from the local community during economic downturns and are more likely to provide support, membership and direction for local institutions. They conclude that the melding of a social economy creates a greater good for a greater number of people, offsetting gains in economic efficiency achieved by large corporations.

3.4.2 Being Local

The narrative concerning the size of a firm and its propensity for civic engagement (or community interaction) is related to the discussion associated with corporate social responsibility and/or community welfare. It is now presented in the context of exploring what the literature says about possible factors associated with operators' community interactions. Although there is little literature associated with local firms' extent of community interaction, what little exists is relevant to this study.

Irwin et al. (1998) extend their discussion from firm size to being a local or non-local firm, that is, residing in the community, or close to the community, in which the firm operates. The authors suggest local capitalism and civic engagement variables are associated with positive socioeconomic outcomes (higher income levels and lower levels of income inequality, poverty and unemployment). They suggest civil society implies a variety of community or local institutions and organisations, including businesses, schools, voluntary associations and churches, and that the social and economic fate of a community is integrally tied to the competitive position of the corporation in the global economy. They suggest socioeconomic relationships specific to locales and communities are fostered on many levels, which, in turn, contribute to the collective strength of the local economy and encourage businesses to reinvest in the community. They add that places with relatively more local institutions have greater civic engagement and correspondingly higher socioeconomic well-being. Where these institutions are less prevalent, civic engagement is lower and areas are less likely to have high standings on socioeconomic well-being indices.

In respect of literature that separates how and to what extent local metropolitan firms interact with their community compared to local regional or rural firms, Chang et al. (2008) suggest that a region (in this instance a non-metropolitan area) with a less-developed economy will be characterised by lower average incomes, leading to lower

demand for goods and services, potential scarcity of financial capital and skilled labour and possibly, lower profitability. The prevalence of family firms in a region will be affected by the region's level of economic development. Chang et al. (2008) hypothesise that family firms will be more prevalent in less prosperous regions, and fewer ventures might be started and fewer might survive without the family governance option.

Embeddedness is discussed in this study in two contexts: within the community and within the firm. This section relates to the former. In this context, embeddedness points to the indissoluble connection of the stakeholder with his or her social surroundings - the relational community of interest. Embeddedness has much to do with reputation, particularly when linking social capital with competitive advantage. In assessing the relationship between family firms and performance measurement from the perspective of business history, Colli (2012, pp. 249–255) offers four alternative 'performance meanings': survival, embeddedness, reputation and sustainability, in the context of analysing historical narratives about family firms. The author suggests family firms enjoy a deep embeddedness with the local community in which they develop and grow, referring to the local community as the 'seedbed' in which the founder finds the support to create his or her activity. The author identifies a behaviour that exists in the Australian bus and coach industry and relates to this study, that entrepreneurs in the early days of industrialisation learnt almost immediately that it was necessary to share some of the benefits and values created by their industrial activity with the local community in which the activity was taking place.

3.4.3 Sense of Community

SOC is primarily a psychological concept. First defined by Sarason (1974) and refined by McMillan and Chavis (1986), it refers to the personal knowledge that one has about belonging to a collectivity (Newbrough & Chavis, 1986). Chavis et al. (1986) theorise that SOC is represented by membership, influence, integration and fulfilment of needs, and shared emotional connection.

SOC connotes a strong attachment between people and their communities (Davidson & Cotter, 1991), and communities can be identified in two dimensions: territorial and relational (Gusfield, 1975). The relational dimensions of community concern the nature and quality of relationships in a community of interest, such as the relationship between a bus operator and its SBVPA. Riger and Lavrakas (1981, p. 64) characterised SOC as 'social bonding' and 'physical rootedness', which is very similar to Gusfield (1975).

As part of the exploratory stage of this study's methodology (described in chapter 4) that an operator's SOC could influence how and to what extent the firm interacted with its community. Thus, an index which measures an operator's SOC has been included as a possible influencing factor. There appears to be no research that has examined a bus operator's attachment to community using the SOC scale.

3.4.4 Social Capital Linkage

The extent of involvement and dependence (social capital linkage) between a bus operator and its SBVPA could be a factor associated with an operator's propensity to interact with its community. This assertion was based on the researcher's observations as a practitioner and during the exploratory stage of this study's methodology, hence its inclusion in this literature review.

Definitions of social capital vary, but the main aspects include citizenship, 'neighbourliness', social networks and civic participation. Early perspectives on social capital came from Bourdieu (1986), Coleman (1988), Putnam (1995) and Portes (1998).

Linking social capital is one of the sub-categories of social capital. Linking social capital (or social capital linkage) may be of use in examining any association between the relationship bus operators have with their SBVPA and their propensity to interact with their community. Social capital linkage describes connections with people in positions of power and is characterised by relations between those within a hierarchy where there are differing levels of power; it is good for accessing support from formal institutions. It is different from bonding or bridging social capital in that it is concerned with relations between people who are not quite on an equal footing, like an operator's SBVPA whose remit is to maintain clear, open and frequent dialogue with the authority and achieve outcomes for its members. In Australia, many operators would request their SBVPA to represent their interests to the state government authority. In this circumstance, linking social capital reflects the dynamic between the operator and the SBVPA and the SBVPA and the authority to achieve an outcome with the authority.

Several scholars have written of the link between social capital and the contribution business makes to regions. Importantly, none of these discussions identify or quantify the associated social externalities. Laursen et al.'s (2012) study is relevant to this research because it identifies geographically localised social capital as a key factor in promoting firm-level innovation, and provides quantitative evidence to support this finding. Their research

is reinforced by Bell and Kilpatrick (2000) - a study which is relevant to this study. Bell and Kilpatrick examine the contribution small businesses make to regional Tasmania, beyond their economic contribution. Within a framework of community development, the authors look at the potential for small businesses to support their communities and vice versa. Bell and Kilpatrick's underlying assumption is that dense networks developed by small business people in building social capital have the potential to foster entrepreneurship and small business development. (However social capital in the present study is discussed in the context of social capital linkage.) Chang et al. (2008) confirm that the scale and scope of family firms is likely to be influenced by the characteristics of the environment. They present preliminary findings on the relationship between economic development and the prevalence of family versus non-family firms, suggesting that the development of a regional economy might have an important effect on the efficacy of the family form of organisation and the factors that influence the creation, survival and performance of the family firm.

Green (1996) examines the importance of social capital for entrepreneurship and family-business development in rural communities. The author's research is directly related to this thesis because more than 89 per cent of Victoria's bus operators are located outside of metropolitan Melbourne (Bradford, personal communication, 5th June 2015). Murphy (2005) suggests that with limited finances, staffing and expertise, smaller firms cannot compete with the larger, better-resourced organisations responding to Australian government tenders. This suggestion is reinforced in Winter (2000). However, Cox and Caldwell (2000) suggest the present direction of some governments towards tendering-out may be a major factor in the falling levels of trust in governments. This is an appropriate segue to the issue of bus service procurement.

3.4.5 Procurement

This section investigates literature about what is known about the method of procurement or form of service contract that the state government uses to award operating rights to bus operators, negotiated or tendered, and if it has been noted to be a factor associated with a bus operator's community interaction.¹ Tendering can threaten continuity, whereas negotiation implies the pursuit of an agreed outcome. It seemed to the researcher that operator's with negotiated bus service contract had a greater degree of confidence of interacting with their community, possibly because of an expectation of continuity. Thus, it is necessary to review the literature associated with bus service procurement, in particular,

¹ This section does not contemplate evaluation frameworks. That is presented in Chapter 6.

whether there have been any attempts, scholarly or otherwise, at quantifying external, societal impacts as a result of bus service procurement methods.

Procurement encompasses the whole process of obtaining goods and services. It begins when a need has been identified and a decision has been made on the procurement requirement. Procurement continues through the process of risk assessment, seeking and evaluating alternative solutions, the awarding of a contract, the delivery of and payment for the goods and services and, where relevant, the ongoing management of the contract and consideration of disposal of goods.

Procurement methods have been a primary focus of the Australian bus and coach industry since the late 1980s, mainly via the Thredbo International Conference Series, a biennial conference that began in 1989, which examines passenger transport competition and ownership issues, reporting on recent research and experience and developing conclusions on key issues. It focuses on determining the effects of different forms of competition, ownership and organisation for land-based passenger transport on operators, users, governments/funders and society as a whole. Previous papers on global transport procurement policy and methods from this conference series are too voluminous to review and literature on transport procurement outside of this conference series is scant. Notwithstanding, a substantial number of texts by Hensher (1987; 1992; 1993; 2007a; 2007b), Stanley (2010; 2011; 2012), Longva and Norheim (2005), and Currie and Wallis (2008) have been studied as part of this research project, as they directly relate to transport planning, policy and procurement.

Competitive tendering is the provision of a service through a competitively awarded contract. It is also the default and preferred method for most government services in Australia. Governments choose what services to competitively tender and the private providers from which it purchases the services. Conceptually, tendering involves the public sector deciding what services should be competitively tendered and scopes out what specification should apply to the service. The market then responds to the tender and the firm with the lowest priced responsible and responsive tender that demonstrates the ability to provide the required quality and quantity of service is usually awarded the business. Cox and Love (1992) suggest that there are two fundamental and almost universal principles of tendering: the government retains full policy control, determining which services are purchased, establishing quality and safety standards administering contracts and monitoring service performance; and the government should foster a competitive market.

Most of the literature on the features and benefits of tendering was published in the late 1980s and early 1990s, when globalisation, privatisation and deregulation were gaining momentum. Communist and socialist countries were converting to market economies and many nations were facing sizeable financial challenges, thus contracting with the private sector at the lowest price gained momentum. In public transport, this saw the creation of several European firms contracted to operate ex-government assets. These firms are now large MNE operators that have a significant presence in many countries, including Australia.

Since the 1990s, there has been a growing body of literature and examples where tendering has not delivered the expected outcomes, for contract, market and organisational reasons. A key expectation of government in the use of competitive tendering is that it will reduce its costs, encourage operator innovation and improve customer service. However, this has not always been the case, as evidenced by many international case studies. For instance, Veeneman (2010) discusses how, in 2007, the Dutch authorities changed laws to remove the obligation for tendering bus services. Veeneman (2010) suggests the change in outcomes after renewing negotiated performance-based contracts, seems to be a result of a shared effort by the metropolitan authority, municipality, and operator, supported by a governance structure that makes the various interests between these groups explicit. Hensher and Wallis (2005) detail how bus service delivery costs increased as a result of a competitive tender in Brazil. Arlbjorn & Vagn Freytag (2011) discuss how tendering to regulate procurement is troublesome and hampers the possibility to learn and gain value measured on a broader scale. Wallis et al. (2010) suggest the case for continuing to use competitive tendering in subsequent contract rounds in preference to negotiation with an incumbent operator may be less clear-cut in having already been through tender rounds that extracted all likely savings. They conclude that government would incur \$5 million more additional costs for pursuing a competitive tendering strategy than a negotiated strategy. Hensher (2014) suggests stakeholders who promote the position that the government should choose to test the market for value-for-money through tendering, especially where incumbent operators demonstrate benchmarked cost efficiency, given the primary responsibility to the taxpayer, appear on the evidence to be inappropriately claiming noticeable benefits to society. Some examples of bus service tendering regimes that have not yielded service improvements are also discussed in chapter 6.

The case for negotiation suggests the aforementioned scenarios may have been avoided. Stanley and Hensher (2008) suggest an important rationale for negotiated performance-based contracts is that they are most likely to support a trusting partnership between purchaser and provider, particularly for system planning and, given scarce skills on both sides, such a relationship is more likely to maximise goal achievement through service provision than an awarding mechanism based on competitive tendering. Australian bus service contracts have been pioneers in the development of negotiated performance-based contracts, founded on a partnership, whereby contracts are re-negotiated with existing operators, subject to meeting certain conditions.

Nash and Bray (2014) state

Negotiated contracts may be appropriate in some circumstances, and have advantages in harnessing the local knowledge of existing local operators, but the market should be tested by competitive tendering from time to time. When competitive tendering is used, governments need to promote competition by, inter alia: specifying lots that are attractive to potential bidders; providing adequate data to all bidders; retaining risks that the operator cannot control; ensuring that bidders can acquire the assets they need, if necessary by leasing them to the operator themselves (p. 289).

3.5 Pertinent Characteristics of Family and Non-family Governance Models

This section discusses pertinent characteristics of the family and non-family bus operator governance models, the two predominant governance models in the Australian bus and coach operating environment. These characteristics include the mechanisms, processes and relations by which bus operators control and direct their business. Some characteristics are exclusive to one or other model, while others are common to both. Therefore it is important review the literature on the characteristics of the types of governance models that are operating in the Australian bus and coach environment at present. The literature on family business research and MNE's is voluminous, hence only scholarly articles that discuss the characteristics of both governance models that have a direct bearing on the context of this study are discussed in this review.

3.5.1 Embeddedness

With regard to embeddedness within a firm, Granovetter (1985; 1992; 2005) discusses embeddedness in terms of the extent to which economic action is connected to or depends on action or institutions that are non-economic in content, goals or processes. Granovetter (2005) suggests social structure affects labour markets, pricing, innovation and productivity, citing an interesting example of how General Motors was most profitable in periods when division heads were fully included in central planning, and least profitable when excluded. Hence, firms cannot be viewed simply as a formal organisation, but as having the essential elements of any social community. Extending this logic, the level of network fragmentation and cohesion, or coupling and decoupling, as Granovetter (1992) suggests, is a major determinant of outcomes. This reinforces Polyani's (1944) assertions that social relations are embedded in the economic system, rather than the economy being embedded in social relations. Granovetter's work supports the importance of trust in achieving shared and agreed outcomes. The non-economic dimension of action is central to Granovetter's research.

Heidenreich (2012) discusses a contradictory situation in the embeddedness of MNE's, presenting MNE's as organisations that coordinate and control subsidiaries across national boundaries and have an obligation to operate under different national contexts. By relocating activities to other countries to exploit foreign markets, lower labour costs or other advantages may ensue. This is important for understanding the challenges MNE's face: the simultaneity associated with a global economy, nationally fragmented political and institutional orders, as well as locally (community) and regionally concentrated social and productive relations. This illustrates the global standardisation - local adaptation paradigm MNE's are challenged with. Thus, the ability of an MNE to shift between different forms of embeddedness and disembeddedness, according to Heidenreich (2012) can be a competitive advantage of the MNE.

3.5.2 Long-term Orientation

The literature on the long-term orientation of a firm is relevant to this study as operator's with negotiated contracts appear to have a greater degree of long-term orientation toward their business and their community, than operator's with a negotiated contract.

When organisations have a short-term orientation, they are likely to favour financial, rather than strategic controls. In contrast, strategic controls (Ruefli & Sarrazin, 1986) reflect a long-term orientation and require an understanding of the current task, the risks involved and the potential trade-offs among the choices managers make.

Westhead and Howorth (2007) suggest that family-centred non-economic goals are of special importance. Issues such as family harmony, identity and status will become more important as the number of generations participating in the firm rises, especially since they increase the means by which the diverse needs of family members may be met. Chrisman et al. (2012) discuss family-centred non-economic goals, suggesting they are likely to reflect the values, attitudes and intentions of a firm's dominant decision-making process. The authors suggest that as family involvement increases, the family's stake in maintaining trans-generational control and the importance of commitment should rise. Further, a family's commitment to the firm suggests that interest in the values of the family and the firm are aligned by a dominant vision that will shape specific firm behaviours.

Associated with the long-term orientation of a family business is multi-temporality. Le Breton-Miller and Miller (2011) call this the ability to meet both long- and short-term challenges, that is, to effectively carry out organisational exploitation and exploration. The authors suggest 'continuity' represents an appreciation of legacy and tradition (Le Breton-Miller & Miller, 2011, p. 1172). Its roots are in the manner in which the past has provided information and resources that can be harnessed today to reach the future. The authors suggest continuity accumulates legends, goals, lessons and values from the past, preserving those that have been useful as guides for the future. This is present in many family firm bus operators, where apprenticeships and career tenures are lengthy. In this respect, the family owners and managers could be seen as stewards, careful to ensure that today's actions do not jeopardise longer-term prospects.

3.5.3 Trust

Trust is a fundamental governance mechanism. Trust is a relevant concept to be reviewed in this study due to the existence of several studies that discuss the role of trust and how it may facilitate contracting outcomes, both in a bus service (or transport industry) context and the wider corporate environment.

Mayer et al. (1995, p. 712) refer to trust as an individual's willingness to be vulnerable to another party and the expectation that an exchange partner will not behave opportunistically, even when such behaviour cannot be detected.

Eddleston et al. (2010) suggest that trust has not been fully integrated into the mainstream governance literature, which has largely focused on agency theory for explanations of behaviour and control within firms. They suggest that building economic relationships through factors such as social capital, reputation and family-based human asset specificity, which may be important sources of competitive advantage for family firms, vitally depends on trust.

Literature on trust in a public transport contracting setting was arguably pioneered by Stanley et al. (2007). The authors use Melbourne as a case study to highlight how partnerships at the tactical level might work in public transport service delivery and how trust between partners might be fostered. It explains how lessons from the failure of Melbourne's initial rail franchising have informed the re-franchising process and emphasises the role that partnerships at the 'tactical' (van de Velde, 1999, p. 148) level are playing in the new arrangements. Longva and Osland (2010) suggest that trusting relationships can make contracting feasible even under incomplete contracts, as the parties can work in good faith when unanticipated events occur. Stanley (2010) extends this logic, suggesting negotiated performance-based contracts as an alternative method of procuring services is most likely to support a trusting partnership between purchaser and provider. Further, in assessing the degree of trust between industry and government in South Africa, Walters (2010) suggests that having shared values and principles will foster a trusting relationship, needed to assist secure, sustainable funding for services.

3.5.4 Economic Performance

This thesis investigates how social values can affect economic performance. Scholarly attempts to conclusively link governance with performance, in family businesses or otherwise therefore need to be reviewed to see if any comparisons between what has gone before and the outcomes of this study can be made. The literature discussing links between governance and different interpretations of performance, is infrequent.

Most of the literature reviewed here measures performance by financial performance, typically using variables like profit, EBITDA (earnings before interest, taxes, depreciation and amortisation), ROI (return on investment) and ROA (return on assets). The

scarcity of literature on the link between governance and performance does not enable many definitive conclusions to be drawn, but there is 'a common thread in the studies' (Pieper, 2003, p. 16) of better performance from family-controlled firms.

Colli et al. (2003) suggest family firms are ubiquitous and numerically dominant in many countries. From this perspective, the social cohesion of the family provides distinct advantages in the early stages of industrialisation and where the legal environment of commerce is fraught with uncertainty. There is contemporary evidence that family firms retain their advantages in more developed economies and highly codified legal environments. Their superior performance is even more evident in emerging markets where they are viewed as 'engines' of the economy (Whyte, 1996, p. 48). This is consistent with Kemp's (2012) assertion that family firms account for 60 to 70 per cent of jobs in most OECD countries and that for many OECD governments trying to protect their economies (and themselves), small business emerged as a way to rebuild trust with the public and restart their economies. Berent-Braun and Uhlaner (2012) examine why some business-owning families are more enterprising and more financially successful than others are. They test the relationship between family governance practices and financial performance of a family business, concluding that effective performance depends on common goals and the shared vision of the members. Anderson and Reeb (2003), Casson (1999) and Chami (1999) discuss the notion of founding families seeing their organisation as an asset to be passed on, rather than consuming their wealth during their lifetime.

However, Bertrand and Schoar (2006) note a lack of evidence for the economic superiority of family-controlled businesses, listing at least nine scholars who systematically associated them with worse managerial practices. Further, Perez-Gonzalez (2006) discusses the relationship between inherited control and firm performance and finds that, consistent with wasteful nepotism, lower performance is prominent in firms that appoint family CEOs who did not attend selective undergraduate institutions. The author suggests nepotism hurts performance by limiting the scope of labour market competition and the large costs of nepotism are likely to be borne by minority investors who do not share in the private benefits of control. Hillier and McColgan (2009) further find family CEOs are less likely than non-family CEOs to depart following poor performance, and stock prices respond strongly and positively, both in the short- and long-term, to the announcement of their departure. Cucculelli and Micucci (2006) find that the inherited management within a family negatively affects a firm's performance and this decrease in performance is concentrated among well-performing companies, that is, founder-run companies that outperform sectoral average

profitability before succession. Cucculelli and Micucci (2006) find that family firms are not necessarily more profitable than others are, at least after the founder steps down, underscoring the importance of analysing the ownership and governance of firms in a variety of institutional settings. Finally, Donckels and Frohlich (1991) find the concept of an entrepreneurial family to be an oxymoron, as owners can be perceived as non-entrepreneurial and more risk-averse towards entry into new markets or development.

3.5.5 Performance of Firms Beyond Finance

The extent of a family firm's interaction with their community could be associated with the firm's reputation, identity, legacy: its non-financial or non-economic goals. As the pursuit and/or achievement of a family firm's non-economic goals could possibly signal a competitive advantage over other governance models, it is a relevant discipline for inclusion in this literature review.

Chrisman et al. (2012) suggest family firms may have family-centred non-economic goals that can influence firm behaviours. The authors hypothesise that the essence of family influence will partially mediate the relationship between family involvement and the family-centred non-economic goals in small firms. The authors propose that what differentiates family from non-family firms is a greater emphasis on non-economic goals, which are expected to reflect the perceptions, values, attitudes and intentions of the organisation. Some of the non-economic goals are now discussed. Chrisman et al. (2012) suggest that in family firms where the dominant coalition is controlled by family members, it seems likely that non-economic goals related to the family itself may be of special importance.

Zellweger and Nason (2008) assert that family firms often display a strong preference for non-economic outcomes. Colli (2012) suggests non-financial measures go from cohesion to continuity and even to reputation. Yu et al. (2012) note that family outcomes and non-economic performance such as sustainability, survival and longevity are the areas mentioned most frequently by family business experts as deserving more attention in future research. Finally, Miller et al. (2013) suggest socio-emotional wealth may take several forms: an ability to provide careers and security for current and later generations, community, visibility and status and even harmony within the family. The authors suggest this may breed compensating conformity over strategic behaviour, such as long-term family control and secure family careers.

3.5.6 Multinational Enterprises

MNE operators are a relatively new governance model to the Australian bus and coach operating environment. While there is no literature on their performance pursuant to the industry, there is voluminous literature available on MNE's general governance characteristics and performance in other contexts. Thus, only those sources that have a direct bearing on this study have been included, that is, characteristics that are specific to Australian MNE bus operator governance, and these are: international standardisation/local adaption; foreign direct investment; and transfer pricing. These concepts are relevant to this research because they are MNE governance characteristics which represent points of difference and possible competitive advantages over family firm bus operators.

3.5.6.1 International Standardisation and Local Adaptation

MNE's face a tension between the global and the local, and a confrontation of two different and even opposing logics. This is reinforced by Naguib and Ratiu (2010) and *The Economist* (1995). The interest in MNE's' need for local adaptation is based largely on economic considerations, where, for example, consumer preferences lead firms to change product lines. This is certainly the case in some Western countries, but it is nowhere near as true where the social environment may be highly significant. For example, where religion, ideology or national culture predominates, MNE's are often called upon to operate within these social contexts while expanding internationally. This is what is meant by the confrontation of different and opposing logics. Naguib and Ratiu (2010) attempt to detail the extent that local aspects influence the behaviour of MNE's. Moreover, MNE's are forced to maintain a constant balance between a myriad of pressures from different directions, pointing to the complexity of managing MNE's and the challenges faced by their managers and directors. This gives rise to the behaviour of MNE's differing away from their home base. The authors suggest that a service-oriented MNE's legitimacy and profitability depend on its ability to adapt.

Westney (1993) suggests MNE's need to maintain their legitimacy in both the host country and the parent country and find themselves in a situation of institutional duality, whereas Caprar (2011, p. 42) cautions MNE's on their approach to bestowing their standardised international culture upon 'host country nationals', noting how MNE's have been both praised and criticised for the changes they bring about. This suggests the need for further study into the spillovers (externalities) of the cultural change from MNE's

entering a foreign market, as there could be a paradoxical relationship between some local employees and the enterprise.

3.5.6.2 Foreign Direct Investment

Foreign direct investment, which is defined as equity investment by a parent firm to control the operations of a subsidiary corporation in another country (Rugman, 1986, p. xv), is a governance measure of MNE's. It is typically achieved by buying an organisation in the targeted country or by expanding existing operations into that country. Foreign direct investment is a governance characteristic of MNE's that represents a point of difference and possible competitive advantage over family firm bus operators. Thus, it is relevant to this study.

Moran et al. (2005) discuss new data from industry surveys that document many examples of external benefits (benefits to the host economy beyond what is captured by the foreign investors themselves). Similarly, the authors suggest developed countries have no business allowing the supporting and subsidising of import-substitution foreign direct investment that stifles trade and detracts from host country welfare, as is the case in many developed economies. They suggest that whether it is in the host country's best interests to devote scarce resources to attracting and incorporating foreign direct investment into its development strategy is the 'most severe research challenge' (Moran et al., 2005, p. 3). They argue that the answer depends on whether the project generates positive spillovers for the host economy. Javorcik and Spatareanu (2005) find that the presence of foreign firms in downstream industries is positively correlated with higher productivity of domestic firms in the supplier industries, but the 'cherry-picking' of local firms to supply goods and services to the incoming MNE does not necessarily involve externalities. Feinberg and Keane (2005) find that when inter-firm trading occurs, an important synergy between liberalisation of trade and investment is likely, leading developing countries to more productive use of local resources and high domestic growth rates when both occur simultaneously. Blalock and Gertier (2005) find when MNE's transfer technology to suppliers, it results in lower prices, increased output, high profitability and increased entry in the supplier market and that the economic returns, that is external benefits, to the host country exceed the private returns to the multinational investors and their direct suppliers. Lin and Saggi (2005) develop a sceptical view of the justification for providing subsidies, which can take many forms including skill-training programmes, access to vocational organisations, modernising infrastructure, creating industrial parks, streamlining regulatory

agencies, tax breaks and direct subsidies. Carkovic and Levine (2005) suggest that foreign direct investment does not exert a robust, independent effect on host country economic growth when other factors are taken into account.

Most of the literature reviewed on foreign direct investment is focused on developing economies. Further, the case studies show that it has led to positive performance and results in some countries while failing in others. It is suggested that this is because the effect of foreign direct investment depends on the overall context in which it occurs, and more work is needed to improve the measurement of outcomes. The conflicting set of messages from the research is tested during this study's methodology by asking MNE operators about these matters in order to see which behaviours apply to MNE bus operators.

3.5.6.3 Transfer Pricing

Transfer pricing refers to the prices charged in intra-company transfers of goods and services (Wong et al., 2011, p. 10). Transfer pricing is a governance mechanism that is exclusive to MNE's and yields these firms a financial competitive advantage, hence its inclusion in this review.

It is important for both taxpayers and bureaucracies who administer taxation because they determine the income, expenses and taxable profits of corporations and where these are realised. Transfer pricing has received an increased level of scrutiny since the worldwide financial crisis. It is also receiving substantial attention from the Australian federal government at the time of writing. Wong et al. (2011) state that when MNE's determine their transfer prices, they have to take into account the legal constraints of both the headquarters and the foreign affiliates' countries. Common constraints are repatriation restrictions, socio-political requirements and tax rules. If left unchecked, MNE's have an incentive to use transfer pricing to move profit between tax jurisdictions with differential tax rates, minimising total corporate tax.

To avoid disputes among tax jurisdictions, the OECD (2008) provides transfer pricing guidelines based on the arm's-length principle, that is, that the transfer price should be the same as if the affiliates were independent companies. This principle is the framework for many bilateral treaties between OECD countries and even non-OECD countries. MNE's can change their environmental, marketing and production decisions to manipulate the arms-length transfer price. Transfer pricing can present a professional and

ethical dilemma for MNE's, regarding whether the transfer pricing decision should be delegated to the divisional level or formulated by headquarters.

3.6 Voluntary Professional Association Memberships

Part of this study analyses the role the SBVPA's play as part of the industry's social capital, whether there are varying degrees of difference in this role among other SBVPA's, and what are the factors, if any, that account for differentiation amongst states. It also investigates how, if at all, the association, as an agent of the operator, influences their community interaction. Understanding the extent of involvement and dependence that family business and non-family business bus operators derive from their voluntary professional association is central to this task. Further, understanding what the literature says about the extent to which firms subscribe to voluntary professional associations and if other industries have written about the nature of factors that might influence this subscription is required.

Parada et al. (2010) define voluntary professional associations as organisations created to represent business interests within specific domains, mobilising the firms within these areas so that collective action can be taken to address common problems. The authors assert professional associations play a central role as carriers and promoters of desired government practices, values and organisational principles. Their study demonstrates how institutional champions can lead the process of changing values in family businesses from their position as a social bridge between the family-firm level and the institutional level.

Lester and Cannella (2006) suggest community-based social capital enhanced through membership in a community of, for example, founder-led firms, professional service organisations, or non-profit entities, if linked to compensation (remuneration and reward) practices and norms across those communities might open up a multitude of new avenues for research. Carney (2005, p. 259) suggests transactions stemming from membership in social networks (like professional associations) tend to rest upon one of several 'axes of solidarity' such as kinship, ethnicity, community and political affiliation, which form the basis for interpersonal trust. Such transactions may be associated with unspecified obligations and reciprocity over uncertain time horizons. The author also suggests social capital generates value for a firm because it reduces transaction costs relating to search, screening, adjustment and contract enforcement. Carney (2005) suggests that the efficiency advantages of family governance diminish with large firm size; business groups that have extensive social capital can influence the political agenda,

capture policy initiatives and reverse institutional developments that generate competition from new entrants.

Bryce (2012) suggests that unlike a firm, the non-profit is a public or social asset. It does not belong to a group of investors. Therefore, the issues of social accountability, responsibility and control are inherent in the principal-agent paradigm as applied to the non-profit as an agent of public policy. Non-profits foster, formulate, perform and evaluate society's policies that further the public good. Inherent in this relationship is the concept of the non-profit acting as an agent of public policy. On a micro level, social capital and non-profits affect the performance of entities involved in a myriad of major transactions as a matter of public policy. Non-profits facilitate collective action for government by using the networks, interactions, trust and reciprocity of their members. The industry's social capital is what binds the members of the association, fostering a common trust that induces cooperation and therefore collective action.

Anecdotally, having an industry representative body that both invests in research and development and coordinates systems—not necessarily in the immediate geographic community, but on behalf of a community of interest or collective of likeminded businesses—are but two centrally co-ordinated tasks that benefit the collective. By organising activities such as courses, programmes and seminars, voluntary professional associations represent a space where family business stakeholders can socialise and engage in training, thereby sharing knowledge and fostering personal individual development.

The Bus Association Victoria, Inc. (2015) website states its role is to form, spread and legitimise the adoption of guiding business values as a specific type of governance practice. The website also states it is owned and controlled by its members and it applies 'co-op' principles and values as part of its *modus operandi*; it is perceived as a co-operative by members and the public alike. Although classified as an incorporated association, its remit is aligned to that of a co-operative. The International Cooperative Alliance (2015) website defines a co-operative as an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned democratically-controlled enterprise. A cooperative aims to generate and reinvest profits necessary to sustain or grow the business while also providing low prices and improved services to members, which in turn engenders high levels of loyalty and commitment. A cooperative is a type of social enterprise that trades to create social value, whether it is to serve members better, to generate community benefit, or to trade more

ethically. Social enterprises share prosperity with all of their stakeholders—members, customers, employees and the community—and make profit (or surplus) in the service of their social goals. This suggests that the association is part of bus operators' social capital. The remit of the other Australian SBVPA's does not differ to that of the Bus Association Victoria, Inc. as their Constitutions are virtually identical. Each SBVPA's interpretation of its Constitution and strategy to be relevant to its membership differs from state to state however.

3.7 Conclusion to Literature Review

This chapter has reviewed the literature on two theories (stakeholder perspective and agency theory), one construct (family point of view) and two philosophical movements (localism and globalisation) to provide insight into the propensities of bus operator governance models to achieve certain levels of community interaction. The literature associated with the nature, extent and value of how firms interact with their communities, externalities, and corporate social responsibility was also discussed. In addition, the literature associated with some of the factors possibly associated with a firm's community interaction was reviewed, as was the literature associated with pertinent characteristics of family and non-family firms. Literature associated with the role and value of voluntary professional associations for a firm's endeavours was also presented. This literature review contributes to forming an understanding of what has gone before in terms of: how firms interact with the communities in which they operate; what factors have been asserted by previous scholars to cause a firm to interact with its community; and whether agents, such as SBVPA's, have been shown to help facilitate a firm's propensity to interact with its community.

Undertaking a review of the literature that relates to this objectives of this study has resulted in several key findings:

1. While scholarly endeavours to measure economic and environmental externalities are common, valuing externalities of a social kind, that is, those relating to society or its organisation, are much less common, and the researcher has been unable to locate any studies relating to the contribution that a firm makes to its wider community, that is, how that social interaction affects any economic outturn. This study aims to make a contribution to knowledge for measuring social externalities in a way that has not been done before.

2. There is a lack of knowledge associated with what the actual characteristics or variables of different types of governance models are that influence a firm's propensity to interact with its community. Cennamo et al.'s (2012) discussion on how firms interact with their community is general and brief. The actual social externalities appears to have not been defined in this context previously, hence this study attempts to make a scholarly contribution to defining how firms interact with their community and what some of the factors are which influence a firm's propensity to participate in varying levels of corporate social responsibility toward their community.
3. The discussion associated with the non-economic performance of family firms and the economic performance of MNE's suggest that performance is multidimensional and therefore an important determinant to this study. This study aims to make a contribution to the notion that firm performance has a broader meaning than financial performance, such as profit or return on investment, and that quantifying triple bottom line (economic, environmental and social) determinants will see a more holistic, or societal BCR achieved.

In light of both the researcher's industry experience and exploring the literature, it appears that these are gaps in knowledge. This oversight is important because of the policy implications on: bus service contracting; CBA methods; and community prosperity. Therefore, the researcher sought to gain knowledge to answer the questions posed at the beginning of this chapter; to explore what a 'social' contribution or interaction to community might entail and what might influence the size of any such contribution or interaction by developing a methodology which is detailed in the next chapter.

4. OBJECTIVES, HYPOTHESES AND METHODOLOGY

4.1 Introduction

This chapter details the methodology employed to define the nature of a bus operator's community interaction, the factors associated with such interaction, the role of the SBVPA in enabling an operator's community interaction. A value on operators' social value addition will also be presented in this chapter. The objectives of the methodology are initially presented, then this study's two hypotheses and the research theory and approach used, being Grounded Theory and triangulation are presented. This is followed by a presentation of three different qualitative and quantitative methods necessary and appropriate to investigating the research. This chapter also presents the way in which the Survey was distributed and processed and why the types of statistical methods were adopted. The Survey's limitations are also presented.

4.2 Ethics Approval and Confidentiality

The Monash University Ethics Committee approved the research methodology for Stage One in October 2012 and for Stages Two and Three in December 2013.

The researcher was aware of the need to reassure the operators that strict confidentiality would be maintained because of the sensitive nature of some of the information sought. Moreover, the researcher desired to maximise the accuracy of the operators' responses through such reassurance.

4.3 Objectives

In addressing the four research questions posed in the chapter 3, the researcher is endeavouring to see: if bus and coach operators add social value to their community beyond their contract value; what is the form or nature of any social value addition; what factors may influence an operator's propensity to interact with its community; how big, or small, is any social value; what is the significance of any social value addition; and what are the implications of any social value addition?

This research explores which, if any, bus operator governance models affect community prosperity more than others. Do social externalities add value to an economy and to communities? And do bus services contracted by governments deliver a positive or negative outcome beyond what is embedded in bus service contract prices?

This research also endeavours to establish whether the SBVPA contributes to operators achieving any social value addition and what, if any, contributing actions performed by SBVPA's might enable an operator's contribution. The researcher, as a practitioner, has observed that each of the SBVPA's undertake functions that indirectly affect the operation of its members businesses, to varying extents. They negotiate template service contracts with a fair margin periodically on behalf of their members. They strive to deliver competitively priced products and services to their members which help their members' viability. The SBVPA is often a forum to workshop solutions to operator specific and industry wide issues. The researcher will test whether the provision of these functions by the SBVPA can be shown to contribute to operators sustaining the extent of their community interaction or not. These are fields where the researcher was unable to find prior research.

Thus, this study aims to make several contributions to knowledge: to see if the valuing of externalities could bring a new dimension to state government procurement, by showing how social costs or benefits may be affected when a voluntary buyer/seller exchange is made, and whether any external costs might be incurred when private savings are made by the state government in taking the lowest service cost. Such a discovery may fill a knowledge gap where government procurement and value-for-money impacts the extent of a firm's community interaction and may lead to more socially beneficial government decision making. Further, this study tests the notion that the extent of social capital linkage between non-profit organisations and their members affects the performance of firms involved in major transactions in relation to public policy. If this is identified, such knowledge will contribute to the global narrative on how voluntary professional associations, as facilitators of social capital linkage, might indirectly enable both a firm's civic interaction and a more prosperous community.

4.4 Hypotheses

In light of the above, the research questions detailed at the beginning of chapter 3 and the findings of the literature review, this thesis will test the following two hypotheses:

1. That bus operators contribute value to their communities beyond (that is, in addition to) the commercial value of their services. (H1)
2. That the SBVPA indirectly enables a bus operator's social-value addition. (H2)

4.5 Research Methods and Theory

The research theory adopted for Stages One and Three of this study's methodology is Grounded Theory. Gray (2014) suggests Grounded Theory is

an inductive approach to the analysis of data involving open (disaggregation of the data), axial (recognising the relationships between categories) and selective coding (integration of categories resulting of a theory) (p. 611.)

Grounded Theory allows for discovery, development and provisional verification through systematic data collection and analysis of data pertaining to that phenomenon (Strauss & Corbin, 1998). This research is led and guided by the experiences of people in the inquiry and findings reflect patterns in these experiences (Engward, 2013.) Grounded Theory is a general method that can use any kind of data, even though it is most common to use qualitative data.

This research methodology starts being qualitative in nature, then quantitative, then reverts to a qualitative process again. This mixed-method practice is called triangulation. Triangulation is a mixed-method practice which sees a variety of methods or data sources adopted to examine, in this case, the specific phenomenon of how bus operators interact with their communities. The combination of qualitative and quantitative methods compensates for the weaknesses of each method, but the different methods remain autonomous (Gray, 2014.) Stage One explores how bus operators interact with their communities through qualitative interviews with bus operators and stakeholders, including authorities and other voluntary professional associations, both locally and in other parts of the world. Stage Two involves a Survey of bus operators Australia-wide with both closed choice questions and the capacity for commentary. Stage Three explores the reasons why operators interact in their community, via an operator focus group, and obtains views of their interaction through interviews with various community representatives. This is a triangulation approach.

The research questions pose a number of design problems. Sociology research is inherently difficult and complex. With one construct ('the family point of view'), two theories (Stakeholder Perspective and Agency Theory) and two political movements (localism and globalisation) to test, the research is very broad, covering a range of issues in

multiple fields. Much of the subject matter deals with attitudes and opinions, often in sensitive and emotive areas.

Because of the nature of the research questions, a number of research designs, which will lead to both discovery of information and verification of the findings, have been used. This approach leads to greater confidence in the findings, as:

it is very reassuring when two or more methods of knowing converge on the same conclusion (Anastas & MacDonald, 1994, p.12.)

4.6 Stage One: Exploratory Stage

To answer the research questions posed earlier, the researcher has firstly to understand how bus operators interact with the communities in which they provide a transport service. He also has to gain insights into why operators interact in the manner in which they do. Specifically, to identify what factors, if any, are associated with an operator's propensity to interact with their community.

Therefore the researcher chose to undertake exploratory research as a starting point; to explore what a 'social' contribution or interaction with community might entail and what might influence the size of any such contribution or interaction.

The first stage of this study involves qualitative exploratory work to identify the nature of a bus operator's community interaction and the associated variables, and to explore the first research hypothesis. Hence, the researcher chose an approach that would deepen his understanding of the context and test the feasibility of a more extensive quantitative study.

The exploratory stage of this study commenced in late 2012 and was completed by October 2013. A snowballing sample technique (Goodman, 1961) was used to invite various stakeholders in the local and overseas bus and public transport industries to participate in an interview, because the researcher was known to many of the stakeholders, or because these stakeholders knew of other persons who might be interested to contribute a view to this line of enquiry. Appointments and interviews were requested and conducted pursuant to Ethics Committee requirements.

The following summarises the participants in the 53 Stage One interviews.

- Bus operators: 35 interviews, including 27 with operators based in Australia and eight overseas (Canada, the United States of America, Norway, the Netherlands, Finland, Sweden, England, and New Zealand); 28 operators were family business bus operators, and seven were MNE operators. The interviews were relatively unstructured and went for between half an hour and one hour.
- Authorities: four interviews, including two Australian authorities and two based overseas.
- Universities: six interviews, including one institution based in Australia and five based overseas.
- Voluntary professional associations: seven interviews with overseas associations that are representatives for public transport.
- One interview with a consultant to the public transport sector was also held.

4.6.1 Purpose of Stage One interviews

The purpose of the Stage One interviews was fivefold. To understand from the interviewees' perspective:

1. if and how bus operators add value to their communities and whether their community interaction is associated with any particular variables;
2. the interrelationships among factors, community interactions and suggesting theories that might be used in the larger study;
3. the nature of operator-authority relationships in other countries and to establish any differences with those in Australia;
4. how authorities approach bus service procurement and the general cultural features and *modus operandi* of overseas public transport networks; and
5. the association-operator-authority relationship in other countries.

It was hoped this Stage One exploratory research would provide an understanding of various participants' perceptions, attitudes, beliefs, views and feelings about their respective operating environments. At this point, it is anticipated the knowledge obtained

from this exploratory research would inform and become embedded in subsequent stages of research. Such an approach is consistent with Grounded Theory: to build a theory rather than test a theory by indentifying concepts and developing them to form the building blocks of theory (Strauss & Corbin 1998).²

4.7 Stage Two: Bus Operators' Community Interaction Survey Development

The Stage One (exploratory) stage was designed to enable the researcher to verify if and how bus operators interact with the community in which they provide bus services. The next task was to test the types of inter-operator interactions and the community value of these.

The research questions required a wide range of information in the areas of factual data, feelings, attitudes, opinions, behaviour. Design of the questions to elicit factual data presented few problems, apart from ensuring that the questions covered the information required, were to the point, and unambiguous. It was decided that the most direct, professional and ethical way of eliciting this data from operators was to ask them by way of an anonymous survey.

It was decided a survey would be the appropriate mechanism to measure this because the Stage One exploratory research only gave the research breadth, not depth, whereas a survey of bus operators would better describe and explain knowledge, attitudes and behaviour. More importantly, a survey would provide data to help explore any statistically significant associations between social, economic and psychological variables and behaviour. The survey needed to generate data that enabled analysis and description: analytical to establish variables, values and enable generalisation of the results where they were found to be statistically significant; and descriptive to further explore perspectives and enrich and test the qualitative data obtained from Stage One. Further, a survey is relatively low cost in terms of time and money, participants would be able to complete and return the questionnaire at their convenience and participants' anonymity could be closely managed.

Hence, the Bus Operators' Community Interaction Survey (the Survey, see Appendix 1) was devised in the last quarter of 2013 and its purpose was to measure the extent and value of an operator's community interactions and its relationship with its SBVPA.

² Grounded Theory is discussed in the next section and the results of the exploratory Stage One appear in chapter 5.

Developing a survey took time for three reasons: no-one appears to have previously quantified a social externality; there appears to be no previous scholarly attempt to identify the specific ways in which firms interact with their community³ or to place a social value on a firm's community interaction; and, apart from the researcher's recent publications, no previous scholarly attempts to scrutinise the characteristics of various Australian bus and coach operator governance models were identified. The Survey was piloted on 5 operators, refined pursuant to the operators' feedback, then finalised.

4.7.1 Survey Objectives

The Survey was developed to address the four research questions (RQ1–RQ4) and test the two hypotheses (H1 and H2). Specifically, it had five objectives:

1. to test the nature of the community interactions identified in Stage One;
2. to establish whether there is quantitative support for the factors hypothesised to be associated with operators' community interaction;
3. to measure the extent and value of each of the community interactions;
4. to measure the extent of SOC that is prevalent among bus operators on a state-by-state basis; and
5. to quantify the level of regard (satisfaction) operators have for their SBVPA and the extent of social capital linkage between them on a state-by-state basis.

The Survey asks 29 questions of Australian bus and coach operators, seeking qualitative and quantitative answers in five sections:

1. Section 1 centres on firm size, ownership and control;
2. Section 2 asks operators to detail the extent and value of the community interactions identified in the Stage One exploratory study;
3. Section 3 asks operators about the role of the SBVPA and the extent to which it contributes towards the industry's social capital;
4. Section 4 investigates operators' views on the ingredients to success in the bus industry; and
5. Section 5 investigates the operators' SOC.

³ Cennamo et al.'s (2012) article listed three general ways in which firms interact with their community.

To measure the extent and value of operators' community interactions, the Survey asks operators to nominate how many times (the frequency) they undertook a certain interaction identified through the exploratory study, and what dollar value they attached to each interaction (the unit rate.) To measure the extent of operators' SOC, the researcher chose to adopt the Sense of Community Index (SCI) (McMillan and Chavis, 1986) model as this has been found to be positively associated with: length of residence, neighbouring, satisfaction, and informal social control (Perkins et al., 1990); political participation and community involvement (Hughey et al., 1999); perceptions of social climate among college students (Pretty, 1990); and well-being (McCarthy et al., 1990). Further, Peterson et al. (2006) suggest this McMillan and Chavis (1986) model has been shown to be robust across different populations and referents and that advances in measurement could be anticipated by adhering to its framework.

4.7.2 Distributing the Survey

There are approximately 5,500 bus and coach operators in Australia. The researcher attempted to reach as many of these operators as possible in order to include as many as possible in the research sample. It was thought that contacting the state government authority responsible for maintaining bus and coach operator details in each jurisdiction to request the supply of a database, might succeed. However, the jurisdictional authorities could not, or would not, supply their bus operator databases due to privacy concerns. As an alternative approach, the six SBVPA's and the federal representative body (that had operator members who were not members of the SBVPA's) were requested to send the Survey to all of their operator members – a total of 1,623 operators. This request was supported by each SBVPA and the federal representative body. The Surveys were sent 6th January 2014 and all recipients were requested to complete and return the Survey by 7 March 2014. The results of the Survey are presented in chapter 5 and discussed in chapter 6.

4.7.3 Processing the Survey

When the Surveys were returned, all quantitative information was entered into SPSS™ (v.20, IBM, USA) and all qualitative information into Excel. The quantitative information was analysed using SPSS, the results exported into Excel for conversion into various table and graph formats, then copied into Word for ease of presentation.

4.7.4 Survey Responses

The Survey was sent to 1,623 operators. This represents approximately 30 per cent of the 5500 bus and coach operators in Australia. Upon enquiring into the robustness of the number and nature of operators that do not belong to SBVPA's, representatives from each of the SBVPA's confirmed that non-members are mostly charter and tour bus operators with no government contract and community transport providers, both of which the SBVPA's believe have a reduced 'need' for representative services.

The number of Survey responses varied from state to state as presented in Table 1. It shows two hundred and seventy six Surveys were returned and all were usable. The 13 per cent survey response rate was deemed adequate by two independent consultant statisticians for undertaking statistical analysis on an overall (national) basis for all four research questions. Statistics based on small samples vary more than do statistics calculated on large samples and so have a bigger chance of misestimating the parameter of a continuous variable (Bernard, 2013, p. 156.) For a small sample, that is, a sample of less than 30, the confidence interval around the mean of the sample can be calculated under the assumption that the population is normally distributed. With large samples (samples greater than 30), the sampling will be normal even if the population is not (Bernard, 2013, p. 157.)

Specific analysis on South Australia is not possible due to an inadequate number of responses. No analysis of the Australian Capital Territory (ACT) is possible as the one Survey that was sent to the state-owned operator (the sole operator in the ACT) was not returned, as indicated in Table 1.

Table 1: Survey Response Rates

	VIC	NSW	QLD/NT	TAS	SA	WA	ACT	TOTAL
Surveys Sent	424	526	187	185	45	255	1	1623
Surveys Returned	98	73	24	24	5	52	0	276
Survey Capture Ratio	23%	14%	13%	13%	11%	20%	0%	13%

4.7.5 Statistical Analysis Methods

The researcher undertook two stages of statistical analysis: bivariate methods in the first instance, then multivariate methods in the second instance. The initial bivariate approach sees the means of each of the community interactions, which are all continuous or 'scalar' variables, cross- tabulated against the variables suggested in the exploratory

study which may be associated with a bus operator's community interaction, some of which are categorical variables⁴. After concluding the bivariate (or "bottom up") analysis, a second stage of analysis was undertaken; multivariate analysis in the form predictive modelling, specifically, binary logistic regression and multiple linear regression. These multivariate (or "top down"- processes that progress from a large, basic unit to smaller, detailed sub-units- or overarching) models were used to see which, if any, of the independent variables have a relationship with the dependent variable. This second stage of statistical analysis was undertaken to see if different results to the bivariate analysis would eventuate and to be satisfied that all options to find relationships between the independent and dependent variables had been exhausted. The multivariate analysis was also undertaken to see if some of the variables that are identified as important in the bivariate analysis drop out when many variables are considered at the same time. Such modeling may be of benefit to community development policy makers looking to understand what governance considerations are most likely to yield improved community outcomes.

To compare the differences between the answers, parametric (Independent Samples t-test; One-Way Analysis of Variance [ANOVA]) contrast tests were used. The parametric tests were applied to both the non-transformed scale data as well as to the natural-logarithm-transformed ('Ln-transformed') scale data. The Ln-transform is useful in the case of highly skewed data distributions. The Independent Samples t-test is commonly used when there are two sets of data to be compared. The One-way ANOVA Contrast Test is used to test for differences amongst three or more sets of data. Lastly, Pearson Chi-Square tests were employed for analysing data on social capital linkage and SOC. They are applied to a set of categorical data to evaluate how likely it is that any observed difference between the sets arose by chance.

4.7.6 Survey Limitations

Prior to revealing the qualitative and quantitative results of the Survey of Bus Operators, it is necessary to explain the Survey's limitations.

First, in respect of questions requiring national analysis, although the Survey responses from Queensland and Tasmania only number 24 each, data from these states has been included in all research questions. Two independent professional statisticians have

⁴ Categorical variables have values that describe a 'quality' or 'characteristic' of a data unit, like 'what type' or 'which category'. Categorical variables are qualitative variables and tend to be represented by a non-numeric value. (ABS, 2015.)

attested their adequacy. Merging answers from South Australia/Victoria/Tasmania and New South Wales/Queensland together was considered, but it was decided that doing so would skew the results, hence the decision was taken to not merge the data from some states. The operating and representative environments are different in each state and merging responses may turn a strong negative into a neutral or mildly positive rating, and vice versa.

Second, the context posed a limitation, as some research questions require state or territory specific analysis. There is only one operator in the Australian Capital Territory and that operator chose not to respond to the Survey, hence that territory has been excluded from all analysis. Performing state-specific analysis on survey responses from South Australia is problematic because only five responses were received, which is insufficient for statistical analysis. Analysis of data from that state was undertaken and has been included in the answers to the various questions that require collective analysis, but readers looking at answers presented on a state-specific basis should overlook results pursuant to South Australia –no commentary in relation to that state is offered.

Third, in response to Q.11(a), ‘In your primary state, have any of your existing government contracts ever been renewed via a negotiated process?’ 55.4 per cent of participants said no, 39.1 per cent said yes, and 5.4 per cent did not answer the question. It was subsequently noted that ‘negotiated process’ is not well understood by the industry, but had the question used the term ‘rolled over’ instead of ‘renewed’, more participants may have answered ‘yes’ because it is a well understood term nation- and industry-wide. So, it is expected that there would have then been a higher proportion of answers to Survey Q.11c between ‘3’ and ‘8’ times, as shown in Table 2.

Table 2: Summary of Number of Negotiated Renewals of Bus service Contracts

No. of Negotiated Renewals	Frequency	Percentage
1	43	15.6
2	33	12.0
3	10	3.6
4	8	2.9
5	1	.4
6	3	1.1
8	2	.7
Total	100	36.2
Missing	176	63.8
Total	276	100.0

Fourth, the participant profile and the number of responses from 'small' bus operators exceeds the number of responses from 'large' bus operators by a ratio of almost 25: 1 (221 responses from 'small' operators, 46 from 'medium' operators and 9 from 'large' operators.) However, this reflects the composition of the Australian bus and coach industry, in which the vast majority of operators are considered small. All enquiries have confirmed that only approximately 50 operators in Australia are considered 'large' (that is, with more than 100 buses) and, of these, only approximately 35 are contracted to Government to provide route or and/or school services. The remainder are large coach operators that undertake tours or corporate charter work (for example, mining contracts). So, despite receiving only nine responses from 'large' operators, they represent nearly 20 per cent of all 'large' operators nationally.

Of the nine 'large' Survey responses, six are family businesses, one is a hybrid firm and only two are non-family operators. Of the two non-family Survey responses, one is a government-owned and operated enterprise, the other is a public, MNE operator that was not very forthcoming regarding the eight community interactions and provided no information about purchasing behaviour. This effectively leaves one non-family 'large' operator to compare with seven family operators for statistical purposes. Any comparison made on this basis has anecdotal value but little statistical value. As there are very few non-family firms in the Australian bus and coach operating environment, qualitative data from the Survey and transcripts of interviews of six large, non-family bus operators secured during the exploratory stage of this study will be relied upon.

4.8 Stage Three: Additional Operator Focus Group and Interviews with Community Leaders

The findings from the Survey on the extent and value of bus operators' community interaction were tested with the opinion obtained from community representatives. This third Stage of research consists of two parts:

1. one focus group with 14 Victorian metropolitan and regional bus and coach operators was held in December 2014 to discuss the research findings to that date, further investigate why operators interact with their community and to identify any other phenomena that might explain an operator's behaviour;

2. thirteen semi-structured interviews with community representatives such as school principals, school bus coordinators, and local and state government representatives in both metropolitan and regional and rural Victoria. It was hoped this would provide further insights into the communities' views on their bus operators' community interaction and to see if there was any consistency between the operators' views and community representatives views.

In relation to the first part of Stage Three, the researcher sent invitations to 20 Victorian operator members of the Victorian SBVPA, in accordance with the Monash University Human Resources and Ethics Committee requirement. Fourteen operators accepted the invitation. The researcher used open-ended, non-leading questions that prompted operator participants to think about why they interacted with their communities. The researcher also aimed to stimulate participants to produce more information, that is, build on information that was offered in the Survey nearly one year prior.

Focus groups are best characterised as a form of group interview that places particular importance on interaction between participants. They comprise group discussion among carefully selected individuals, guided by a moderator using a carefully designed topic guide. The composition of the group, structure of the guide and location flow from a well-defined research objective and is guided by a well-articulated purpose (Stewart & Shamdasani, 1990.)

In relation to the second part of Stage Three, the researcher sent 13 invitations to community individuals and organisations in metropolitan and regional Victoria. All 13 individuals or organisation accepted the invitation and the interviews took place in the community representative's workplace or home between February and May 2015. The Stage Three community representative interviews consisted of four primary open, non-leading prompts relating to the individuals views on:

1. the level of professionalism of incumbent bus operators;
2. how operators' community interactions might benefit the communities in which they operate;
3. whether community representatives shared the operators' views towards concern for community; and
4. if community representatives nominated any other issues related to the ongoing operation of the bus service.

4.9 Conclusion

This chapter has presented this study's research objectives, two hypotheses, the three different Stages of qualitative and quantitative methods necessary and appropriate to investigating the four research questions:

- defining the nature, extent and value of bus operators' community interaction;
- exploring the factors that may be associated with operators' community interaction; and
- identifying the role of the SBVPA in enabling an operator's social-value addition.

The Survey's limitations were also presented. The appropriateness of Grounded Theory underpinning Stages One and Three of this methodology lies in the goal to generate a theory systematically from the data that is a distinctive attribute of this qualitative method (Walker & Myrick 2006) and which can identify the underlying constructs that link bus operator governance with community interaction and prosperity. Using a triangulation (mixed-method) approach, it was hoped that this would produce holistic conclusions and results that could be assessed for similarity to the findings discussed in the literature review. The results of this research are presented in the next chapter.

5. RESULTS

5.1 Introduction

The results of Stages One, Two and Three of this study's methodology are presented in this chapter. The qualitative and quantitative data will be brought together to:

- answer the four research questions (RQ1–RQ4) in order, as presented at the beginning of chapter 3;
- satisfy the five objectives of the Bus Operators Community Interaction Survey as presented in chapter 4; and
- test the two hypotheses (H1 and H2) as presented in chapter 4.

Section 5.2 addresses Research Question One (RQ1), describing eight ways that operators interact with their community. Several examples of each interaction are also offered. The eight CI's are then summarised and section 5.3 concludes the answer to RQ1. Section 5.4 addresses RQ2; it introduces seven potential factors ('predictor variables' (P)) that seem to be associated with, or influence, an operator's propensity to interact with their community. Sections 5.5 presents the stage two Survey objectives and structure, section 5.6 shows how the results are presented and section 5.7 presents the Survey's limitations. Section 5.8 presents the bivariate analysis of this study by addressing RQ3 and RQ4. It determines the mean values of the eight types of community interaction (CI1-CI8) (from Survey Q.12- 19) resolved according to each of the predictor variables P1 to P7. Section 5.9 addresses RQ4 and whether H2 is supported or not. Section 5.10 presents the multivariate analysis of this study, being binary logistic regression and multiple linear regression. Section 5.11 presents the results of stage three of this study's methodology and section 5.12 discusses the intangible benefits associated with operators' community interaction. Section 5.13 presents a summary of this study's key findings and a critique of both the identified and unidentified predictor variables found to be associated with an operator's community interaction.

5.2 Addressing Research Question One (RQ1): How operators interact with the communities in which they provide a bus service

The nature of bus operators' interaction within the community are presented pursuant to the results associated with the Stage One exploratory work.

As the researcher could not locate any meaningful literature that went into detail about how firms interact with their community⁵, the Stage One exploratory interview was the mechanism adopted to secure this information and address RQ1. Having interviewed 35 bus operators both locally and overseas on how they interact with their communities, and questioning industry stakeholders on their knowledge of operators' community interaction, patterns became apparent relatively early in the interviews which enabled the researcher to place the nature of the community interactions (CI) into eight categories as follows:

- discounted services (CI1)
- financial and non-financial donations (CI2)
- sponsorships (CI3)
- time contributions (CI4)
- safety and security contributions (CI5)
- purchasing behaviour (CI6)
- sharing resources (CI7)
- combining resources (CI8)

The first six community interactions demonstrate bus operators' contribution to their community stakeholders, including bus passengers, parents, schools, residents and staff. These six community interactions are referred to as 'operator to community interactions' in subsequent chapters. The last two community interactions show how bus operators interact with fellow bus operators. Fellow bus operators' are part of an operator's community of interest and the quality and quantity of how they work together can have an external effect on their geographic community. These two interactions are referred to as 'operator to operator interactions' in subsequent chapters.

⁵ Cennamo et al.'s (2012) article listed three general ways in which firms interact with their community.

The nature of these eight community interactions is now described. References to participants have been labelled with a random number that equates to an interview number held by the researcher, to protect the participant's identity.

5.2.1 Discount (Underpriced) Services (CI1)

Discount (or underpriced) services denote community interaction in which bus operators provide bus services at either complimentary or discounted prices to local organisations and/or individuals. Below are a mixture of examples taken from the interviews with bus operators and sentiments expressed by operators in a survey that is discussed in section 5.4, which are mutually reinforcing:

In times of crisis the community knows it can rely on us to provide transport solutions quickly and often free, for example, flood and fire evacuations. (222)

We often say yes to the odd free trip. We might do a men's health night in [town name withheld], our nearest regional centre, where we will offer the bus in and out of [town name withheld] free of charge. In fact I think we should be obligated to do some extra bus stuff for free; we certainly feel obliged to do these extra things. We also provide a bus run in and out of [town name withheld] every now and again to take locals to a movie. If we didn't do this, some of our residents wouldn't ever catch a movie. (1)

We take the residents of the local nursing home on a mountain day tour free of charge each Christmas and our staff argue over who is going to drive the bus. (7)

I did a fortnightly bus trip for the local nursing home for many years but they have their own bus now so I am no longer required. Although some of the members still wish I was doing the driving. I take school teams to sporting events, often for no charge or at nominal cost, and church groups who are helping underprivileged kids away for a couple of days. These trips are never very far – 50 to 100km return. I also have a senior citizen group who go away every fortnight. I only charge them basically for fuel and some bus running time and give my time [for] no charge. This is mainly

because they go to such interesting places, usually places I want to visit myself, but they would never get to go if I didn't have the bus. I also take several local businesses to Christmas and other parties and allow them to return home safely – because of drunk driving issues. They always enjoy the event, and as I don't drink, it works well for me. (221)

We like to help out our community by offering discounted and sometimes free services to allow people the chance to get out and do different things. By offering discounted or free trips, it allows for more trips. Say our local school budget for transport is \$1000 – normally this would be 2 trips a year. However, by only charging them enough for fuel we can then do 6 trips a year for them. It helps get the community out and about. Same with local school charters as we are 60km's from the city. Less costs = more trips. Kids get to experience and learn more. (234)

5.2.2 Financial and Non-financial Donations (CI2)

Financial and non-financial donations refer to community interaction in which operators donate money, or general goods and services such as payment of utility bills, the supply of food and clothes to individuals and organisations. Some examples from interviews with bus operators are:

We also fund five Indigenous children's annual travel pass costs so they can get from home to school. This equates to \$880 per student per year. We believe this is our social responsibility to keep kids in school because it has been made clear to us that there are some students who, without our services, may not be able to get to school. (5)

We recently started up a soup kitchen in [town name withheld] for the less fortunate. We got a few locals together to form an organising committee and we've roped in some volunteers and we are going to [town name withheld] at night and cook on portable barbecues and prepare some at home, then give it all

away. If our town wasn't so small we may not do this, but if we don't do it, who will? (16)

We donated an old bus to the SES [State Emergency Service] to mangle to re-create a realistic rescue exercise. The bus was worth between \$5000 and \$8000, which we could have realised had we sold it, but we thought the benefits of our donation to the community outweighed this amount. (26)

One of my employees got hit in the head with a cricket ball and couldn't work, but we kept him on the payroll for one full year. Our kids and his kids go to the same school. That driver has been with us for 27 years. (4)

We helped an employee buy a house and he is extremely loyal. We made a very simple arrangement where he repays me \$1000 a year for 20 years as the repayment plan and we do that for the staff that are loyal and those that you trust. He is not family, but is part of our family business. I'm not alone. I know of several operators in my area who do this sort of thing, because it is our town. Everyone makes a contribution. (8)

5.2.3 Sponsorships (CI3)

Sponsorship refers to community interaction in which operators sponsor initiatives at the request of local and non-local individuals and organisations such as schools, students and sporting clubs, as well as local and international charities. For example:

We are sponsoring an Afghan lad now. We don't tell anyone about it, nor does he know we are sponsoring him. It costs us around \$18,000 a year and the school just sends us the bill. I'm not alone. I know of several operators in my area who do this sort of thing, because it's our town. (4)

We also sponsor footy clubs, soccer clubs and other sporting bodies, as they unite our community. I say this a lot, but it's all about community well-being. (5)

We are the major sponsor of the school's annual presentation night which typically attracts 1000 people in the assembly hall for the presentation of the annual awards and we normally just write a cheque to them for a couple of hundred dollars. The school is good to us, but we are good to them too. They generate most of our income and it's a very solid relationship. We also sponsor [name withheld] which is a group of people who put together primary school children dances and we make a financial contribution to this three times a year. (13)

5.2.4 Time Contributions (CI4)

Time contributions refer to the time operators contribute to civic organisations, serving as office bearers on community boards and philanthropic organisations. Some examples from interviews with bus operators are:

I sat on the [town name withheld] development association for many years; I was director of the [organisation's name withheld] for some time; I'm very involved in the local Apex and Lions clubs. My father, who started the business, sat on the local hospital board for a very long time, he was also on the board of the local RSL [Returned and Services League]. My son's wife has recently been appointed to the [area name withheld] adult-education board and both he and his wife are office bearers at the local football and netball clubs. (20)

We have been members of the CFA [Country Fire Authority] for 52 years and give approximately 6 hours a week to this. I am a vice president of the ratepayers group and have been in this role since the amalgamation of the shires. We act as a conduit between the ratepayers and council and do a lot of complaint liaison work which keeps me busy for about 6 to 10 hours per week. I also sit on the local planning committee who allocates dollars to town projects such as street skating, public amenities, walking tracks and memorial gardens. I'm on the committee for the [name withheld] music chorale which is happening [date withheld] at the Showgrounds. I'm also on the [name withheld] Road Safety

Council along with the police and [organisation's name withheld] which looks at problem road areas. I've also been on the [name withheld] motor vehicle drivers club for 30 years and we give lectures to schools and clubs on looking after your mates. (15)

I also serve on the board [of] our state bus association which involves me driving to [capital city name withheld] once a week. It's four hours down their [sic] then a full day once I'm there, then four hours back. We do this for the industry. I also work with an older group of veterans and have done this since 1985. Their club has been going since 1919. I am seeking election to the committee and am a past Treasurer. I am part of a regional commerce development group called a Regional Development Authority which are quite well proliferated throughout the country. (18)

5.2.5 Safety and Security Contributions (CI5)

Safety and security contributions involve established relationships between operators and passengers that increase passenger safety and security.

Rang ambulance to attend a regular passenger's residence that had not been seen for 24 hours. The passenger had sustained an injury due to a fall in the house and could not reach phone to call for help. (106)

Rising flood waters in December 2010 required residents of the senior citizens home to be evacuated to the town hospital. We used the mini-bus with wheelchair access to make several trips to evacuate residents to a safe venue at 3am. This was done free of charge. (179)

I had two boys on the bus who have to walk 1.5km on a public road to the bus and told me 'a car was trying to hit us'. I was extremely concerned. The boys were distressed. I went in with them to talk to the teachers and I also contacted their mother. (42)

We know all our kids as well. We know all the parents. When the parents are not at a bus stop when the bus arrives we don't ring them, we just bring them back to our house, then we ring the school and the parents come and collect them from our house. This shows the level of trust between ourselves and the parents. The school often advises us of drop-off and pick-up changes because of special circumstances and we are happy to oblige. (271)

We often get off with the kids on the side of the road and ensure they cross the highway safely. We also wait at the stop if a parent is not at the stop. We also ring the parents and wait. (3)

We don't have any kids cutting seats or vandalising our bus because they know us and vice versa. (1)

We have carried three generations of students and every now and again I have grown women come up to me in the street and say good morning Mr [name withheld] because I drove them to school 30 years ago. It's a nice mark of respect. I've only had one troublesome student and I was warned about him by the principal for many months before he started taking my bus. Shortly after he started taking my bus and a few incidents where I had to counsel him, I asked him to think about possibly being the school bus captain. Two weeks later he told me he had thought about it and he agreed to do it. He was the perfect captain and all the other drivers remarked to me how much he's changed and how well-behaved the other kids are. (13)

For students that have long driveways from their bus stops to their home, we drop them off at their house. This puts parents minds at ease, knowing their children have been dropped off and are not walking home, especially when the bus stops are on a very busy main road. (40)

We drive up to [the] front door of one family as their pick up point is dangerously close to a blind corner. (120)

We allowed a passenger and their spouse to be collected from hospital and returned to our depot following an overnight stay in hospital (at a different town while on a charter) and we arranged to collect their car from where they left it and drop it off at our depot for safe keeping. (41)

5.2.6 Purchasing Behaviour (CI6)

Purchasing behaviour involves community interaction by operators consciously reinvesting income from the bus service in the local community to support economic growth and community survival. This includes the preparedness of some operators to pay a premium for the product or service for sourcing it from their immediate community rather than a more competitively priced supplier in a locality further away. Some examples from interviews with bus operators include:

I'd reinvest at least 75 per cent of my income in the [region name withheld] economy. Another bus operator entered the [town name withheld] market, as they won a service via tender. It was a special school-bus service and the government told me I lost it because the other operator was cheaper. When I pointed out to the government that the other operator was taking that contract value out of [town name withheld, but another regional centre] and putting it into [other town name withheld], they did not care one bit. That's one less job for my town. This is my town. I live here and so I want to make it as good as possible for everyone. When I bid for a tender I make sure I talk about my capacity to reinvest the contract money locally. (4)

We want local schools/businesses to support us, we should therefore do the same. Also loyalty does pay in times of there being an issue, for example, fuel supply - our local supplier who we are loyal to looked after us. (27)

Shop locally. It's a small town. [E]veryone needs to help each other or we won't have local schools, shops, social and sporting venues. (43)

We prefer to keep money in the town with other business. Also helps the local community – keeps business doors open. (116)

The only thing I don't buy locally is spare parts. My fuel, paint, windows, labour is all bought here. We are very loyal to local businesses because if we did not invest in their firms, it would have a knock-on effect that would be disastrous. I know things probably cost a little bit more but it keeps those families in business and, importantly, it keeps the services in our town. One of the towns we operate in is very small and I employ six full-time people there. If I really wanted to, I could probably satisfy my need with four part-time drivers, but if I was to do that, that would hurt the local economy and I think the local service station where I get my fuel from would close. (4)

5.2.7 Sharing Resources (CI7)

Sharing resources involves the interaction of operators sharing different types of capital (mainly buses, drivers, depots, equipment) with each other. This, and the next interaction, rely upon the extent of reciprocity and trust between operators, and may have a positive external impact on communities as they ensure a contracted bus service can continue operating. For example, if a bus driver is unable to work or a bus becomes unserviceable, an operator can contact another operator to borrow a driver or bus to rectify the problem. The strength of this relationship increases the operator's propensity to run the contracted service and in turn, facilitates the transporting of community members.

Because we are a small business and it is good to help each other without gain. (7)

Because we would like to think the same courtesy would be extended to us if needed. (34)

Competition never seems to be as fierce when you work together with your opposition. You all seem to get a fair share of the work available. (203)

Sharing infrastructure and knowledge help provide a better service. (239)

In the long run we are all here to service customers. We cannot leave our 'freight' waiting on the side of the road. We need to help each other for the betterment of the industry. Also one day it will be us looking for help so it pays to help others. It's not a financial thing. (1)

Almost every day operators use our yard and facilities for cleaning etc. In the last year I have benefited by supplying approximately \$100K worth of rail replacement coach work. My view is operators must work together for the good of the industry. The government must view the industry as efficient, professional and co-operative. Above all, this affects my business and its security. (78)

5.2.8 Combining Resources (CI8)

Combining resources involves the interaction of one or more operators combining their various forms of capital to present themselves as one operator (or contractor) for large people-moving tasks that might occur with relation to special events such as planned and unplanned rail-replacement work, or tasks for which one operator will require additional resources from other operators to satisfy a larger than normal request for services.

High-volume work such as a rail replacement project (or rail shutdowns as they are often referred to) cannot be satisfied by one operator in Australia; the task is too large. Metropolitan and regional operators (in some cases up to 45 operators for one task) have leveraged their social capital and co-operated to combine resources to satisfy the client's budget and time requirements and the passengers' transport needs. It is acknowledged that some operators would also combine their resources for purely commercial decisions, but the degree of long-term cooperation and trust amongst operators is more likely to be the predominant motivating factor, as evidenced by some of the qualitative data. Multiple operators have been undertaking this task for decades in some cases and there appear to be few, if any, new operators joining the 'cooperative'. When asked why they combine resources with other operators, some operators responded as follows:

Good communication and sharing with other operators is important in breaking down barriers. (266)

Gets our name into other markets, payback is always better than being paid. Industry members need support wherever they are.
(203)

Improved business relationships and increased trust. (8)

5.2.9 Summary of Operators' Community Interactions

Each of the community interactions falls into one of the groups in Table 3.

Table 3: Community Interaction Groups

Group and Definition	Community Interaction
Opportunity Costs Revenue foregone: the frequency of an interaction multiplied by a specified unit rate as indicated by survey participants.	Discounted Services (CI1) Time Contributions (CI4) Sharing Resources (CI7)
Costs Incurred Costs incurred by the operator: the frequency of an expense being incurred multiplied by a unit cost as indicated by survey participants, or just set annual unit costs as indicated by survey participants.	Financial and Non-Financial Donations (CI2) Sponsorships (CI3) Purchasing Behaviour (CI6)
Interactions The frequency of an interaction with or without values.	Safety and Security (CI5)
Revenue received Income received by the operator: the sum of the interaction multiplied by a specified unit rate as indicated by survey participants.	Combining Resources (CI8)

5.3 Conclusion to Stage One

Stage one of this methodology discovered there are eight different ways in which a bus operator interacts with its community. These interactions take the form of opportunity costs, costs incurred, interactions and revenue received. Patterns also emerged during the early Stage One (exploratory) interviews which suggest that bus operators' behaviour in relation to their interaction with their communities is virtually the same throughout the countries that were investigated. It seemed that small, medium and large, family or non-

family bus operators all over the world have an orientation and degree of interaction with the communities they service. However, the scale of that orientation and interaction appeared to vary substantially from one type of operator to another, pursuant to several potential factors. The researcher combined his early practitioner thinking with the indicative findings from the Stage One interviews, and arrived at seven potential factors ('predictor variables' (P)) that seemed to be associated with, or to influence, an operator's propensity to interact with their community. As this data was collected, ideas were repeated and concepts became apparent, which is consistent with Grounded Theory. These factors are now presented, partially answering RQ2. Section 5.7 tests the statistical validity, or otherwise, of these relationships drawing on Survey data.

5.4 Potential Factors (P1–P7) Associated with Bus Operator Community Interaction and Preliminary Insights Into Addressing Research Question Two (RQ2).

The seven potential factors (P) associated with an operator's propensity to interact with their community are presented in Table 4.

Table 4: Potential Factors Associated with Bus Operators' Community Interaction

Factor/Predictor Variable	Description
Firm Size (Small, Medium, Large) (P1)	It seems that small, and to a lesser extent, medium bus operators interact with their communities to a greater extent than large operators, possibly because they may not be as focused on scale economies and profit.
Operator Type (Route, School or Charter and Tour Operator) (P2)	Different preferences of community interaction by different types of bus operators have been observed. School bus operators, possibly because of their isolation, and generally being small in size, appeared to have deeper connections with their community.
Operator Location (Metropolitan or Regional/Rural) (P3)	Bus operators in regional and rural areas appear to have a deeper connection and greater involvement with their immediate communities, possibly due to smaller populations, a lesser extent of services available in those communities compared to the larger support networks of metropolitan areas, and a greater extent of attachment to community and social capital. These operators also appeared to have a higher degree of involvement and dependence on the SBVPA.

Residence of Operator (In or Out of the Community in Which the Bus Service Operates) (P4)	It is possible that bus operators who reside in the community in which their bus service operates interact with their community more than operators who do not, possibly due to a lesser inclination or preparedness to contribute to a community in which they are not embedded.
Form of Service Contract (Negotiated or Tendered) (P5)	Bus operators with negotiated (or rolled over) bus service contracts appear to interact with their communities more than operators who were awarded bus service operating rights as a result of a tender, possibly due to a perceived greater degree of tenure certainty associated with historical service contract renewals and possibly bigger margins from which to do it.
Operators' Sense of Community (P6)	The extent of a bus operator's individual integration with their community, or the extent of their dedication to being part of a collective (including their influence, fulfilment and shared emotional connection) may increase their preparedness to contribute to their community.
Social Capital Linkage Between Operators and Their SBVPA (P7)	Operators who are members of an SBVPA use their SBVPA as a forum to network, share and exchange ideas, increase inter-operator trust and agree on matters affecting the sustainability of the collective operators' businesses. This involvement and dependence (social capital linkage) seems to create, in some states, an environment of operator solidarity that enables some SBVPA's to secure favourable contract terms and trading conditions, including a negotiated renewal of a service contract. This could engender an increased propensity for operators to interact with their community.

5.5 Stage Two Survey Objectives and Structure

The Survey was developed to address the four research questions (RQ1–RQ4) and test the two hypotheses (H1 and H2). The Survey asks 29 questions of Australian bus and coach operators, seeking qualitative and quantitative answers in five sections; all of which were presented in chapter 4.

To measure the extent and value of operators' community interactions, the Survey asks operators to nominate how many times (the frequency) they undertook a certain interaction identified through the exploratory study, and what dollar value they attached to each interaction (the unit rate.) To measure the extent of operators' SOC, the researcher chose to adopt the Sense of Community Index (SCI) (McMillan and Chavis, 1986) model.

5.6 Presentation of Results

There are two convenient denominators for scaling the 276 Survey responses: per-staff-member (employee) and per-bus.

Table 5: Denominators for Scaling Survey Responses

Code	Meaning	Explanation
#Buses	Total number of buses the firm runs.	The #Buses category was divided into three sub-sections: 1–9 buses (small); 10–99 buses (medium); 100+ buses (large). Each interaction was valued in nominal dollars and no weighting was applied.
#Staff	Total number of staff (both full time and part time) the firm employs.	The staff-member category was divided into three sub-sections: 0–29 (small); 30–99 (medium); 100+ staff (large).

The 'number of buses' and 'number of staff' denominators were adopted for two reasons: first, these metrics resemble the ABS's (2013) definitions of small, medium and large businesses, and accommodate the two unit determinants associated with measuring firm size (number of staff and number of buses); second, these groupings reflect the industry's general rule of thumb (and therefore understanding) of what size fleet a small, medium or large operator has. The results are presented on a per-staff-member basis, because the objective of this study is to measure bus and coach operators' behaviour - interactions with community in terms of people, rather than buses per se.

Firstly, each of the individual community interactions (CI1–CI8) was cross-tabulated against the potential variables (P1–P7) then repeated in aggregate. This is the initial bivariate approach as discussed in chapter 4. The aggregate analysis is referred to as 'sum-of-six' or 'overall sum-of-six' but only represents six of the eight community interactions, for two reasons:

1. safety and security contributions have been excluded from the aggregate totals because these interactions do not have a tractable unit value. Although they have a value, determining that value for this particular interaction proved problematic. One attempt to arrive at a marginal cost of a safety and security contribution was made. On the cost side, figures were sourced from the Victorian 2014/15 State Budget papers (2014): the budgeted 'total output cost' for the sum of (a) reduced impact of major bushfires and other emergencies on people, infrastructure and the environment (because bus operators are regularly asked to move people in the event of a bush fire), (b) ambulance services – emergency (c) ambulance services – non emergency, (d) policing, and (e) supporting the state's fire and emergency services. The sum of these values is the total budgeted cost for the provision of emergency services in Victoria for one year. Then this sum was divided by the number of 000 calls for assistance in Victoria in the last calendar year (obtained from the Australian Communications and Media Authority) to arrive at a unit cost per emergency call. Developing a methodology to quantify the benefit side was more problematic as attempts to quantify the marginal benefit associated with one less hospitalisation, car accident, or call to emergency services did not produce any meaningful data. Therefore, for the purpose of this study, this interaction will not feature any unit dollar value and only be measured as a frequency of interaction.
2. Local purchasing has also been excluded from the aggregate analysis because of the difficulties associated with the nine survey responses from large operators (operators with more than 100 buses) whose turnover is in the tens of millions. All other responses were from small and medium operators whose turnover is in the tens of thousands or low hundreds of thousands. This resulted in a 'bi-modal' set of responses, which skewed the mean value results substantially – hence this interaction's exclusion from the aggregate totals. Further, it is very difficult to measure the net impact or cost burden, which is the key requirement for the current analysis, rather than gross spending.

Thus, the overall, sum-of-six community interactions consists of: discount services, financial and non-financial donations, sponsorships, time contributions, sharing resources and combining resources. All overall, sum-of-six community interaction results are presented herein, irrespective of whether the result was statistically significant or not.

An hourly labour rate of \$35.00 was the unit variable to be multiplied by the number of hours contributed in those community interactions that are temporal, in order to arrive at an estimated market value for time contributions. This figure was used based on advice from a national commercial advisor to the bus and coach industry and represents the average of all school, route and charter bus driver hourly rates of pay on a national basis.

All linear data is presented in units of dollars. However, some results are presented in the natural-logarithm-transformed ('Ln-transformed') or 'Ln'. When Ln is taken, its units, in this case dollars, disappears, so when discussing the Ln of quantities, the abbreviation '(Ln)', meaning the natural-logarithm transformed, has been adopted. The natural-logarithm-transformed can be used to make highly skewed distributions less skewed. This assists with making patterns in the data more interpretable (Lane, 2015.)

Regarding the presentation of the statistical significance of each answer, it is noted that where the test returns a value Sig. < 0.05, this is deemed statistically significant at the 5 per cent level and is indicated by '*'. Where a tests returns a value Sig. <0.01, this is statistically significant at the 1 per cent level and is indicated by '**'. Both are highlighted in green. There are also some results that are significant at the 10 per cent level. Although there is a body of evidence suggesting probability values between 0.05 and 0.10 (or 5 per cent and 10 per cent) provide weak evidence against the null hypothesis and, by convention, are not considered low enough to justify rejecting it (Lane, 2015; Dallal, 2012), these few associations will not be highlighted, but are noted.

In respect of outliers, there were two cases where a data point was identified and removed, where there were extremely high values that would otherwise have distorted an analysis comprised almost entirely of data points very much smaller in value than the outlier. There were also two instances where the value provided by the participant was 'incredible', and suggested that the participant had misunderstood the question. An outlier is generally considered to be a data point that is far outside the norm for a variable or population (Osborne & Overbay, 2004.) They can have a deleterious effect on statistical analysis.

Only those cross-tabulation exercises that drew a statistically significant result pursuant to predictor variables P1 - P7 are included, with the exception of sense of community (P6), whereby some correlations are presented. Other than the sum-of-six results or where indicated, results that were not statistically significant have been excluded.

The results are presented as a figure that has two parts: a column graph showing the mean values with corresponding 95 per cent confidence intervals for either the linear data or the Ln-transformed data; accompanied by a table underneath the column graph, which shows the corresponding results of the contrast test for comparison of means. A figure summarising the significant results of each set of cross tabulations will complete each set's quantitative results, followed by a brief discussion of the contents of the various figures, tables and the direction of some associations. Qualitative data obtained from the interviews and the Survey is presented after some of the predictor variables' quantitative sum-of-six results, to support each quantitative finding. The qualitative data compliments the quantitative results and offers more insight into the various types of operators' motivation, values and opinions.

All error (or uncertainty) bars contained herein represent a 95 per cent confidence interval. Figures are preceded by a table showing the sample size (N).

5.7 Scale and Value of Operator Community Interactions (CI's): Addressing Research Questions Two (RQ2) and Three (RQ3)

Earlier in this chapter, seven potential factors that influence bus operators' community interactions were presented. These are henceforth known as 'predictor variables' (P1-P7): firm size (small, medium, large); form of service contract (negotiated or tendered); location of operator (metropolitan or regional/rural); type of operator (predominantly route, school or charter); operator lives in the community (yes or no); operator's SOC; the extent of social capital linkage between the operator and the SBVPA. Extending the concept of social capital linkage, it was hypothesised that the SBVPA indirectly enables a bus operator's social-value addition (and this is investigated and quantified in Research Question 4.) This section reports on the strength of each of the seven hypothesised factors associated with each of the eight bus operator community interactions.

RQ2 and RQ3 are addressed by determining the mean values of the eight types of community interaction (CI1-CI8) (from Survey Q.12- 19) resolved according to each of the predictor variables P1 to P7.

1. Total Discounts (in units of \$/Staff/Year, from Survey Q.12);
2. Total Donations (in units of \$/Staff/Year, from Survey Q.13);
3. Total Sponsorships (in units of \$/Staff/Year, from Survey Q.14);
4. Total Hours Contributed (in units of \$/Staff/Year, from Survey Q.15);
5. Total Safety Actions (in units of Action/Staff/Year, from Survey Q.16);
6. Total Local Purchasing (in units of \$/Staff/Year, from Survey Q.17);
7. Total Sharing Resources (in units of \$/Staff/Year, from Survey Q.18); and
8. Total Combining Resources (in units of \$/Staff/Year, from Survey Q.19);
9. Sum-of-six Community Interactions (in units of \$/Staff/Year)⁶

The results will address the factors (predictor variables) of operators' community interactions (RQ2) and the scale and value of the community interactions (RQ3).

All results are shown on a per-staff-member basis because this study explores bus operators' behaviour; it is the bus and coach operator and their staff who interact with the communities in which they operate, not the bus.

⁶ The overall, sum-of-six community interactions consists of: discount services, financial and non-financial donations, sponsorships, time contributions, sharing resources and combining resources.

5.7.1 Firm Size (P1)

Table 6 shows the number of small, medium and large operators who indicated the value of their donations and the number who did not respond to this question.

Figure 3 shows the mean donation for small operators was \$273 on a per-staff-member basis, for medium-sized operators it was \$145, and for large operators it was \$52. The overall mean was \$244. The differences between all three pairs of these values are statistically significant: at the 5 per cent level between small and medium operators and medium to large operators and; at the 1 per cent level between small and large operators. Small operators donate significantly more than medium and large operators on a per-staff-member basis.

Table 6: Sample Size – Donations Per-Staff-Member Resolved by Operator Size

Size by #Buses: S, M, L	N
Small (0-9 buses)	211
Medium (10-99 buses)	44
Large (100+ buses)	9
Sub Total	264
No response	12
Total	276

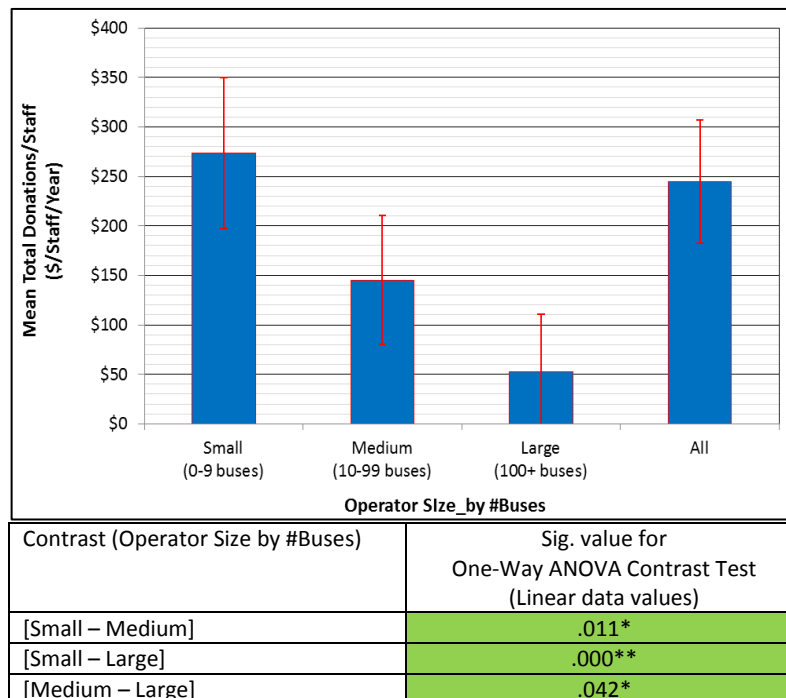


Figure 3: Mean Total Donations Per-Staff-Member, Resolved by Operator Size and Corresponding Contrast Test Results

Table 7 shows the number of small, medium and large operators who indicated the value of their total hours contribution and the number of no responses.

Figure 4 shows the mean contribution for small operators was \$1094 on a per-staff-member basis, for medium-sized operators it was \$161 and for large operators it was \$49. The overall mean was \$908. The differences between small and medium operators and small and large operators was statistically significant at the 1 per cent level. While the difference between medium and large operators was not statistically significant at the 1 or 5 per cent level, it was almost significant at the 10 per cent level. Small operators make significantly more time contributions to their community than medium and large operators on a per-staff-member basis, but the difference between medium and large operators is not statistically significant, partly reflecting the small sample size of large operators.

Table 7: Sample Size – Hours of Contribution Per-Staff-Member Resolved by Operator Size

Size by #Buses: S, M, L	N
Small (0-9 buses)	210
Medium (10-99 buses)	43
Large (100+ buses)	8
Sub Total	261
No response	15
All	276

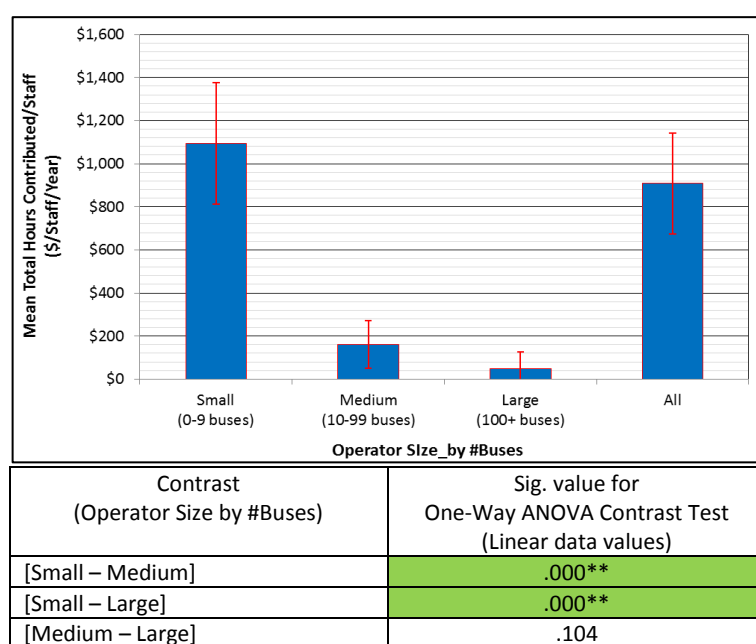


Figure 4: Mean Total Hours Contribution Per-Staff-Member, Resolved by Operator Size, and Corresponding Contrast Test Results

Table 8 shows the number of small, medium and large operators who indicated the frequency of their safety interactions and the number that did not respond to this question.

Figure 5 shows the mean safety interactions for small operators was 14 on a per-staff-member basis, for medium operators it was 3 and for large operators it was 0.5. All the differences were statistically significant at the 1 per cent level. Small operators undertake significantly more safety interactions than medium and large operators on a per-staff-member basis and medium operators undertake more than large operators.

Table 8: Sample Size Safety Interactions Per-Staff-Member Resolved by Operator Size

Size by #Buses: S, M, L	N
Small (0-9 buses)	192
Medium (10-99 buses)	39
Large (100+ buses)	7
Sub Total	238
No response	38
All	276

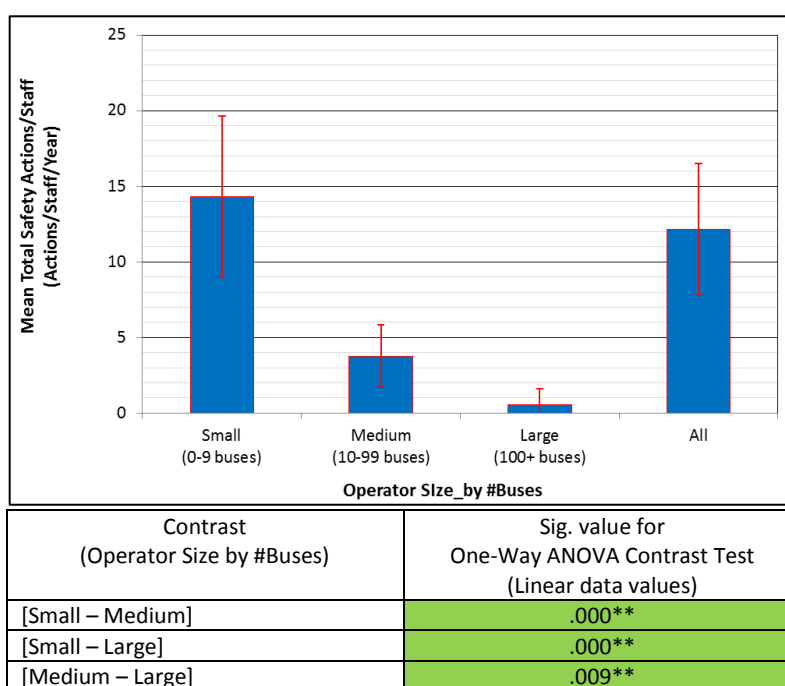


Figure 5: Mean Safety Interactions Per-Staff-Member, Resolved by Operator Size, and Corresponding Contrast Test Results

Table 9 shows the number of small, medium and large operators who indicated they share their resources with other operators and the number of operators who chose not to respond to this question.

Figure 6 shows the mean value of revenue foregone when operators share their resources with other operators: for small operators it was \$263 per staff-member, for medium operators it was \$90 per staff member and for large operators it was \$69 per staff-member. The overall mean was \$226 per staff member. The difference between small and medium operators and small and large operators was statistically significant at the 1 per cent level. The difference between medium and large operators was not statistically significant. Small operators share their resources significantly more than medium and large operators on a per-staff-member basis.

Table 9: Sample Size Sharing Resources Per-Staff-Member Resolved by Operator Size

Size by #Buses: S, M, L	N
Small (0-9 buses)	177
Medium (10-99 buses)	39
Large (100+ buses)	7
Sub Total	223
No response	53
All	276



Figure 6: Mean Sharing Resources Per-Staff-Member, Resolved by Operator Size, and Corresponding Contrast Test Results

Table 10 shows the number of small, medium and large operators who indicated they sponsor individuals and organisations and the number of operators who did not respond to this question.

Figure 7 shows the mean value of sponsorships on a per-staff-member basis: medium operators were Ln3.3, large operators were Ln2.7, and small operators were Ln1.6. The overall mean was Ln2. The difference between small and medium operators was statistically significant at the 1 per cent level. The difference between small and large operators and medium and large operators was not statistically significant. Medium operators sponsor individuals and organisations significantly more than small operators on a per-staff-member basis.

Table 10: Sample Size Sponsorships Per-Staff-Member Resolved by Operator Size

Size by #Buses: S, M, L	N
Small (0-9 buses)	208
Medium (10-99 buses)	45
Large (100+ buses)	9
Sub Total	262
No response	14
All	276

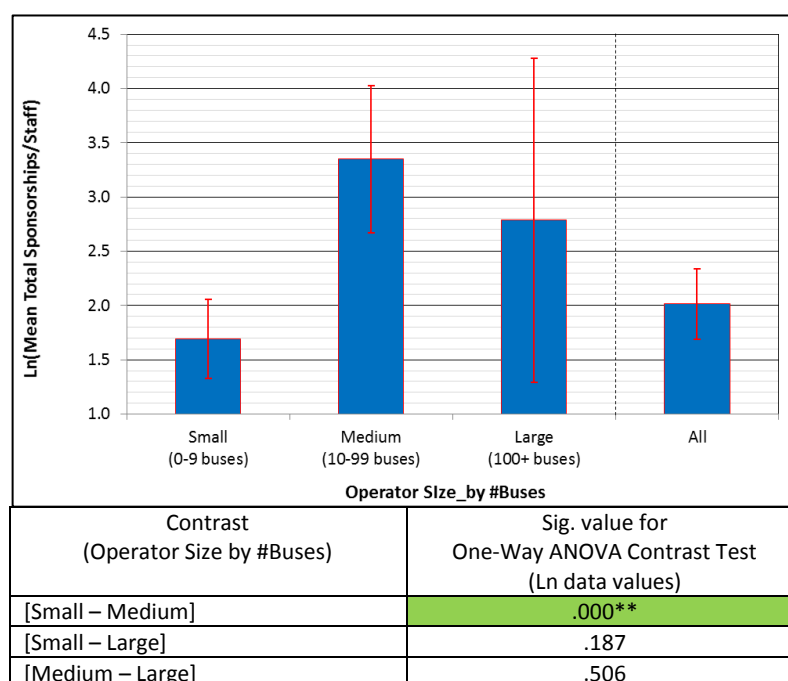


Figure 7: Mean Total Sponsorships Per-Staff-Member (Ln-transformed), Resolved by Operator Size, and Corresponding Contrast Test Results

Table 11 shows the number of small, medium and large operators who indicated the value of their local purchasing and the number of operators that chose not to respond to this question.

Figure 8 shows the mean value of local purchasing on a per-staff-member basis: medium operators were Ln10.8, small operators were Ln10.1, and large operators were Ln9.5. The overall mean was Ln10.2. The difference between small and medium operators was statistically significant at the 1 per cent level. The difference between small and large operators and medium and large operators was not statistically significant. Medium operators purchase locally more than small operators.

Table 11: Sample Size Local Purchasing Per-Staff-Member Resolved by Operator Size

Size by #Buses: S, M, L	N
Small (0-9 buses)	138
Medium (10-99 buses)	32
Large (100+ buses)	7
Sub Total	177
No response	99
All	276

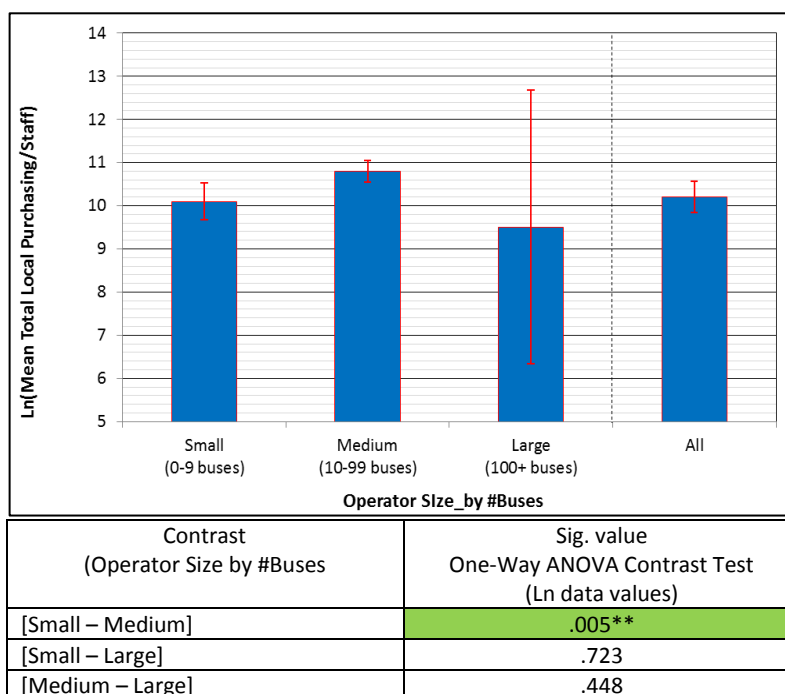


Figure 8: Mean Local Purchasing Per-Staff-Member (Ln-transformed), Resolved by Operator Size, and Corresponding Contrast Test Results

Table 12 shows the number of small, medium and large operators who indicated the value of revenue generated when combining their resources with other bus operators and the number of no responses.

Figure 9 shows the mean value of combining resources on a per-staff-member basis: large operators were Ln4.8, medium operators were Ln2.8, and small operators were Ln1.3. The overall mean was Ln1.6. The difference between small and medium operators was statistically significant at the 1 per cent level and the difference between small and large operators was significant at the 5 per cent level. The difference between medium and large operators was not statistically significant. Large operators generate significantly more revenue when combining resources than small operators because they have the resources to be able to do so, whereas most small operators, and to a lesser extent medium-sized operators, have a capacity limit to combining resources for larger projects.

Table 12: Sample Size Combining Resources Per-Staff-Member Resolved by Operator Size

Size by #Buses: S, M, L	N
Small (0-9 buses)	208
Medium (10-99 buses)	39
Large (100+ buses)	6
Sub Total	253
No response	23
All	276

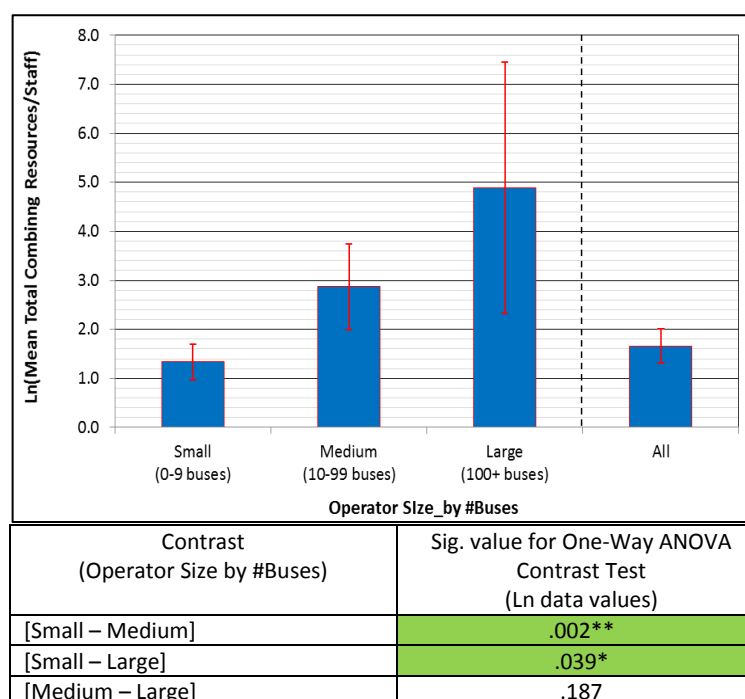


Figure 9: Mean Total Combining Resources Per-Staff-Member (Ln-transformed), Resolved by Operator Size, and Corresponding Contrast Test Results

Table 13 shows the breakdown of the size of operators whose responses form part of the sum-of-six overall totals and the number of operators who did not answer this question.

Figure 10 shows that on an aggregated basis of the sum-of-six community interactions, small operators contribute to their community by \$2,309 per-staff-member, medium operators by \$1,134 per-staff-member, and large operators by \$384 per-staff-member. The overall mean was \$2,083 per staff member. The difference between small and medium operators was statistically significant at the 1 per cent level, whereas the difference between small and large operators and medium and large operators was not statistically significant. This is because the small sample size of large operators reduces the chances of showing a significant association.

Table 13: Sample Size Overall Community Interactions Per-Staff-Member Resolved by Operator Size

Size by #Buses: S, M, L	N
Small (0-9 buses)	159
Medium (10-99 buses)	29
Large (100+ buses)	5
Sub Total	193
No response	83
Total	276

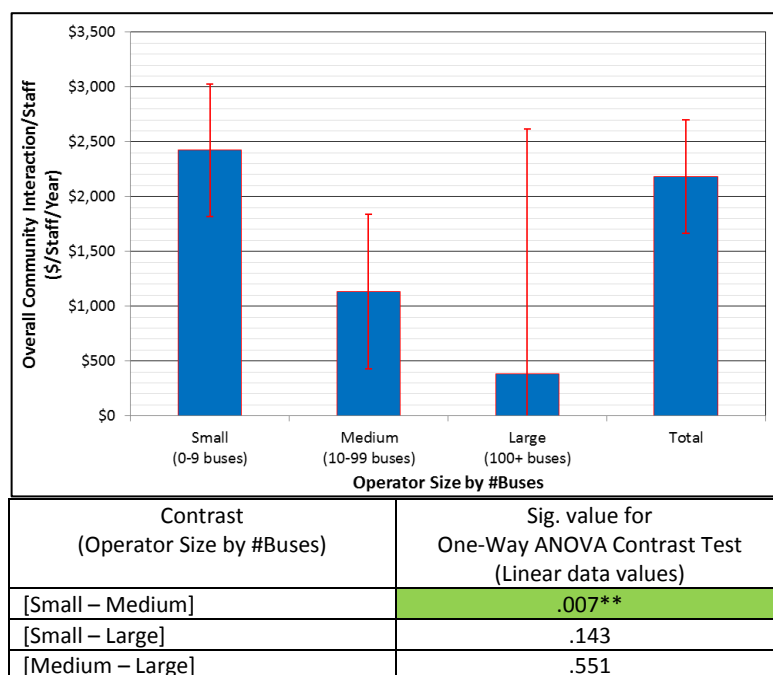


Figure 10: Combined Sum-of-Six Community Interaction Per-Staff-Member, Resolved by Operator Size, and Corresponding Contrast Test Results

Table 14 summarises the significant results of firm size (P1) resolved by each of the eight community interactions. The results show a nuanced direction. Excluding the sum-of-six result, there were four significant differences between small and medium operators, three significant differences between medium and small operators, four significant differences between small and large operators, one significant difference between large and small operators and two significant differences between medium and large operators. In most cases, small operators are not significantly interacting with other operators - they are interacting more in terms of elements which have a strong local community orientation and/or commitment. Medium operators and to a lesser extent large operators, contribute more in ways that are inherently more about capitalising on the benefits of size. Thus, in terms of direction, there appears no consistent result that suggests that one size of operator contributes more than another, however the sum-of-six result suggests there is an increased propensity for small operators to interact with their communities more than medium and large operators on a per-staff-member basis. The significant results are highlighted in green.

Table 14: Summary of Bivariate Analysis Results of Significance Resolved by Firm Size

Community Interaction	Predictor Variable: Firm Size (P1)		
	Small to medium	Small to large	Medium to large
<i>Discounted Services (CI1)</i>			
<i>Donations (CI2)</i>	S>M	S>L	M>L
<i>Sponsorships (CI3)</i>	M>S		
<i>Time Contributions (CI4)</i>	S>M	S>L	
<i>Safety Actions (CI5)</i>	S>M	S>L	M>L
<i>Purchasing Behaviour (CI6)</i>	M>S		
<i>Sharing Resources (CI7)</i>	S>M	S>L	
<i>Combining Resources (CI8)</i>	M>S	L>S	
<i>Overall Sum-of-six</i>	S>M		
<i>Available Significant Differences</i>	9	9	9
<i>Total Significant Differences</i>	8	5	2

Firm Size (P1) - Qualitative Data

The qualitative findings in relation to firm size provide a deeper insight into the nature of operators' community interaction. Most small bus operators who completed the Survey are typically trans-generational, regional and rural school bus operators who contemplate continuance of their families' trans-generational endeavours and possess a degree of pride in their families' identity in their community. Small bus operators appear to have the strongest degree of reciprocity, or a mutual dependency between their family firm and their community. All of this is evidenced by some of the sentiments expressed by small operators in the Survey responses and interview transcripts:

Keep our community alive. Keep employment = school = bus contracts = our job. (22)

Small town, everyone needs to help each other or we won't have local schools, shops, social and sporting venues. (43)

We operate in a small rural area and consider it important that we support each other to survive and prosper. (104)

Important in small family business – try and buy locally. (161)

In a small country town it helps by providing jobs for local people. This helps in the town's survival. (194)

Relationship with local business people – support to maintain small business. (209)

Some sentiments drawn from the operator interviews and Survey participants reveal the focus of medium-sized and large bus operators appears to be less about family and community outcomes and more about financial outcomes. One large operator commented that, since they have such a large geographical area to operate in and the area features hundreds of community organisations, they could not support every request that was made of them. However, there are nuances to medium and large operators and their community interaction. They appear more selective about how they interact with their community, most likely because they are hybrid private/public or public firms that have budgets to adhere to: evaluation and corporate reporting requirements of the interaction must occur before it is decided whether the interaction is supported or not.

Each of the local large operators who offered qualitative data for this study had unique circumstances in respect of their community interaction. First, large family operators appeared to have no criteria or determination process for interacting with their community; their propensity appears grounded in an almost dutiful obligation to interact in some way, shape or form. For example:

This is our patch, so we look after those within our patch. We always have. (28)

One large MNE operator who purchased the operation from a family firm that has historically held a negotiated performance-based contract with the state government authority behaved like a family firm when it came to their community interaction. It consciously pursued community reinvestment initiatives and employed human resources to ensure that the interaction occurred:

Nothing's changed since [name withheld] sold the business. The new owners are just as focused, if not more focused on helping our local organisations as [name withheld] was. (24)

Large MNE operators who were awarded the right to operate a bus service via a competitive tender are more selective with their community interaction and evidence suggests that they publicly show their support for one or some types of interaction, but appear constrained from interacting more:

We take corporate social responsibility very seriously and we have a budget, but there's only so much we can do. We have so many schools and other stakeholders within the area and we cannot support all of them. We'd also like to continue some of the initiatives that the previous operator of these services did, but the margin in our service contract does not allow us the discretion to spend. Some of our operations in other countries don't have this constraint as they don't have an end date to their contract. They stay as long as they make money and the government pays them no subsidy. They have more discretion than us. (23)

Large government operators' community orientation and interaction resembled other large operators' behaviour but appeared somewhat more bureaucratic in nature:

We are part of the community and choose to support various charities, organisations (usually not for profit) and council run events. Usually there needs to be some benefit to our organisation - we have a structured application and assessment process which is useful in determining what is supported. (17)

5.7.2 Type of Operator (P2)

This section shows the results of the cross-tabulations of the eight community interactions by type of operator that were statistically significant.

Table 15 shows the number of predominant types of bus operators who indicated the value of donations made to their community and the number of no responses.

Figure 11 shows the mean value of donations on a per-staff-member basis: charter/tour bus operators had the highest mean result of \$271, school bus operators were next with \$253, and route bus operators were third with \$78. The overall mean was \$245. The difference between route and school bus operators was significant at the 1 per cent level. The difference between route and charter/tour operators was significant at the 10 per cent level. The difference between school and charter/tour operators was not statistically significant. School and charter/tour operators make more donations to community than route bus operators on a per-staff-member basis.

Table 15: Sample Size Total Donations Per-Staff-Member Resolved by Operator Type

Predominant Type of Operator	N
Route Operator	15
School Bus Operator	222
Charter/Tour Operator	26
Sub Total	263
No response	13
All	276

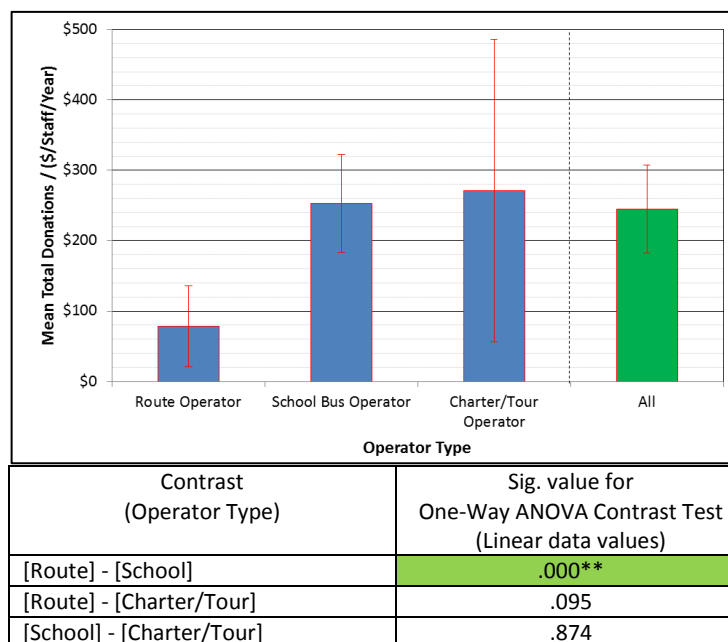


Figure 11: Mean Donations Per-Staff-Member, Resolved by Operator Type, and Corresponding Contrast Test Results

Table 16 shows the number of predominant types of bus operators who indicated the value of sponsorships made to their community and the number of operators that did not respond to this question.

Figure 12 shows the mean value of sponsorships on a per-staff-member basis: school bus operators had the highest result of \$151, charter/tour operators were next with \$110, and route bus operators were third with \$67. The overall mean was \$142. The difference between route and school bus operators was significant at the 5 per cent level. School bus operators sponsor more on a per-staff-member basis than route bus operators.

Table 16: Sample Size Sponsorships Per-Staff-Member by Operator Type

Predominant Type of Operator	N
Route Operator	15
School Bus Operator	220
Charter/Tour Operator	26
Sub Total	261
No response	15
All	276

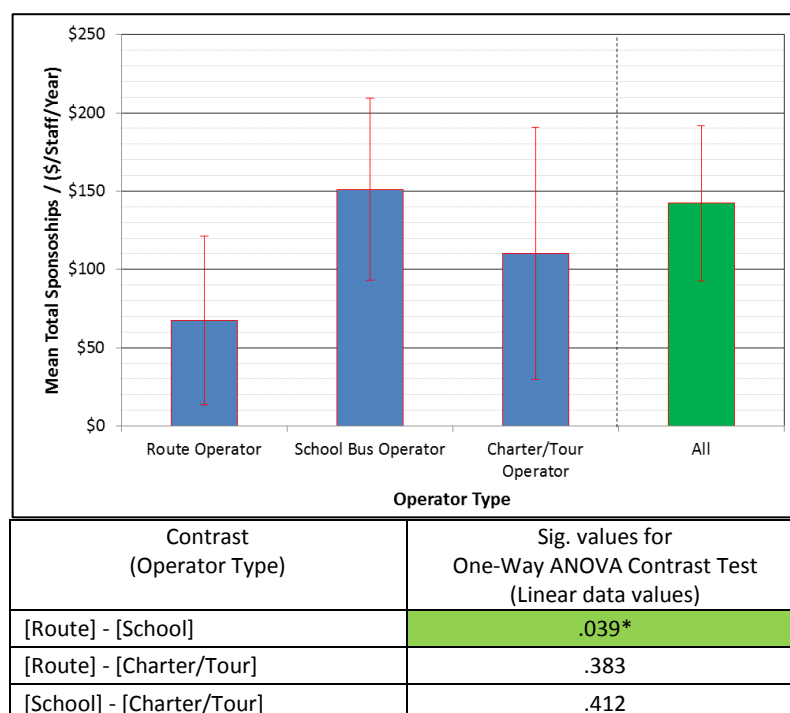


Figure 12: Mean Sponsorships Per-Staff-Member, Resolved by Operator Type, and Corresponding Contrast Test Results

Table 17 shows the number of predominant types of bus operators who contribute their time to their community and the number of operators that chose not to answer this question.

Figure 13 shows the mean value of time on a per-staff-member basis: charter/tour operators had the highest result of \$1,284, school bus operators were next with \$911, and route bus operators were third with \$204. The overall mean was \$910. The difference between route and school bus operators was significant at the 1 per cent level and the difference between route and charter/tour operators was significant at the 5 per cent level. The difference between school and charter/tour operators was not significant. Charter/tour and school bus operators contribute more time to their community than route bus operators.

Table 17: Sample Size Hours Contributed Per-Staff-Member Resolved by Operator Type

Predominant Type of Operator	N
Route Operator	14
School Bus Operator	220
Charter/Tour Operator	26
Sub Total	260
No response	16
All	276



Figure 13: Hours Contributed Per-Staff-Member, Resolved by Operator Type, and Corresponding Contrast Test Results

Table 18 shows the number of predominant types of bus operators who make safety interactions with their community and the number of operators that did not respond to this question.

Figure 14 shows the mean number of safety interactions on a per-staff-member basis: charter/tour operators had the highest result of Ln17.1, school bus operators were next with Ln12.1, and route bus operators were third with Ln1.5. The overall mean was Ln12.1. The difference between route and school bus operators was significant at the 1 per cent level. Charter/tour bus operators undertake more safety interactions with their community than school and route bus operators. The difference between route and charter/tour operators and school and charter operators is not statistically significant because the number of responses from both charter/tour and route operators is small.

Table 18: Sample Size Safety Actions Per-Staff-Member Resolved by Operator Type

Predominant Type of Operator	N
Route Operator	10
School Bus Operator	205
Charter/Tour Operator	23
Sub Total	238
No response	38
All	276

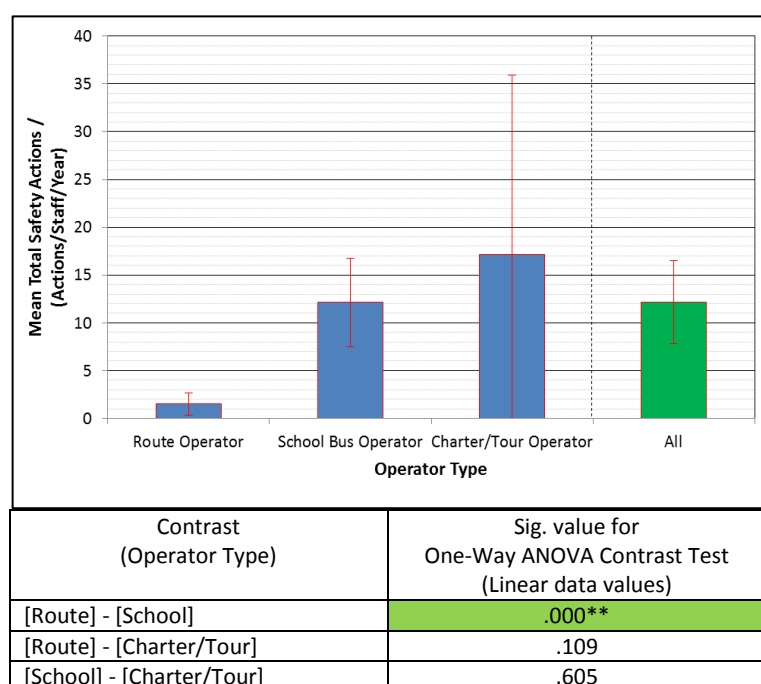


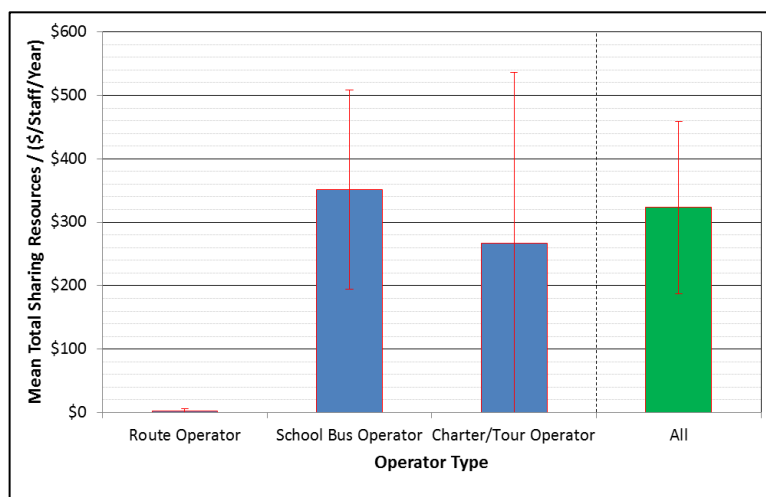
Figure 14: Safety Actions Per-Staff-Member, Resolved by Operator Type, and Corresponding Contrast Test Results

Table 19 shows the number of predominant types of bus operators who share their resources with other operators and the number of operators that chose not to respond to this question.

Figure 15 shows the mean value of revenue foregone for sharing their resources to other operators on a per-staff-member basis: school bus operators had the highest result of \$351, charter/tour operators were next with \$267, and route bus operators were third with \$3. The overall mean was \$323. The difference between route and school bus operators was significant at the 1 per cent level. The difference between route and charter/tour operators was significant at the 10 per cent level and the difference between school and charter/tour operators was not significant. School bus operators share their resources with other operators more than charter/tour and route bus operators.

Table 19: Sample Size Sharing Resources Per-Staff-Member Resolved by Operator Type

Predominant Type of Operator	N
Route Operator	13
School Bus Operator	190
Charter/Tour Operator	21
Sub Total	224
No response	52
Total	276



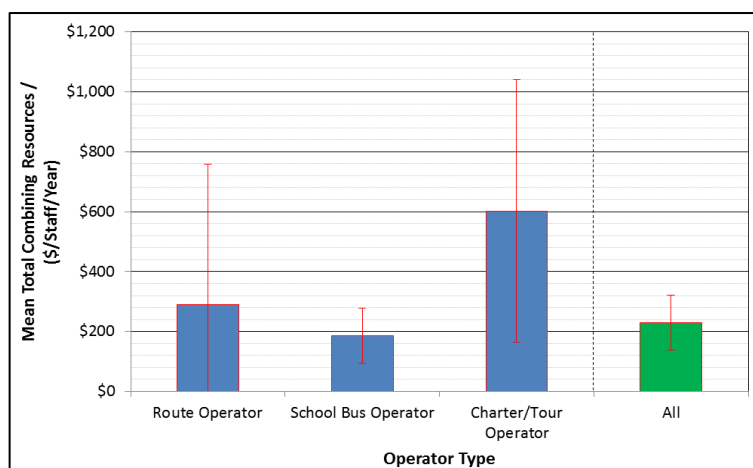
Contrast (Operator Type)	Sig. value for One-Way ANOVA Contrast Test (Linear data values)
[Route] - [School]	.000**
[Route] - [Charter/Tour]	.063
[School] - [Charter/Tour]	.592

Figure 15: Sharing Resources Per-Staff-Member, Resolved by Operator Type, and Corresponding Contrast Test Results

Table 20 shows the number of predominant types of bus operators who combine resources with other operators and the number of operators that chose not to answer this question. Figure 16 shows the mean value of revenue generated as a result of operators combining their resources on a per-staff-member basis: charter/tour bus operators had the highest result of \$602, route bus operators were next with \$290, and school bus operators were third with \$186. The overall mean was \$228. The difference between route and charter/tour operators was significant at the 5 per cent level and the difference between school and charter/tour operators was significant at the 1 per cent level. The difference between route and school operators was not significant. Charter/tour operators share resources more than school and route bus operators because satisfying planned and unplanned requests for resources from other operators is one of a charter operators' core tasks. School bus operators combine resources with other operators the least, most likely because they often only operate one bus in small, remote communities, hence there are no 'spare' resources to make available for combination.

Table 20: Sample Size Combining Resources Per-Staff-Member Resolved by Operator Type

Predominant Type of Operator	N
Route Operator	11
School Bus Operator	218
Charter/Tour Operator	23
Sub Total	252
No response	24
All	276



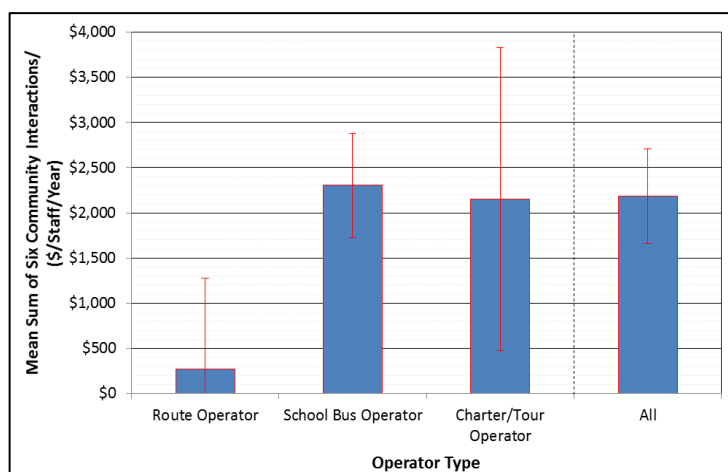
Contrast (Operator Type)	Sig. value for One-Way ANOVA Contrast Test (Ln data values)
[Route] - [School]	.551
[Route] - [Charter/Tour]	.046*
[School] - [Charter/Tour]	.000**

Figure 16: Combining Resources Per-Staff-Member (Ln-transformed), Resolved by Operator Type, and Corresponding Contrast Test Results

Table 21 shows the number of predominant types of bus operators that undertake all six community interactions and the number of no responses. Figure 17 shows the mean value of the sum-of-six community interactions on a per-staff-member basis: school bus operators had the highest result of \$2,304, charter/tour bus operators were next with \$2,152, and route bus operators were third with \$268. The overall mean was \$2,185. The difference between route and school operators was significant at the 1 per cent level. School bus operators share their resources with other operators more than charter/tour and route bus operators. The difference between route and charter/tour operators and school and charter/tour operators was not significant due to the small number of responses from those types of operators. That notwithstanding, the non significant result between route and charter operators is not far off from being significant at the 5 per cent level and the result is very close to the school bus operator result in terms of dollar value contributed. This suggests school and charter/tour operators behave in a broadly similar manner to school bus operators.

Table 21: Sample Size Sum-of-six Community Interactions Per-Staff-Member Resolved by Operator Type

Predominant Type of Operator	N
Route Operator	10
School Bus Operator	167
Charter/Tour Operator	18
Sub Total	195
No response	81
Total	276



Contrast (Operator Type)	Sig. value for One-Way ANOVA Contrast Test (Linear data values)
[Route] - [School]	.003**
[Route] - [Charter/Tour]	.066
[School] - [Charter/Tour]	.865

Figure 17: Overall Sum-of-six Interactions Per-Staff-Member, Resolved by Operator Type, and Corresponding Contrast Test Results

The patterns of significance pursuant to operator type (P2) are now presented in Table 22 with significant results highlighted in green. It shows that in terms of direction, the results are less ambiguous than the results relating to firm size. There were five significant differences between school and route bus operators, two significant differences between charter/tour and route bus operators and one significant difference between charter/tour and school bus operators. Table 22 also shows that the difference between school and route bus operator sum-of-six result was also significant. The results of this analysis suggest that operator type (P2) can be associated with a bus operator's community interaction, with school bus operators in particular, consistently making the largest contribution in mostly operator to community interactions. The significant result in differences between charter/tour operators and route operators when combining resources reflects a typical charter/tour operators' *modus operandi*. They have a greater ability to respond to opportunities to combine resources as they are geared to do so.

Table 22: Summary of Bivariate Analysis Results of Significance Resolved by Operator Type

Community Interaction	Predictor Variable: Operator Type (P2)		
	Route - school	Route - charter/tour	School - charter/tour
<i>Discounted Services (CI1)</i>			
<i>Donations (CI2)</i>	S>R		
<i>Sponsorships (CI3)</i>	S>R		
<i>Time Contributions (CI4)</i>	S>R	C>R	
<i>Safety Actions (CI5)</i>	S>R		
<i>Purchasing Behaviour (CI6)</i>			
<i>Sharing Resources (CI7)</i>	S>R		
<i>Combining Resources (CI8)</i>		C>R	C-S
<i>Overall Sum-of-six</i>	S>R		
<i>Available Significant Differences</i>	9	9	9
<i>Total Significant Differences</i>	6	2	1

5.7.3 Operator Location (P3)

This section shows the results of the cross-tabulations of the eight community interactions by operator location (P3) that were statistically significant.

Table 23 shows the number of operators that are based in metropolitan and regional/rural areas and the number of no responses, in terms of hours contribution per-staff-member. Figure 18 shows the mean value of the time (hours) that operators interact with their community on a per-staff-member basis: regional/rural operators had the highest result with \$1,005, followed by metropolitan operators with \$185. The overall mean was \$913. This difference was significant at the 1 per cent level. Regional and rural based operators contribute more time (hours) to their community than metropolitan based bus operators.

Table 23: Sample Size Time (Hours) Hours Contribution Per-Staff-Member Resolved by Operator Location

Operator Location	N
Metropolitan	29
Regional/Rural	229
Sub Total	258
No response	18
All	276

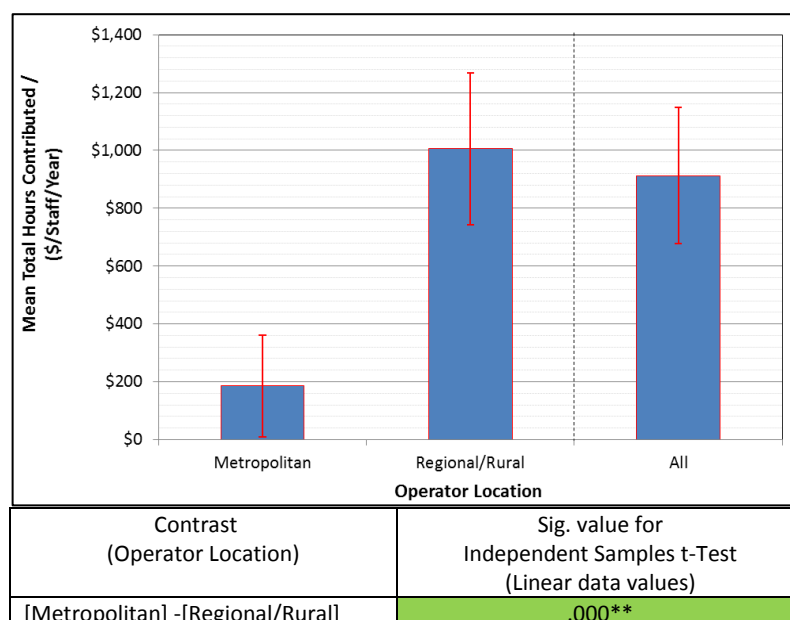


Figure 18: Time (Hours) Contribution Per-Staff-Member, Resolved by Operator Location, and Corresponding Contrast Test Result

Table 24 shows the number of operators based in metropolitan and regional/rural areas that participate in safety interactions and the number of operators that did not answer this question.

Figure 19 shows the mean number of safety interactions operators undertake with their community on a per-staff-member basis: regional/rural operators had the highest result with Ln7.9, followed by metropolitan operators with Ln3.2. The overall mean was Ln7.4. The difference was significant at the 5 per cent level. Regional and rural based operators undertake more safety interactions in their community on a per-staff-member basis than metropolitan based bus operators.

Table 24: Sample Size Safety Actions Per-Staff-Member Resolved by Operator Location

Operator Location	N
Metropolitan	25
Regional/Rural	204
Sub Total	229
No response	47
All	276

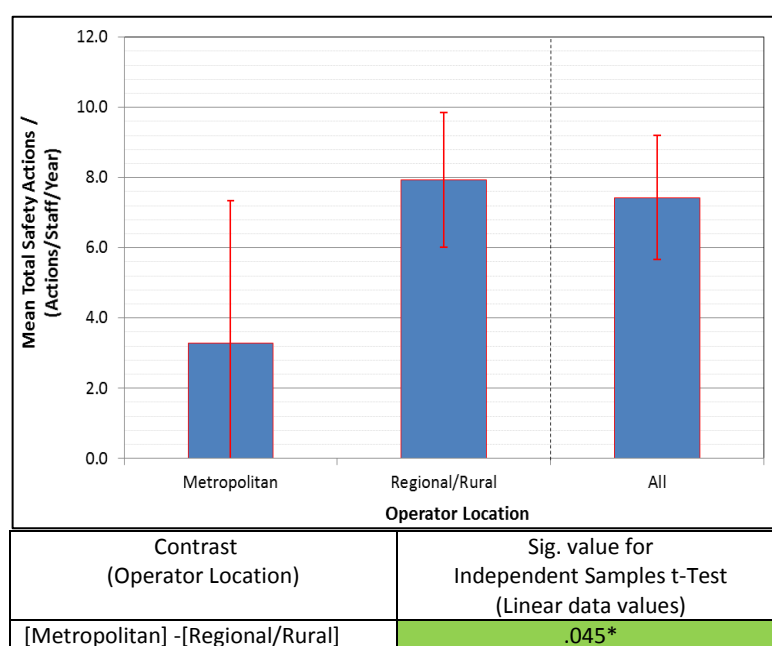


Figure 19: Safety Actions Per-Staff-Member, resolved by Operator Location, and Corresponding Contrast Test Result

Table 25 shows the number of operators based in metropolitan and regional/rural areas that participate in sharing resources and the number of operators that did not answer this question.

Figure 20 shows the mean value of revenue foregone when operators share their resources with other operators on a per-staff-member basis: regional/rural operators had the highest result with \$251; metropolitan operators followed with \$50. The overall mean was \$230. The difference was significant at the 1 per cent level. Regional and rural based operators share their resources and forego more revenue than metropolitan based operators on a per-staff-member basis.

Table 25: Sample Size Sharing Resources Per-Staff-Member Resolved by Operator Location

Operator Location	N
Metropolitan	23
Regional/Rural	197
Sub Total	220
No response	56
All	276

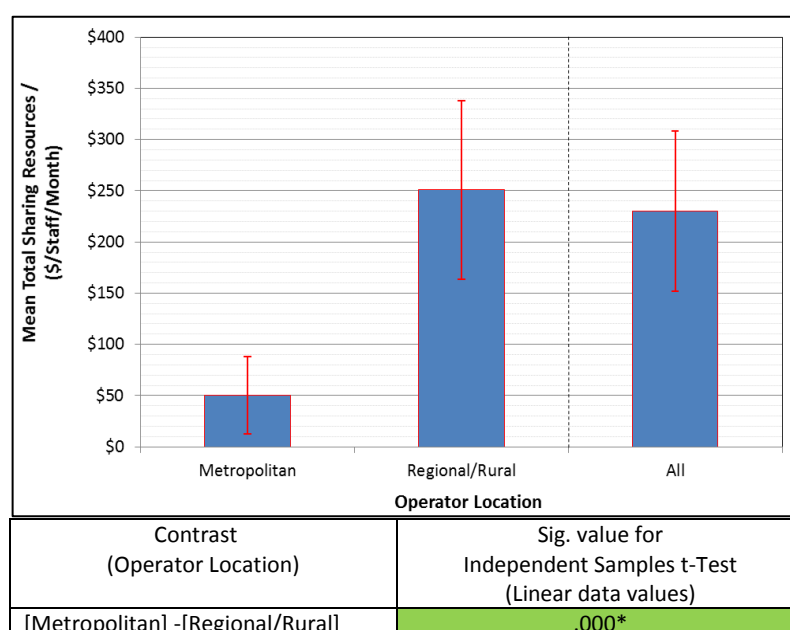


Figure 20: Sharing Resources Per-Staff-Member, Resolved by Operator Location and Corresponding Contrast Test Result

Table 26 shows the number of operators based in metropolitan and regional/rural areas that combine resources with other operators and the number of operators that chose not to respond to this question.

Figure 21 shows the mean value of revenue generated when operators combine their resources with other operators on a per-staff-member basis: metropolitan operators had the highest result with Ln3.2; regional/rural operators followed with Ln1.5. The overall mean was Ln1.6. The difference was significant at the 5 per cent level. Metropolitan operators combine their resources with other operators and generate more revenue than regional/rural operators on a per-staff-member basis. This result is most likely because of: the sheer size of metropolitan operators' fleets; their increased propensity to respond to high levels of demand associated with planned and unplanned rail replacement tasks; and by virtue of their location, they have less exposure to resource supply scarcity than regional and rural operators.

Table 26: Sample Size Combining Resources Per-Staff-Member Resolved by Operator Location

Operator Location	N
Metropolitan	25
Regional/Rural	225
Sub Total	250
No response	26
All	276

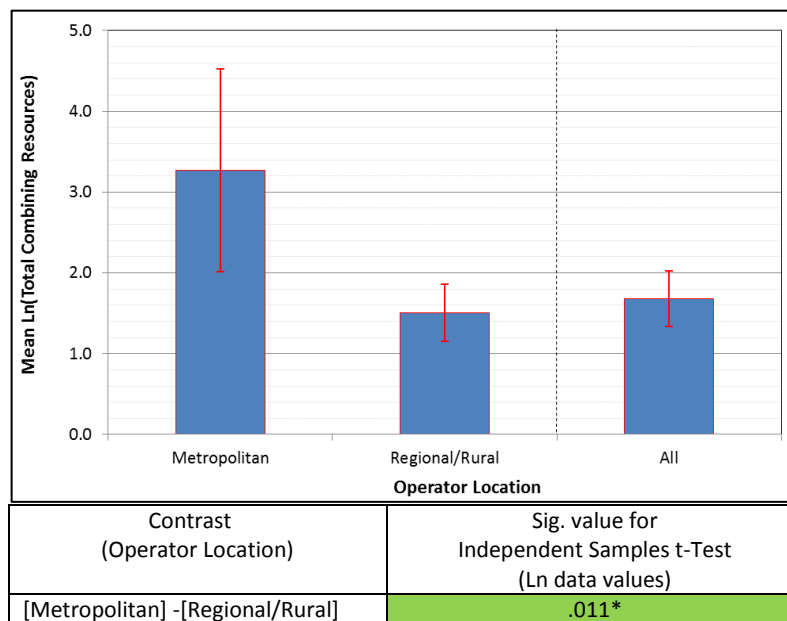


Figure 21: Combining Resources Per-Staff-Member, Resolved by Operator Location, and Corresponding Contrast Test Result

Table 27 shows the number of operators based in metropolitan and regional/rural areas that indicated their local purchasing per-staff-member and the number of operators that chose not to answer this question.

Figure 22 shows the mean value of operators' local purchasing on a per-staff-member basis: metropolitan operators had the highest result with Ln11; regional/rural operators followed with Ln10.1. The overall mean was Ln10.2. The difference was significant at the 1 per cent level. Metropolitan operators spend more money with local suppliers on a per-staff-member basis than regional/rural operators. This result has eventuated because metropolitan operators are so large in size, their expenditure dwarfs that of the vast majority of survey participants, those being regional and rural small operators.

Table 27: Sample Size Local Purchasing Per-Staff-Member Resolved by Operator Location

Operator Location	N
Metropolitan	20
Regional/Rural	155
Sub Total	175
No response	101
All	175

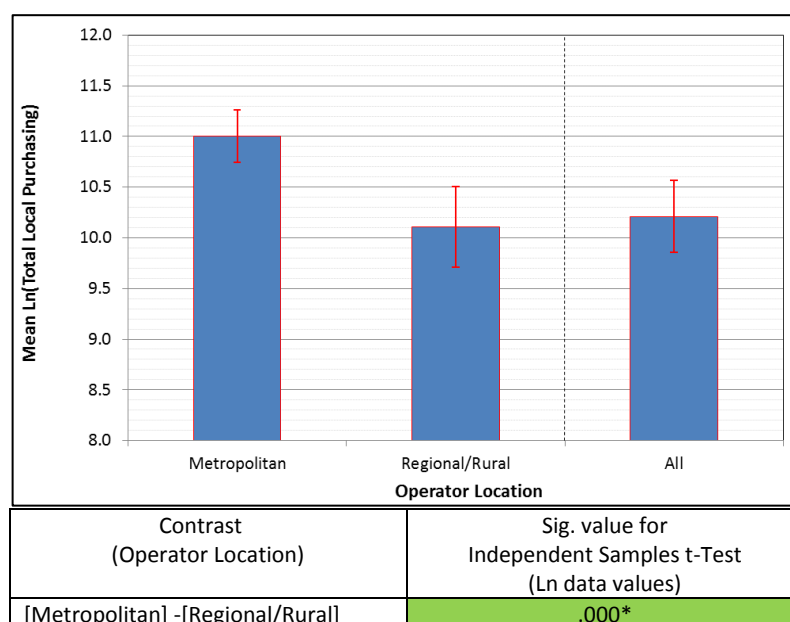


Figure 22: Local Purchasing Per-Staff-Member (Ln-transformed), Resolved by Operator Location, and Corresponding Contrast Test Result

Table 28 shows the number of operators based in metropolitan and regional/rural areas that chose to respond to those interactions that form the sum-of-six community interactions and the number of operators that chose not to answer each question.

Figure 23 shows the mean sum-of-six community interactions resolved by operator location on a per-staff-member basis: regional/rural operators had the highest result with \$2,360; metropolitan operators followed with \$920. The overall mean was \$2,197. The difference was significant at the 5 per cent level. Regional/rural operators interact with their community more than metropolitan operators on a per-staff-member basis.

Table 28: Sample Size Sum-of-six Community Interactions Per-Staff-Member Resolved by Operator Location

Operator Location	N
Metropolitan	22
Regional/Rural	172
Sub Total	194
No response	82
Total	276

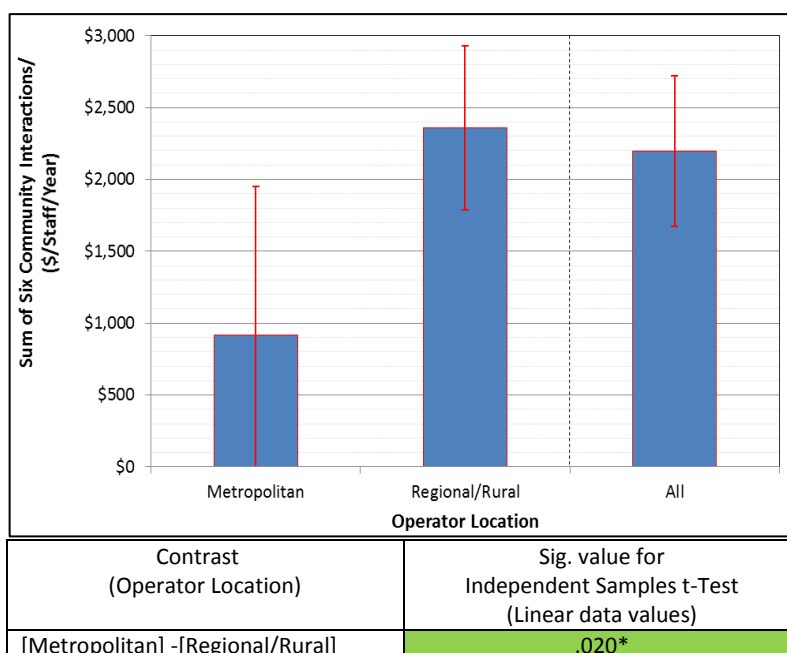


Figure 23: Overall Sum-of-six Contributions Per-Staff-Member, Resolved by Operator Location; and Corresponding Contrast Test Result

The nuanced patterns of significance relating to operator location (P3) are presented in Table 29. The significant results are highlighted in green. In terms of direction, it shows regional/rural operators significantly contribute more time, undertake more safety interactions and share resources more than metropolitan operators on a per-staff-member basis, whereas metropolitan operators were found to interact significantly more than regional/rural operators in respect of combining resources with other operators and local purchasing. This would be because metropolitan operators are predominantly large in size and have the resources available for combination. Metropolitan operators also have much larger turnovers than regional/rural operators. Then, the overall sum-of-six result showed regional/rural operators to significantly interact with their community more than metropolitan operators. These results signal differences in behaviour between operators in regional/rural areas and metropolitan centres, most likely reflecting operator size differences between these locations. The results of this analysis suggest that the location of a bus operator (P3) is not consistently associated with bus operators' community interaction.

Table 29: Summary of Bivariate Analysis Results of Significance Resolved by Operator Location

Community Interaction	Predictor Variable: Operator Location (P3)
	Metro (M) Regional-Rural (R)
<i>Discounted Services (CI1)</i>	
<i>Donations (CI2)</i>	
<i>Sponsorships (CI3)</i>	
<i>Time Contributions (CI4)</i>	R>M
<i>Safety Actions (CI5)</i>	R>M
<i>Purchasing Behaviour (CI6)</i>	M>R
<i>Sharing Resources (CI7)</i>	R>M
<i>Combining Resources (CI8)</i>	M>R
<i>Overall Sum-of-six</i>	R>M
<i>Available Significant Differences</i>	9
<i>Total Significant Differences</i>	6

Operator Location (P3) - Qualitative Data

Qualitative evidence from interviews and the Survey suggests that because regional/rural operators' operate in areas that have smaller populations than metropolitan cities, there appears to be a greater level of inter-dependence among the townsfolk and a stronger resolve to support local initiatives in order to sustain the viability of the town – in other words, a greater degree of social capital and sense of attachment to community. Metropolitan centres have large populations and more support networks and organisations that community members can look to for sponsorships, discounted services, and the other defined community interactions. For example:

Because we have to live here and we know most of the business people socially. (7)

We feel personally responsible to our local community and their ongoing welfare. (8)

We are in an isolated outback town. To use suppliers 300km away is very difficult. If we don't support local business they decline and disappear. (33)

Because we are [a] locally owned company and 90 per cent of our clientele are local. Good economics for [a] small community. (34)

We operate in a small rural area and consider it important that we support each other to survive and prosper. (104)

5.7.4 Operator's Place of Residence (P4)

This section shows the results of the cross-tabulations of the eight community interactions by operator place of residence (P4) that were statistically significant.

Table 30 shows the number of operators that do and do not live in their community that responded to the time (hours) contribution question and the number of operators that did not respond to the question.

Figure 24 shows the mean value of time (hours) that operators interact with their community on a per-staff-member basis: operators that reside in the community in which they provide a bus service contribute a value of \$1,007 to interacting with their community compared to \$324 for operators that do not live in the community in which they provide a bus service. The overall mean was \$926. The difference was significant at the 1 per cent level.

Table 30: Sample Size Hours Contributed Per-Staff-Member Resolved by Operator Residence

Lives in operating community	N
No	30
Yes	223
Sub Total	253
No response	23
All	276

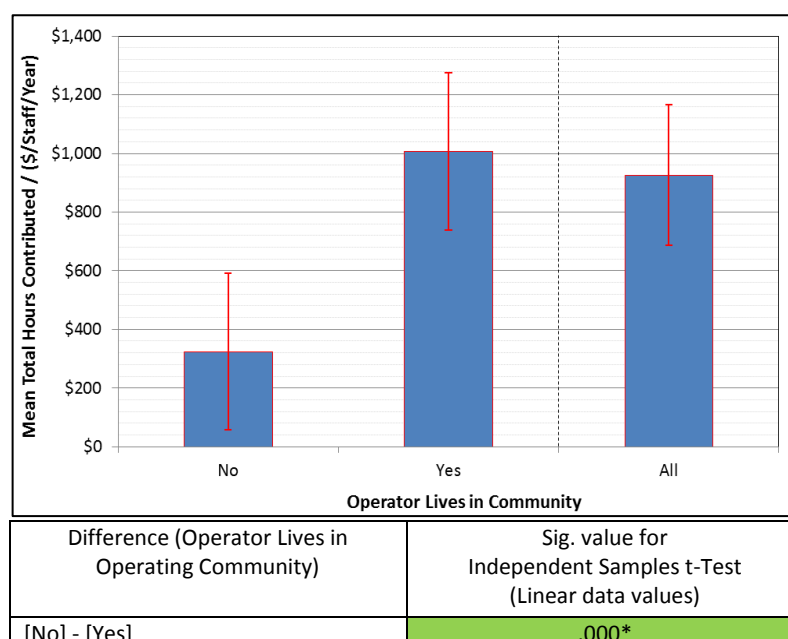


Figure 24: Time (Hours) Contributed Per-Staff-Member, Resolved by Operator Residence, and Corresponding Contrast Test Result

Table 31 shows the number of operators that do and do not live in their community that responded to the combining resources question and the number of operators that did not respond to this question.

Figure 25 shows the mean value of revenue generated by operators combining their resources with other operators on a per-staff-member basis: operators that reside in the community in which they provide a bus service contribute a value of \$161 compared to \$813 for operators that do not live in the community in which they provide a bus service. The overall mean was \$235. The difference was significant at the 5 per cent level.

Table 31: Sample Size Combining Resources Per-Staff-Member Resolved by Operator Residence

Lives in operating community	N
No	28
Yes	218
Sub Total	246
No response	30
All	276

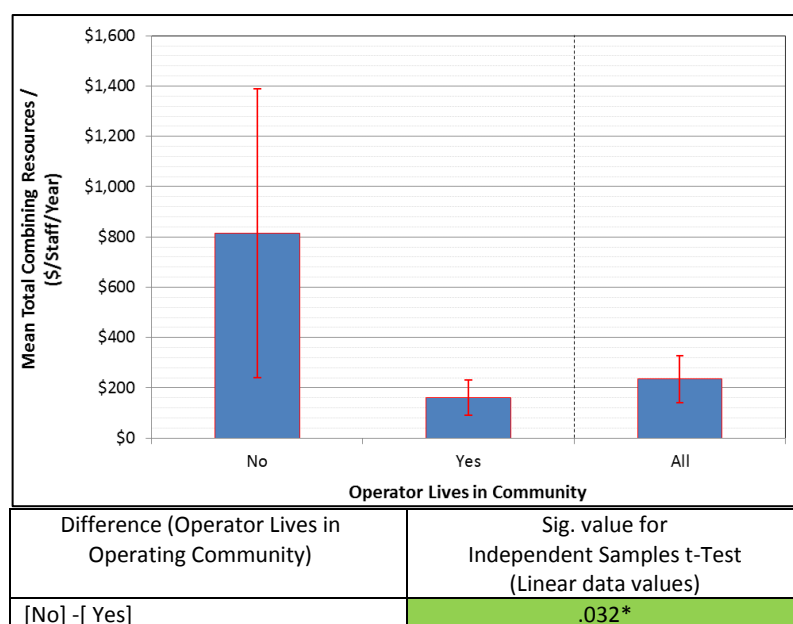


Figure 25: Combining Resources Per-Staff-Member, Resolved by Operator Residence, and Corresponding Contrast Test Result.

Table 32 shows the number of operators that do and do not live in their community that answered the local purchasing question and the number of operators who chose not to respond to this question. Note the large proportion of Survey participants who did not respond to this question.

Figure 26 shows the mean value of local purchasing undertaken by operators who do and do not live in the communities in which they provide a bus service on a per-staff-member basis: operators that reside in the community in which they provide a bus service spend \$49,017 compared to \$80,320 for operators that do not live in the community in which they provide a bus service. The overall mean was \$52,839. The difference was significant at the 5 per cent level.

Table 32: Sample Size Local Purchasing Per-Staff-Member Resolved by Operator Residence

Live in operating community	N
No	21
Yes	151
Sub Total	172
No response	104
All	276

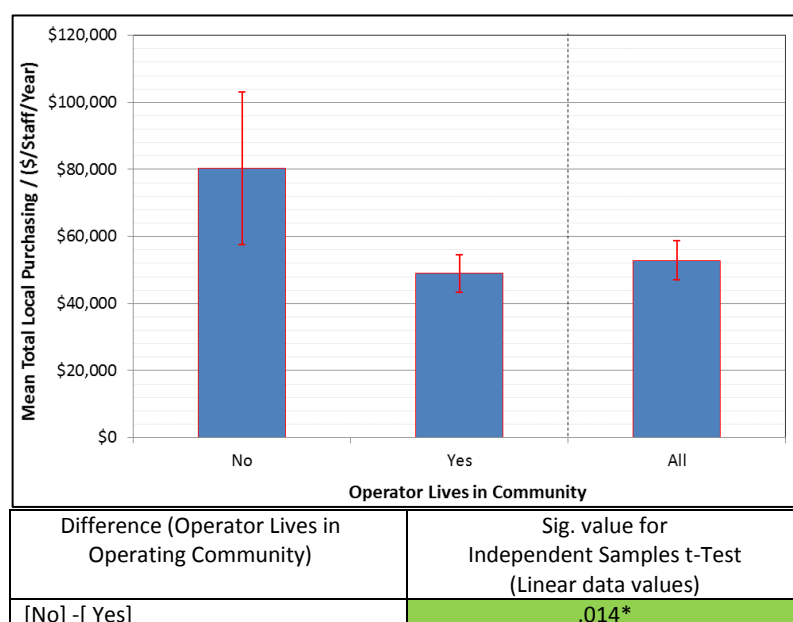


Figure 26: Local Purchasing Per-Staff-Member, Resolved by Operator Residence; and Corresponding Contrast Test Result

Table 33 shows the number of operators that do and do not live in their community that answered all the questions that comprise the sum-of-six community interactions and the number of operators that chose not to answer all six questions.

Figure 27 shows the mean value of the sum-of-six community interactions for operators that live in the communities in which they provide a bus service is \$2,357 on a per-staff-member basis and \$1,286 per-staff-member for operators that do not. This overall sum-of-six result was significant at the 10 per cent level.

Table 33: Sample Size Sum-of-six Community Interactions Per-Staff-Member Resolved by Operator Residence

Live in operating community	N
No	22
Yes	169
Sub Total	191
No responses	85
Total	276

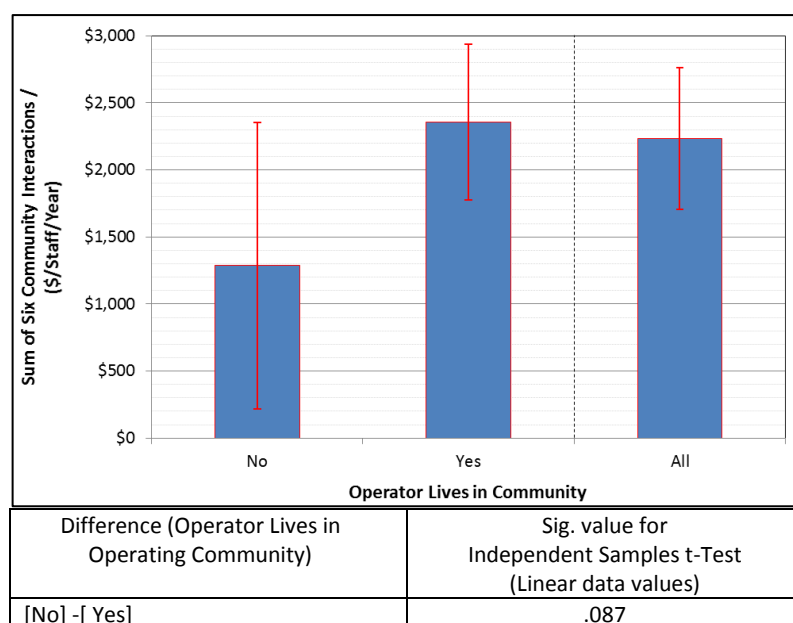


Figure 27: Overall Sum-of-six Interactions Per-Staff-Member, Resolved by Operator Residence; and Corresponding Contrast Test

In respect of residing in the community in which operators provide a bus service (P4) being a predictor variable of operators' community interaction, the significant results are inconsistent and nuanced, as presented in Table 34. It shows that operators that live in their community significantly contribute more time to their communities than operators that do not. These are small operators (and this result is consistent with the results presented in Table 14.) It also shows that operators who do not live in their community significantly combine their resources and significantly spend more of their income locally than operators that do. These are medium-sized and large operators (which is consistent with the result presented in Table 14.) The overall sum-of-six result showed operators that live in the community interact more with their community than those that do not, but this result was significant at the 10 per cent level, hence it is not highlighted in green.

Table 34: Summary of Bivariate Analysis Results of Significance Resolved by Operator Residence

Community Interaction	Predictor Variable: Operator Residence (P4)
	Live in (I) / Live out (O) of community
<i>Discounted Services (CI1)</i>	
<i>Donations (CI2)</i>	
<i>Sponsorships (CI3)</i>	
<i>Time Contributions (CI4)</i>	I>O
<i>Safety Actions (CI5)</i>	
<i>Purchasing Behaviour (CI6)</i>	O>I
<i>Sharing Resources (CI7)</i>	
<i>Combining Resources (CI8)</i>	O>I
<i>Overall Sum-of-six</i>	
<i>Available Significant Differences</i>	9
<i>Total Significant Differences</i>	3

From a quantitative perspective, it is concluded that the fourth predictor variable, operator place of residence can be a predictor of bus operators' community interaction in certain circumstances.

5.7.5 Form of Service Contract (P5)

This section shows the results of the significant cross-tabulations of the eight community interactions resolved by form of contract (tendered or negotiated) (P5).

Table 35 shows the number of operators that indicated they have had their bus service contract renewed via a negotiated process or not that responded to the discounts question and the number of operators that did not respond to the question.

Figure 28 shows the mean of operators that offer discounted services on a per-staff-member basis: operators with a negotiated bus service contract offer discounted services to the value of Ln3.7, and operators that do not have a negotiated bus service contract offer discounted services to the value of Ln2.3. This result was statistically significant at the 1 per cent level. Operators with a negotiated bus service contract offer a higher value of discounted services than those with a tendered bus service contract.

Table 35: Sample Size Total Discounts Per-Staff-Member Resolved by Form of Contract

Contract renewed via negotiation	N
No	143
Yes	100
Sub Total	243
No response	33
All	276

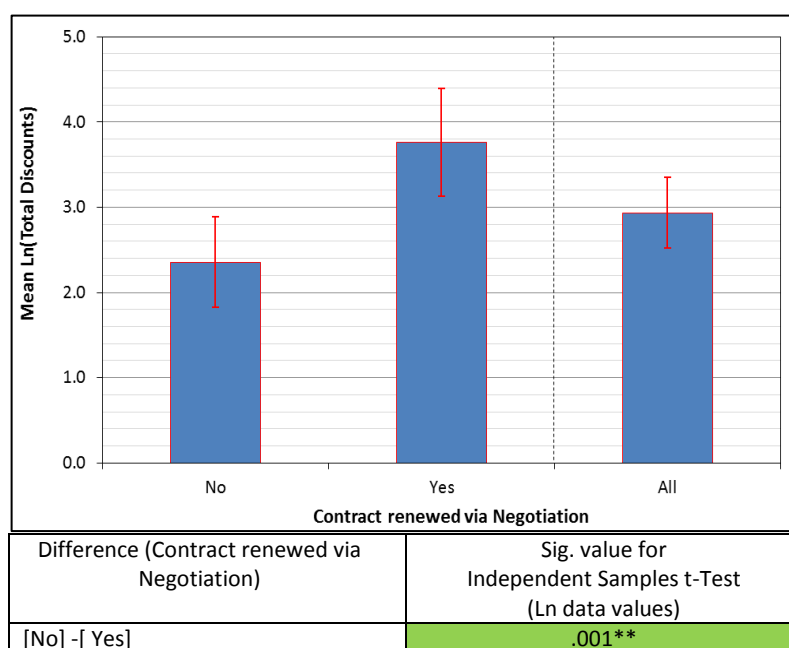


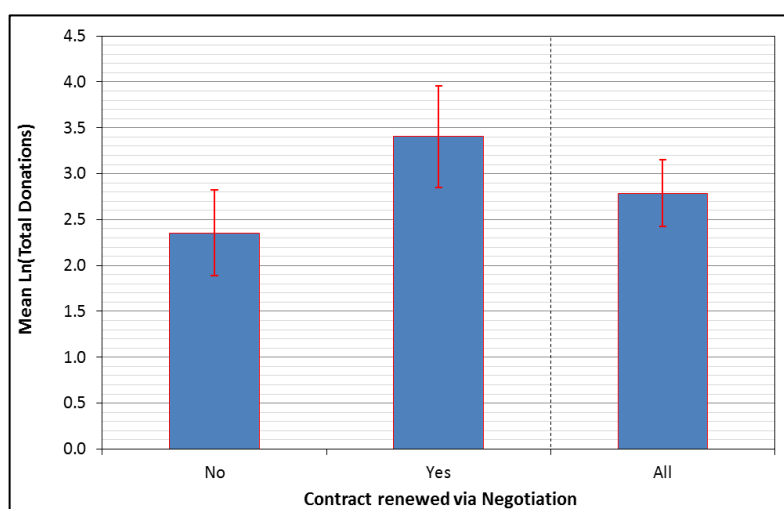
Figure 28: Total Discounts Per-Staff-Member (Ln-transformed), Resolved by Form of Contract, and Corresponding Contrast Test Result

Table 36 shows the number of operators that indicated they have had their bus service contract renewed via a negotiated process or not that responded to the donations questions and the number of operators that chose not to respond to this question.

Figure 29 shows the mean value of donations on a per-staff-member basis: operators with a negotiated bus service contract donate services to the value of Ln3.4, and operators that do not have a negotiated bus service contract donate to the value of Ln2.3. The mean was Ln2.7. This result was statistically significant at the 1 per cent level. Operators with a negotiated bus service contract donate more than operators with a tendered bus service contract.

Table 36: Sample Size Donations Per-Staff-Member Resolved by Form of Contract

Contract renewed via negotiation	N
No	147
Yes	103
Sub Total	250
No response	26
All	276



Difference (Contract renewed via Negotiation)	Sig. value for Independent Samples t-Test (Ln data values)
[No] - [Yes]	.004**

Figure 29: Total Donations Per-Staff-Member (Ln-transformed), Resolved by Form of Contract, and Corresponding Contrast Test Result

Table 37 shows the number of operators that indicated they have had their bus service contract renewed via a negotiated process or not that responded to the combining resources question and the number of operators that did not respond to this question.

Figure 30 shows the mean value of combining resources on a per-staff-member basis: operators with a negotiated bus service contract combine resources with other operators to the value of Ln2.1, and operators that do not have a negotiated bus service contract combine resources to the value of Ln1.2. The mean was Ln1.6. This result was statistically significant at the 5 per cent level. Operators with a negotiated bus service contract combine their resources with other operators more than operators with a tendered bus service contract.

Table 37: Sample Size Combining Resources Per-Staff-Member Resolved by Form of Contract

Contract renewed via negotiation	N
No	147
Yes	99
Sub Total	246
No response	30
All	276

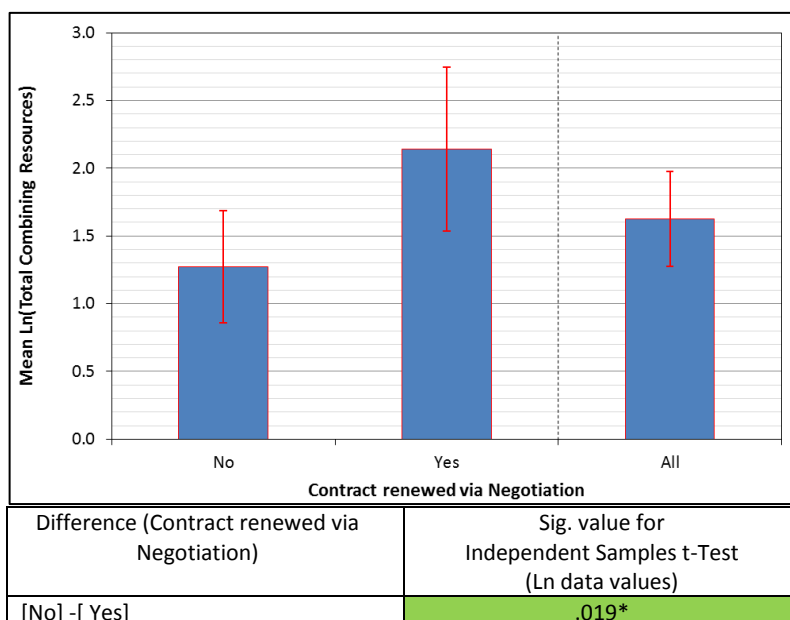


Figure 30: Combining Resources Per-Staff-Member (Ln-transformed), Resolved by Form of Contract; and Corresponding Contrast Test Result

Table 38 shows the number of operators that indicated they have had their bus service contract renewed via a negotiated process or not that chose to respond to each of the questions that form the sum-of-six community interactions and the number of operators that chose not to respond to each question. Note the high number of no responses.

Figure 31 shows the mean value of the sum-of-six community interactions on a per-staff-member basis: operators with a negotiated bus service contract interact to the value of \$2,558, whereas operators that do not have a negotiated bus service contract interact to the value of \$1,970. The mean was \$2,215. This result was not statistically significant.

Table 38: Sample Size Sum-of-six Community Interactions Per-Staff-Member Resolved by Form of Contract

Contract renewed via negotiation	N
No	109
Yes	78
Sub Total	187
No response	89
Total	276

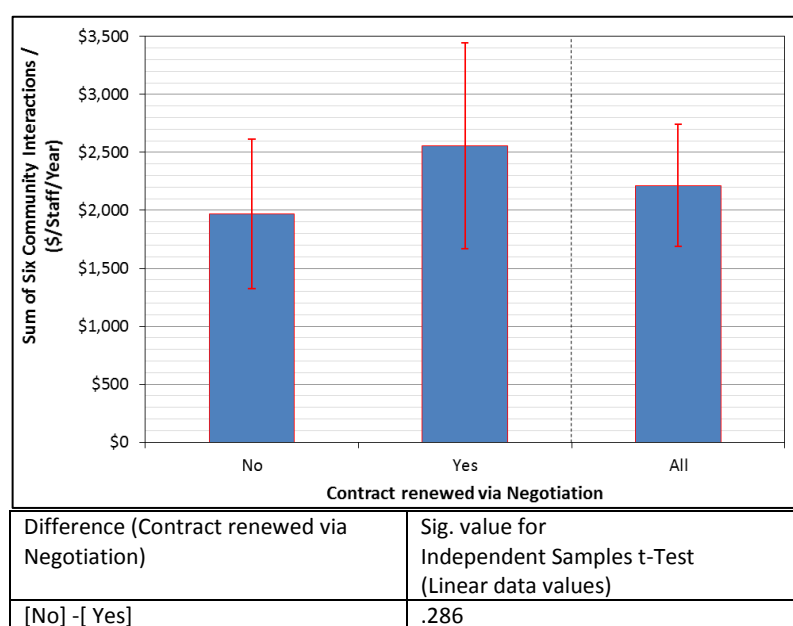


Figure 31: Sum-of-Six Community Interactions Per-Staff-Member, Resolved by Form of Contract, and Corresponding Contrast Test Result

With regard to the form of service contract (P5) (negotiated or tendered) being a predictor variable of bus operators' community interaction, only three of the seven community interactions produced differences that were significant: discounts, donations and combining resources. In all three cases, operators with negotiated service contracts interact with community more than operators with tendered contracts. This is a consistent, result and is shown in Table 39.

Thus, the analysis suggests that form of contract can be considered a predictor of bus operators' community interaction in certain circumstances, with operators having negotiated contracts more likely to contribute than those with tendered contracts.

Table 39: Summary of Bivariate Analysis Results of Significance Resolved by Form of Contract

Community Interaction	Predictor Variable: Form of Contract (P5)
	Negotiated (N) / Tendered (T)
<i>Discounted Services (CI1)</i>	N>T
<i>Donations (CI2)</i>	N>T
<i>Sponsorships (CI3)</i>	
<i>Time Contributions (CI4)</i>	
<i>Safety Actions (CI5)</i>	
<i>Purchasing Behaviour (CI6)</i>	
<i>Sharing Resources (CI7)</i>	
<i>Combining Resources (CI8)</i>	N>T
<i>Overall Sum-of-six</i>	
<i>Available Significant Differences</i>	9
<i>Total Significant Differences</i>	3

The researcher can offer some anecdotal evidence obtained as a bus industry practitioner to extend this discussion. Outside of this research project, the researcher has been informed by bus operators around Australia on numerous occasions, whether they be route or school operators or metropolitan or regional/rural operators, that they contemplate continuity of their bus service contract in order to achieve the goals of the family or the family business - goals that do not pertain to the bus business, but the achievement of which depend on the continuation of the bus business. Tendering bus services puts this desired continuity at risk.

5.7.6 Sense of Community (P6)

The SOC section of the Survey was designed to garner operators' thoughts about what is and is not important to them about being part of a neighbourhood (or community). In establishing this, it was hoped that the following three queries could be satisfied:

1. if SOC, the sixth hypothesised variable (P6) to influence an operator's interaction with their community, is an actual predictor variable of operators' community interaction (section 5.7.6.1);
2. if any of the results materially and significantly diverged from the mean (section 5.7.6.2); and
3. whether bus operators in any one state have a greater SOC than those in other states (section 5.7.6.3).

The first query has been addressed by correlation of Survey Q.28 responses against the eight community interaction variables (CI1–CI8). The second query has been addressed by cross-tabulating the Survey Q.28 responses resolved by state of operation, performing Pearson Chi-Square Tests on the differences, One-Way ANOVA tests on the mean results, and discussing some qualitative data from the Survey. The third question has been addressed by resolving the mean operator response to Survey Q.28, that is, the overall, combined response to Q.28(a)-(k) and performing One-Way ANOVA tests on the mean result.

5.7.6.1 Sense of Community (P6) as a Predictor Variable of Operator Community Interaction

The first query associated with SOC, the sixth variable hypothesised to influence an operator's interaction with their community, was to test whether it can be associated with an operator's interaction. The relationship between the overall SOC variable (P6) and the eight individual community interaction variables (CI1–CI8) was tested by means of correlation. The optimal way to visualise the relationship between overall SOC (P6) and each of the eight community interaction variables is by means of a scatter plot. Figures 32a to 32h are the scatter plots for each of the eight correlations in turn between overall SOC and the community interaction variables formulated in terms of per-staff-member per year, (that is, Value/Staff/Year). Note, the red line illustrates the straight line of best fit and R^2 co-efficients are shown in a red box in each figure.

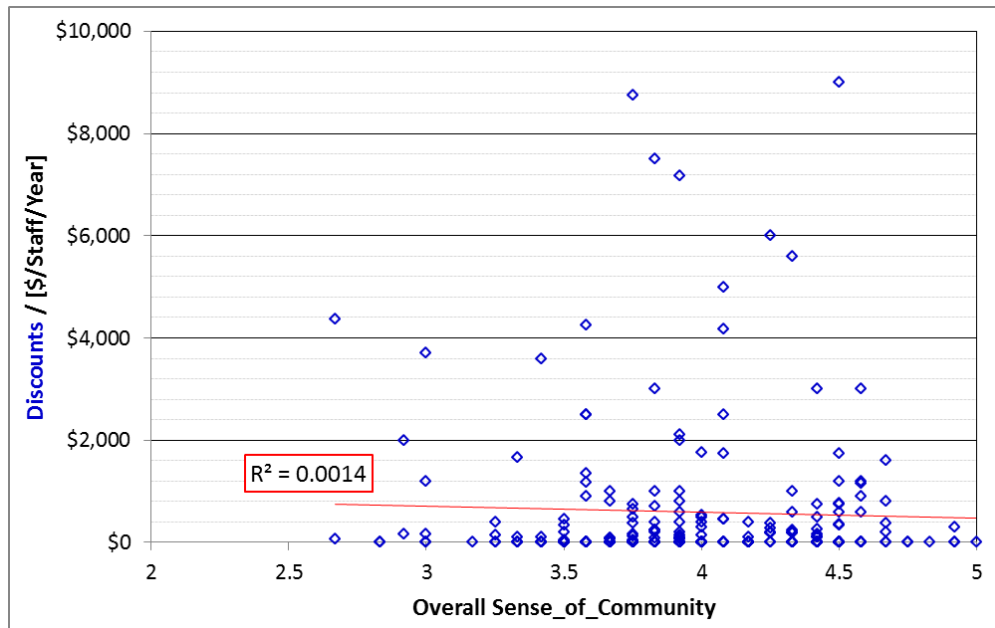


Figure 32a: Scatter-plot for Discounts vs. Overall SOC.

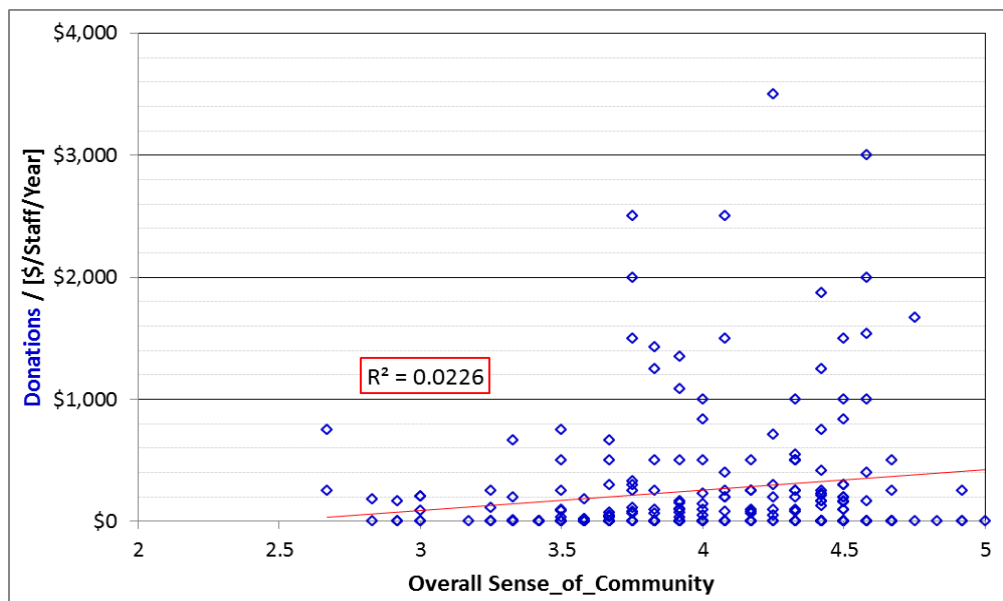


Figure 32b: Scatter-plot for Donations vs. Overall SOC

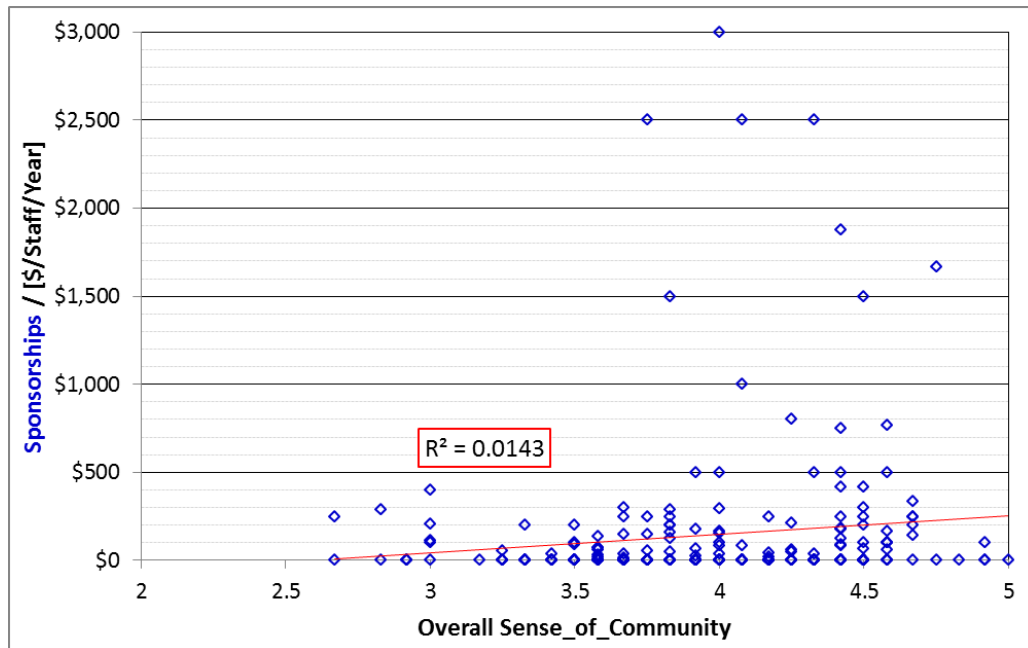


Figure 32c: Scatter-plot for Sponsorships vs. Overall SOC.

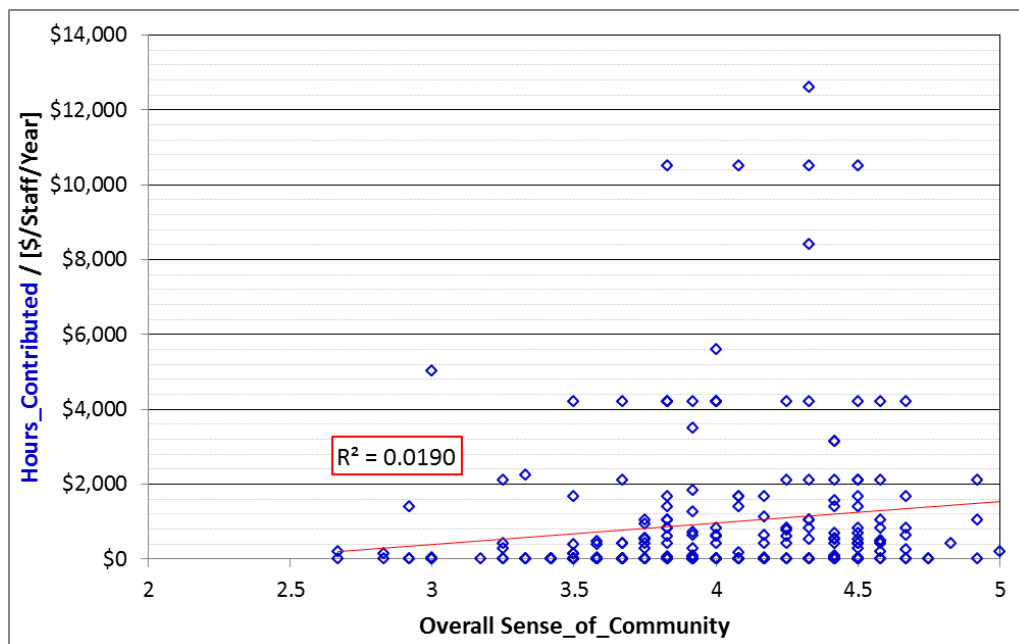


Figure 32d: Scatter-plot for Hours Contributed vs. Overall SOC

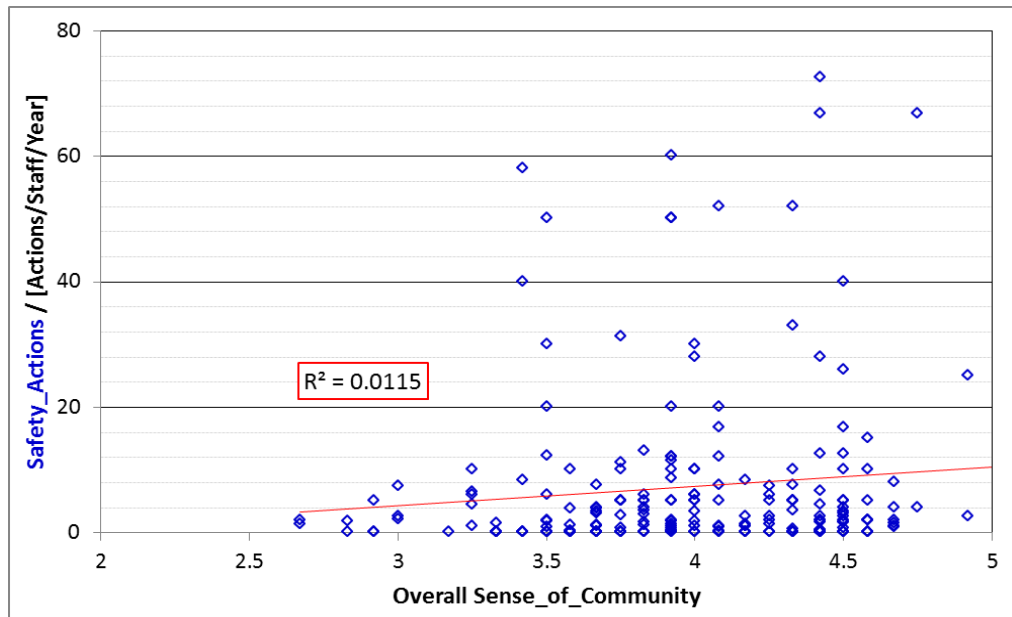


Figure 32e: Scatter-plot for Safety Actions vs. Overall SOC.

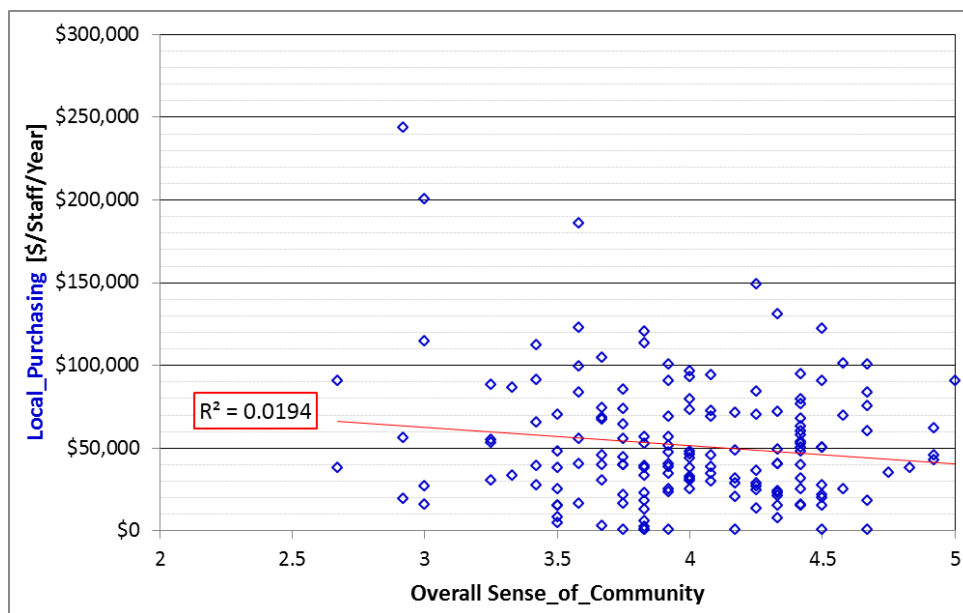


Figure 32f: Scatter-plot for Local Purchasing vs. Overall SOC

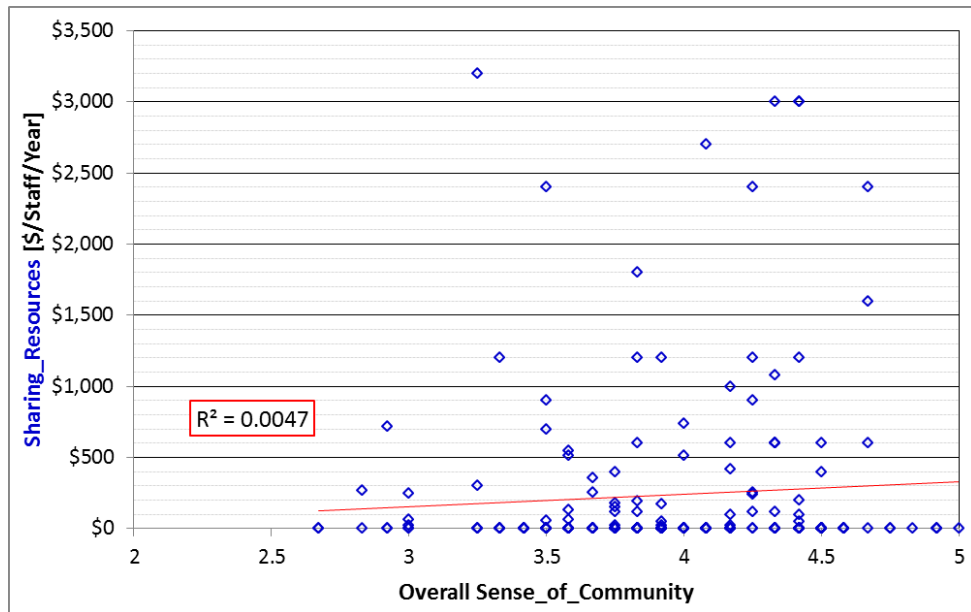


Figure 32g: Scatter-plot for Sharing Resources vs. Overall SOC

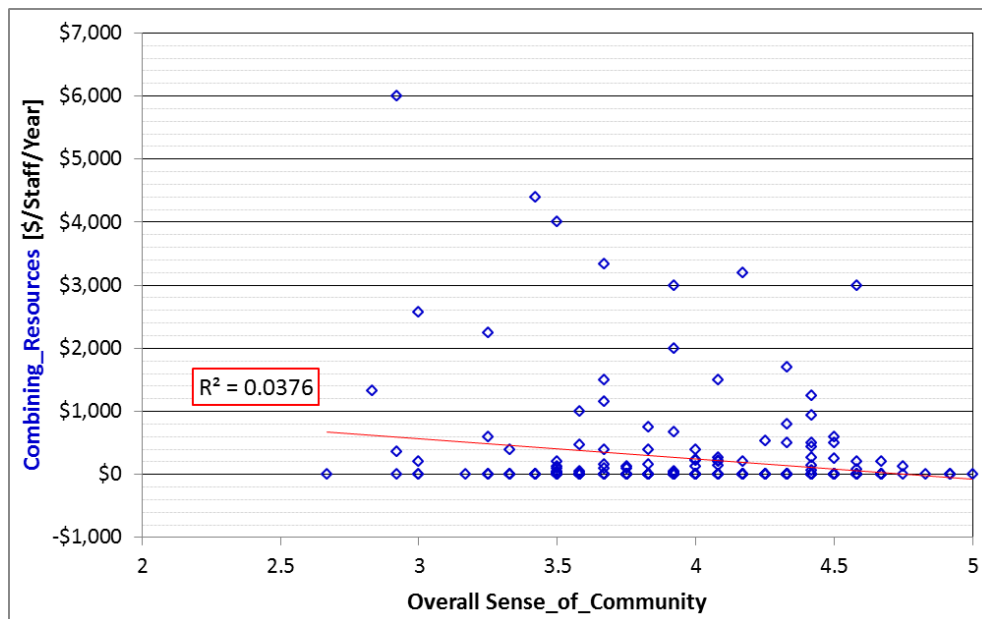


Figure 32h: Scatter-plot for Combining Resources vs. Overall SOC

All correlations undertaken for SOC delivered very low R^2 coefficients, suggesting there is virtually no relationship between the overall SOC variable (as it has been quantified by Survey Q.28) and each of the eight community interactions (CI1–CI8). It is concluded that from a bivariate quantitative perspective, SOC as measured is not associated with a bus operator's community interaction.

However, there is some qualitative evidence that a bus operator's SOC can be associated with an operator's community interaction. This evidence is drawn from the Survey data that suggests operators with little or no memberships, influence, community integration, or the need for fulfilment and shared emotional connection (Chavis et al., 1986) with their community would be less inclined to interact with their community.

Survey Q.20(b) asked operators why they interact with their community. 160 of the 276 Survey responses answered this question and all but eight (5 per cent) of participants wrote of their desire for community integration, the fulfilment of needs and shared emotional connection with their community. Ninety five per cent of the 160 responses in the affirmative suggests that an operator's belief about SOC has a bearing on the extent of their community interaction.

Some of the affirmative responses from survey participants are:

Community and its values are paramount to family and happiness.
(60)

Supporting local community is important as without your community you have no business. It is important to give back. (74)

We play a pivotal role in the community through our services, sponsorship and willingness to work with all community groups to improve every aspect of life in our region. (77)

Keep [town name withheld] on the map as a town, not a ghost town. (86)

If we made more profit we would be pleased to spread it around.
(90)

We are 100 per cent devoted to the sustainability of our community but we have to make an income to survive ourselves, so we can then contribute to the community. (93)

It is my belief I have respect in our local community. I also believe locals and friends know if they ask they know I will always help if I can. (114)

Being a 'hands on' owner/director we have [a] level of intimacy with the community and the operation that CANNOT ever be replicated by a non-owner/director/manager— we are on call 24/7 at a level that WILL NOT ignore situations for personal reasons. Business/community comes FIRST! (129)

The local bus operator for small communities especially is an integral part of the community. Everyone knows us and we know them. (146)

The bus industry in Victoria form[s] part of every local community through school bus services, sports carnivals, events and sponsorships. To an extent the community has expectations that bus operators will contribute with time or money – to the best of their ability. (170)

Money is of no use to us if we do not have health and happiness. There is no benefit being the richest man in the cemetery. We come with nothing, we can go with nothing, but the legacy we leave behind. (184)

Small communities need to work together in many aspects but most or all the children are our future. Every child has the right to experience sport activities, art, environment/Indigenous knowledge and feel what it is like to go on excursions as [they] may not be able to have family holidays. (209)

You live in a community, you work in a community, you prosper in a community. (229)

We have our interest and loyalties to our community. We would like this to go on forever and ever. But we can't if there is [sic.] no bus contracts. (29)

Our firm has been involved with all aspects of local community for 75 years – our position as bus operators has enabled us to help the community in many areas. (239)

The longer the interactions the stronger the community. (251)

We are members of a small community and value our reputation amongst our peers and value the bigger picture of 'community' and what it provides for our family, friends and their families. (60)

5.7.6.2 Significant Divergences Between the States for Sense of Community Results

Regarding the second query associated with SOC, that is whether any of the results diverged from the mean, there are two significant results to discuss.

These exercises were investigated by:

- Resolving the Mean operator response to Survey Q.28_Overall (that is, the combined responses to Q.28(a)-(k)), resolved according to State of Operation;
- Testing the Contrasts between States for Survey Q.28_Overall, using One-Way ANOVA.

5.7.6.2.1 Survey Q.28(k) - It is very important to me to live in my particular neighbourhood

Table 40 presents the (reverse scale) mean for Survey Q.28(k) 'It is very important to me to live in my particular neighbourhood.' The means ranged from 3.50 for Queensland to 4.15 for Tasmania.

Table 40: Mean Operator Response to Survey Q.28(k)

Primary State	N	Mean (Reverse Scale)	Std. Deviation	Std. Error of Mean
VIC	94	3.91	.912	.094
NSW	70	3.84	.879	.105
QLD	24	3.50	.834	.170
TAS	20	4.15	.671	.150
SA	5	4.00*	.707	.316
WA	49	3.88	.807	.115
All	262	3.87	.861	.053

* Ignore results from South Australia

Table 41 presents the One-Way ANOVA test which shows the difference in results between Victoria and Queensland were significant at the 5 per cent level and the difference in results between Queensland and Tasmania was significant at the 1 per cent level. These are highlighted in green. This means that operators in Victoria and Tasmania place a greater level of importance on living in their particular neighbourhood than operators in Queensland.

Table 41: One-Way ANOVA contrast test pursuant to Table 40.

Contrast		Value of Contrast	Std. Error	T	df	Sig. (2-tailed)
Q.28(k) – It is very important to me to live in my particular neighbourhood	[VIC-NSW]	.07	.141	.511	151.671	.610
	[VIC-QLD]	.41	.194	2.133	38.296	.039*
	[VIC-TAS]	-.24	.177	-1.328	35.745	.193
	[VIC-SA]	-.09	.330	-.258	4.737	.807
	[VIC-WA]	.04	.149	.251	108.363	.802
	[NSW-QLD]	.34	.200	1.714	41.815	.094
	[NSW-TAS]	-.31	.183	-1.677	39.574	.101
	[NSW-SA]	-.16	.333	-.472	4.928	.657
	[NSW-WA]	-.03	.156	-.222	108.659	.824
	[QLD-TAS]	-.65	.227	-2.865	41.960	.006**
	[QLD-SA]	-.50	.359	-1.392	6.559	.209
	[QLD-WA]	-.38	.206	-1.836	44.454	.073
	[TAS-SA]	.15	.350	.429	5.939	.683
	[TAS-WA]	.27	.189	1.440	42.246	.157
	[SA-WA]	.12	.337	.364	5.127	.731

5.7.6.2.2. Survey Q.28(g) Very few of my neighbours know me

The second significant difference in the SOC results is shown in Table 42 which involves Survey Q.28(g) (very few of my neighbours know me). These means range from 4.30 for operators in Victoria to 3.60 for operators in Tasmania.

Table 42: Mean response to Q.28(g) Very few of my neighbours know me, resolved according to Primary State.

Primary State	N	Mean	Std. Deviation	Std. Error of Mean
VIC	94	4.30	.745	.077
NSW	70	4.13	.883	.106
QLD	24	4.08	.776	.158
TAS	20	3.60	1.046	.234
SA	5	4.00*	.707	.316
WA	49	3.92	.886	.127
All	262	4.10	.854	.053

* Ignore results from South Australia

Table 43 shows the One-Way ANOVA test on the differences between the states. Table 43 reveals that the difference between Victoria and Tasmania was significant at the 1 per cent level, and the differences between Victoria and Western Australia and New South Wales and Tasmania were significant at the 5 per cent level. These are highlighted in green. This implies the level of recognition or awareness that Victorian operators have within the community in which they operate a bus service is more prominent than other states.

Table 43: Q.28(g) Very Few of my Neighbours Know Me. One Way ANOVA

Contrast		Value of Contrast	Std. Error	T	df	Sig. (2-tailed)
Q.28(g) – Very few of my neighbours know me	[VIC-NSW]	.17	.131	1.296	133.674	.197
	[VIC-QLD]	.21	.176	1.219	34.649	.231
	[VIC-TAS]	.70	.246	2.834	23.268	.009**
	[VIC-SA]	.30	.325	.915	4.486	.407
	[VIC-WA]	.38	.148	2.563	84.046	.012*
	[NSW-QLD]	.05	.190	.238	45.042	.813
	[NSW-TAS]	.53	.257	2.059	27.216	.049*
	[NSW-SA]	.13	.333	.386	4.938	.716
	[NSW-WA]	.21	.165	1.275	103.266	.205
	[QLD-TAS]	.48	.282	1.711	34.420	.096
	[QLD-SA]	.08	.354	.236	6.188	.821
	[QLD-WA]	.16	.203	.814	51.681	.419
	[TAS-SA]	-.40	.393	-1.017	9.009	.336
	[TAS-WA]	-.32	.266	-1.197	30.706	.241
	[SA-WA]	.08	.341	.240	5.373	.819

5.7.6.3. Overall Combined Sense of Community

To establish whether bus operators in any one state have a greater SOC than those in other states, data was analysed by:

- Resolving the (reverse scale) mean operator response to Survey Q.28 overall (that is, the combined responses to Q.28(a) – (l)), according to state of operation; and
- Testing the contrasts between states for Survey Q.28 overall, using One-Way ANOVA.

Table 44 shows the reverse scale mean resolved by state of operation and Figure 33 shows the same data in plot graph format. This table and figure reveal a general consistency of SOC across all jurisdictions. No jurisdiction is significantly stronger than another. Further, none of the pairwise contrasts between the states are statistically significant and this is shown in Table 45.

Table 44: Survey Q. 28(a)-(l) Reverse Scale Mean Resolved by state of operation

Primary State	N	Mean (Reverse Scale)	Std. Deviation	Std. Error of Mean
VIC	87	4.04	0.488	0.052
NSW	66	3.96	0.464	0.057
QLD	24	3.87	0.478	0.098
TAS	20	3.96	0.474	0.106
SA	4	4.10*	0.463	0.232
WA	45	3.89	0.444	0.066
All	246	3.97	0.471	0.030

* Ignore results from South Australia

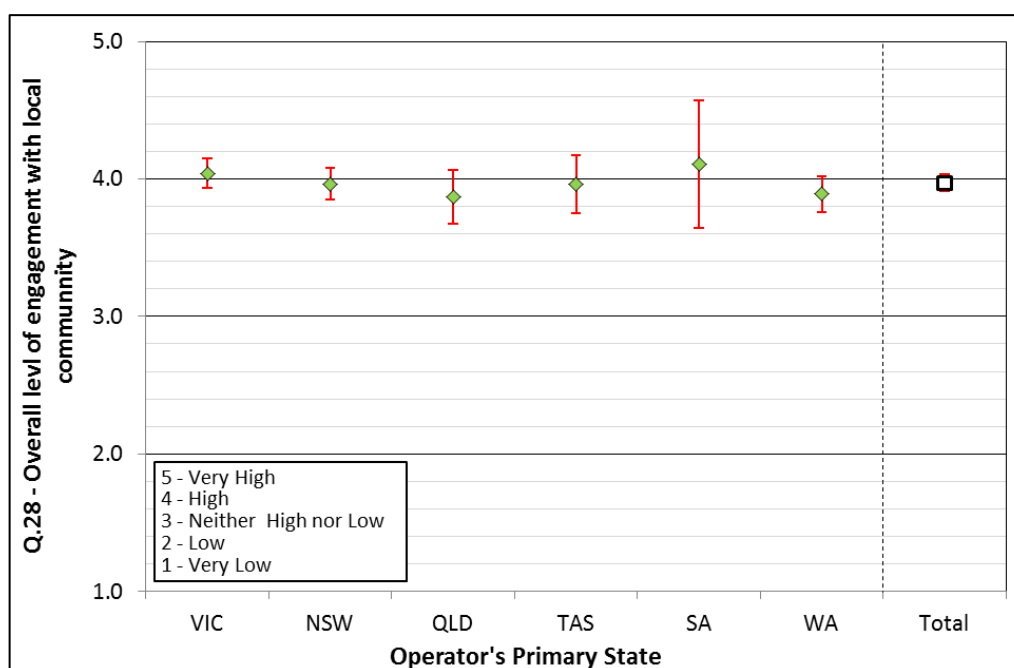


Figure 33: Plot of Data Pursuant to Table 44

Table 45: One-Way ANOVA pursuant to Table 44

Contrast		Value of Contrast	Std. Error	T	df	Sig. (2-tailed)
Q.28_Overall Combined responses Q.28(a) – (l)	[VIC-NSW]	.077	.077	.988	143.482	.325
	[VIC-QLD]	.173	.111	1.563	37.284	.127
	[VIC-TAS]	.079	.118	.666	29.005	.511
	[VIC-SA]	-.063	.238	-.265	3.314	.807
	[VIC-WA]	.152	.084	1.805	96.800	.074
	[NSW-QLD]	.097	.113	.854	39.792	.398
	[NSW-TAS]	.002	.120	.018	30.877	.986
	[NSW-SA]	-.140	.239	-.585	3.375	.596
	[NSW-WA]	.076	.087	.866	97.367	.388
	[QLD-TAS]	-.094	.144	-.655	40.709	.516
	[QLD-SA]	-.236	.251	-.939	4.143	.399
	[QLD-WA]	-.021	.118	-.177	44.138	.861
	[TAS-SA]	-.142	.255	-.556	4.358	.606
	[TAS-WA]	.074	.125	.589	34.452	.560
	[SA-WA]	.215	.241	.893	3.508	.429

Does not assume equal variances.

5.7.6.4 Conclusion to Sense of Community (P6) as a Predictor of Operator Community Interaction

This section presented the bivariate and qualitative results associated with whether operators' SOC (P6) is an actual predictor of a bus operators' community interaction. It was found that:

- All correlations undertaken for SOC delivered very low R^2 coefficients, suggesting there is virtually no relationship between the overall SOC variable and each of the eight community interactions (CI1–CI8).
- Two significant divergences from the mean SOC (P6) results were also presented. It was found operators in Victoria and Tasmania place a greater level of importance on living in their particular neighbourhood than operators in Queensland. Further, the level of recognition or awareness that Victorian operators have within the community in which they operate a bus service is more prominent than other states.
- No jurisdiction was found to have a significant overall stronger SOC than another.

In light of the aforementioned, it is concluded that from a quantitative, bivariate perspective, an operator's SOC (P6) cannot be considered a predictor variable of a bus operator's community interaction.

There is, however, qualitative support for SOC to be considered a predictor variable of a bus operator's community interaction. One hundred and sixty out of 276 Survey participants answered Survey Q.20(b) which asked operators why they interact with their community. All but eight participants (5 per cent) wrote of their desire for community integration, the fulfilment of needs and shared emotional connection with their community. Ninety-five per cent of responses in the affirmative is a highly suggestive indication that an operator's belief about SOC has a bearing on the extent of their community interaction.

This sustained conflicting data caused the researcher to undertake further investigation into whether SOC (P6) can be considered a predictor variable of a bus operator's community interaction. This is presented in sections 5.9.1, 5.9.2 and chapter 6.

5.8 Addressing Research Question Four (RQ4): The role and value of the SBVPA

Social capital linkage is the extent to which bus operators who are members of an SBVPA use their association as a forum to network, share and exchange ideas, increase inter-operator trust and agree on matters affecting the sustainability of the collective operators' businesses. This interaction, involvement and dependence (social capital linkage) may create an environment of operator solidarity, which may enable the SBVPA to secure favourable contract terms and trading conditions. This social capital linkage could also include the prospect of a negotiated bus service contract engendering an increased propensity for operators to interact with their community.

The third question is addressed in four parts:

1. Survey Q.25 (bus operators' views of the impact their SBVPA has on their business) is analysed.
2. Survey Q.26 asked operators for their views on five hypothesised inputs (or ingredients) of the operator/association relationship taken from anecdotal observations by the researcher, documents furnished by the Bus Association Victoria, Inc (Foote 2015) which prioritises products and services that members place the most and least degree of value on, and assertions made in the literature. The results of this are revealed in Section 5.8.2.
3. Section 5.8.3 takes the mean of the combined five aspects of the operator/association relationship and overlays this with the sum-of-six community interactions by state to see if there is any relationship between the two sets of results.
4. Section 5.8.4 reveals whether any of the five particular aspects of the analysis associated with the operator/association relationship (Survey Q.26(a)–(e)) materially and significantly differ from the mean results. This was undertaken as it may be of use to other researchers investigating social capital linkage between member associations and their members and how to enhance the extent of involvement and dependence between them.

In all four sections, only statistically significant results are presented.

5.8.1 Survey Question 25: Impact of SBVPA on Operators Businesses

Operators' ratings of the impact of their SBVPA on their business are addressed by:

- Resolving the mean operator response to Survey Q.26(a), (b), (c), (d) and (e), in turn, resolved according to state of operation;
- Testing the contrasts between states for Survey Q.26(a), (b), (c), (d) and (e), in turn, using One-Way ANOVA;
- Resolving the mean operator response to Survey Q.26_Overall (that is, the combined responses to Q.26(a), (b), (c), (d) and (e)), resolved according to state of operation;
- Testing the contrasts between states for Survey Q.26_Overall, using One-Way ANOVA.

Table 46 shows the reverse scale mean of operator responses to Survey Q.25, the sample size from each state, and the impact of the association on operators' businesses resolved by state. Victoria received the highest mean of 4.34 and Queensland received the lowest mean of 3.98. The difference between Victoria and Queensland was significant at the 5 per cent level, which suggests Victorian operators' believe their SBVPA positively impacts their business more than operators in other states.

Table 47 shows the significant difference in results between Victoria and Queensland, as well as the significant results between New South Wales and Tasmania, and Queensland and Tasmania - both of which were also significant at the 5 per cent level.

The variance between the state with the lowest mean result and the state with the highest mean result is only 10 per cent and only three out of fifteen differences between the states were statistically significant. This suggests there is a subtle difference of opinion amongst operators toward the impact their SBVPA's have on their businesses, but the direction is generally positive in respect of operators' views towards the Victorian, Tasmanian and Western Australian SBVPA's, a lesser extent of satisfaction in New South Wales and the least extent of satisfaction in Queensland.

Table 46: Mean response to Q.25 Impact of Association on operator businesses, resolved by Primary State.

Primary State	N	Mean (Reversed Scale)	Std. Deviation	Std. Error of Mean
VIC	92	4.34	.774	.081
NSW	69	4.13	.705	.085
QLD	24	3.96	.806	.165
TAS	21	4.52	.680	.148
SA	5	4.00*	1.000	.447
WA	45	4.27	.780	.116
All	256	4.24	.764	.048

* Ignore results from South Australia

Table 47. One-Way ANOVA Contrast Tests Pursuant to Table 46

Contrast		Value of Contrast	Std. Error	T	Df	Sig. (2-tailed)
Q.25 - Impact of Association on operator businesses	[VIC-NSW]	.21	.117	1.763	153.047	.080
	[VIC-QLD]	.38	.183	2.065	34.882	.046*
	[VIC-TAS]	-.19	.169	-1.107	32.970	.276
	[VIC-SA]	.34	.454	.741	4.265	.497
	[VIC-WA]	.07	.142	.496	86.833	.621
	[NSW-QLD]	.17	.185	.929	36.004	.359
	[NSW-TAS]	-.39	.171	-2.302	34.179	.028*
	[NSW-SA]	.13	.455	.287	4.293	.788
	[NSW-WA]	-.14	.144	-.946	87.324	.347
	[QLD-TAS]	-.57	.222	-2.552	42.950	.014*
	[QLD-SA]	-.04	.477	-.087	5.141	.934
	[QLD-WA]	-.31	.202	-1.530	45.748	.133
	[TAS-SA]	.52	.471	1.112	4.916	.318
	[TAS-WA]	.26	.188	1.364	44.525	.179
	[SA-WA]	-.27	.462	-.577	4.558	.591

Does not assume equal variances.

5.8.2 Survey Question 26 - Determinants of Social Capital Linkage

Survey Q.26 was designed to measure the operator's views on the overall effectiveness of their SBVPA. Specifically, Survey Q.26 asked operators for their views on five determinants of the operator/association relationship. These determinants were taken from the researcher's analysis of the literature (Parada et al., 2010; International Cooperative Alliance, 2015; Bryce, 2012; Carney, 2005) and information provided by the Victorian SBVPA (Foote, 2015) which lists in order of importance, members' priorities for belonging and the benefits of same. These five determinants address the first part of RQ4 - the role of the SBVPA. These determinants are, the extent to which:

1. the SBVPA gives operators access to buying power that helps operators compete;
2. the SBVPA helps the operator secure better contract terms;
3. the SBVPA enhances the operator's ability to interact with their community in the 8 defined (community interaction) ways;
4. operators use the association as a forum to share ideas, network and build inter-operator trust, and;
5. the operators' views whether their SBVPA fosters good relationships with the state government and the state opposition.

These is tested by:

- Resolving the mean operator response to Survey Q.26 overall (that is, the combined responses to Q.26(a), (b), (c), (d) and (e)), according to state of operation; and
- Testing the contrasts between states for Survey Q.26 overall, using One-Way ANOVA.

In undertaking these tests, the researcher is addressing the second half of RQ4 - the value the SBVPA and to what extent it may contribute toward enabling a bus operator's social-value addition.

Table 48 shows the sample size for operators that responded to Survey Q.26, the mean overall response from each state to Survey Q.26(a)-(e) combined, the standard deviation and the standard error of the mean. It shows the Victorian SBVPA recorded the highest mean result, suggesting the operators in Victoria rated their SBVPA as the most effective SBVPA. Tasmania had the second highest and Western Australia the third highest mean result. This provides a deeper insight into operators' views of their SBVPA and the direction of the results is consistent with that of section 5.8.1; that there are nuanced views amongst operators in different states regarding the effectiveness of their SBVPA.

Table 49 shows the differences between Victoria and New South Wales, Victoria and Queensland, and Queensland and Western Australia are significant at the 1 per cent level. The differences between Queensland and Tasmania are significant at the 5 per cent level. These are highlighted in green. Thus, these results show that operators in Victoria have a higher regard for their SBVPA than operators in New South Wales, Tasmania and Queensland. Figure 34 presents the results from Table 48 in plot graph format.

Table 48: Mean response to Q.26_Overall – Combined Q.26(a) – (e) responses, Resolved by Primary State

Primary State	N	Mean	Std. Deviation	Std. Error of Mean
VIC	92	3.935	0.641	0.067
NSW	65	3.600	0.640	0.079
QLD	23	3.330	0.623	0.130
TAS	19	3.842	0.701	0.161
SA	5	3.120*	0.390	0.174
WA	43	3.837	0.633	0.097
All	247	3.750	0.667	0.042

* Ignore results for South Australia

Table 49: One-Way ANOVA Contrast Tests Pursuant to Table 48

Contrast		Value of Contrast	Std. Error	T	Df	Sig. (2-tailed)
Q.26_Overall - Combined Q.26(a), (b), (c), (d), (e) responses	[VIC-NSW]	.335	.104	3.226	138.018	.002**
	[VIC-QLD]	.604	.146	4.139	34.608	.000**
	[VIC-TAS]	.093	.174	.532	24.603	.599
	[VIC-SA]	.815	.187	4.364	5.256	.006**
	[VIC-WA]	.098	.117	.831	83.095	.408
	[NSW-QLD]	.270	.152	1.771	39.639	.084
	[NSW-TAS]	-.242	.179	-1.350	27.391	.188
	[NSW-SA]	.480	.192	2.505	5.816	.047*
	[NSW-WA]	-.237	.125	-1.898	90.817	.061
	[QLD-TAS]	-.512	.207	-2.476	36.441	.018*
	[QLD-SA]	.2104	.21738	.968	9.154	.358
	[QLD-WA]	-.5068	.16177	-3.133	45.718	.003**
	[TAS-SA]	.7221	.23721	3.044	11.804	.010*
	[TAS-WA]	.0049	.18756	.026	31.543	.979
	[SA-WA]	-.7172	.19928	-3.599	6.766	.009**

Does not assume equal variances.

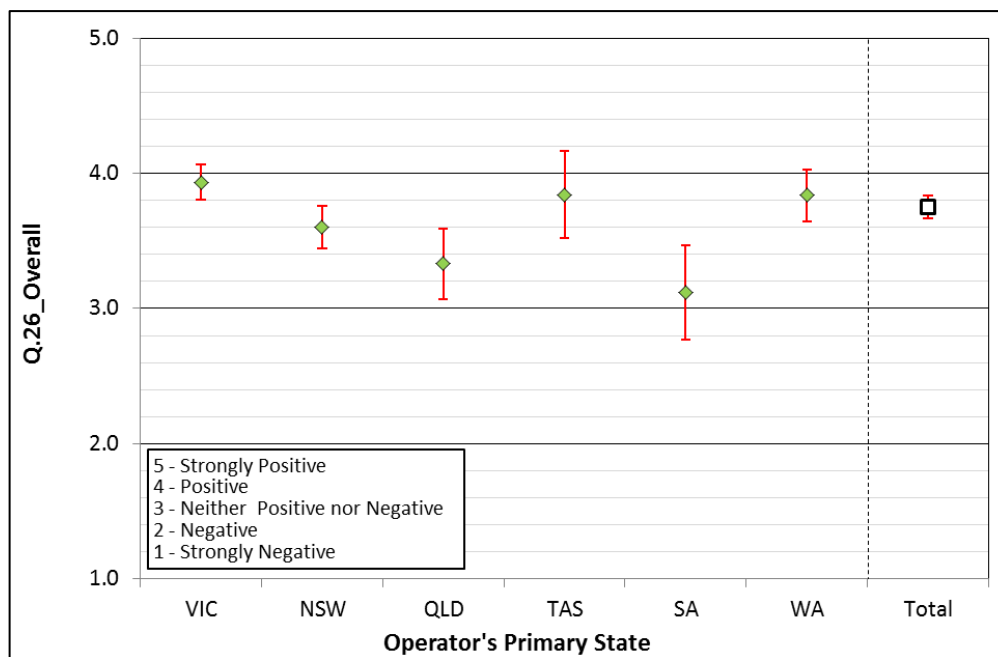


Figure 34: Q.26 Overall. Plot of data from Table 48.

5.8.3 Social Capital Linkage (P7) and Finding on Hypothesis Number Two (H2)

The sum-of-six combined community interactions by state of operation will now be overlaid with the mean of the combined responses of the determinants associated with the operator/association relationship to see if a correlation between the two variables emerges and if social capital linkage can be considered a predictor of an operator's community interaction. A correlation between the two would be an important finding to the Australian bus and coach industry as it could suggest the stronger the operator/SBVPA relationship, the greater the extent of operator community interaction.

To commence, the sum-of-six community interactions per-staff-member resolved by state of operation is presented in Table 50 and as a plot in Figure 34.

Table 51 shows that the differences between Victoria and Western Australia and New South Wales and Tasmania are significant at the 5 per cent level and the differences between Victoria and Queensland and Victoria and Tasmania are significant at the 1 per cent level. This means operators in Victoria contribute more to their communities on a staff-member-basis than operators in Western Australia, Queensland and Tasmania.

Table 50: Summary of Statistics for Sum-of-six Community Interactions Resolved by Primary State of Operation

Primary State	N	Mean / \$	Std. Deviation / \$	Std. Err. Mean / \$	95% Conf. Int. / \$
VIC	68	3108	4104	498	995
NSW	51	1942	3222	451	902
WA	42	1607	2578	398	796
SA	4	1182*	1684	842	1684
QLD	13	896	1149	319	637
TAS	17	622	1902	461	923
All	195	82076	3323	238	476

* Ignore results from South Australia

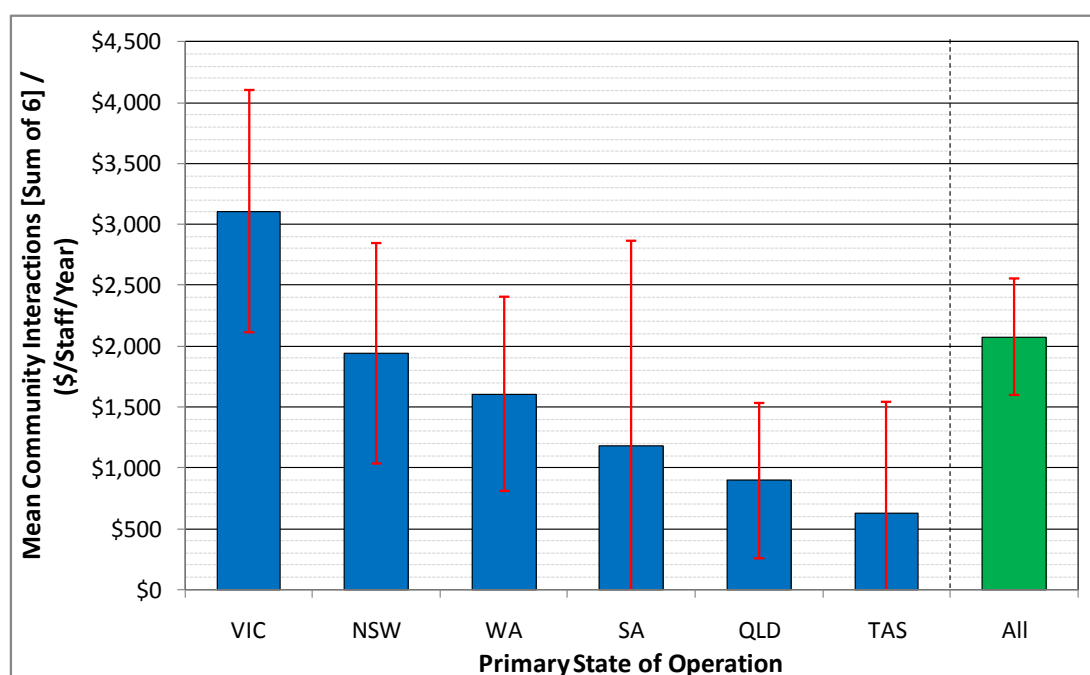


Figure 35: Plot of Mean Value of Community Interactions [Sum of 6], resolved by Primary State of Operation, from Table 50.

Table 51: Summary of Statistics for Sum-of-six Community Interactions Resolved by Primary State of Operation

Contrast		Value of Contrast	Std. Error	t	df	Sig. (2-tailed)
Sum 6 Comm. Interaction/Staff (\$/Staff/Year)	[VIC]-[WA]	1502	637	2.357	107.952	.020*
	[VIC]-[QLD]	2212	591	3.743	68.717	.000**
	[VIC]-[TAS]	2486	679	3.664	56.604	.001**
	[NSW]-[TAS]	1320	645	2.045	47.380	.046*

Then, Figure 36 features the combined responses of the five inputs associated with the operator/association relationship (social capital linkage) (from figure 34) and overlaid with the data presented in Figure 35. The red and black uncertainty bars illustrate the 95 per cent confidence interval.

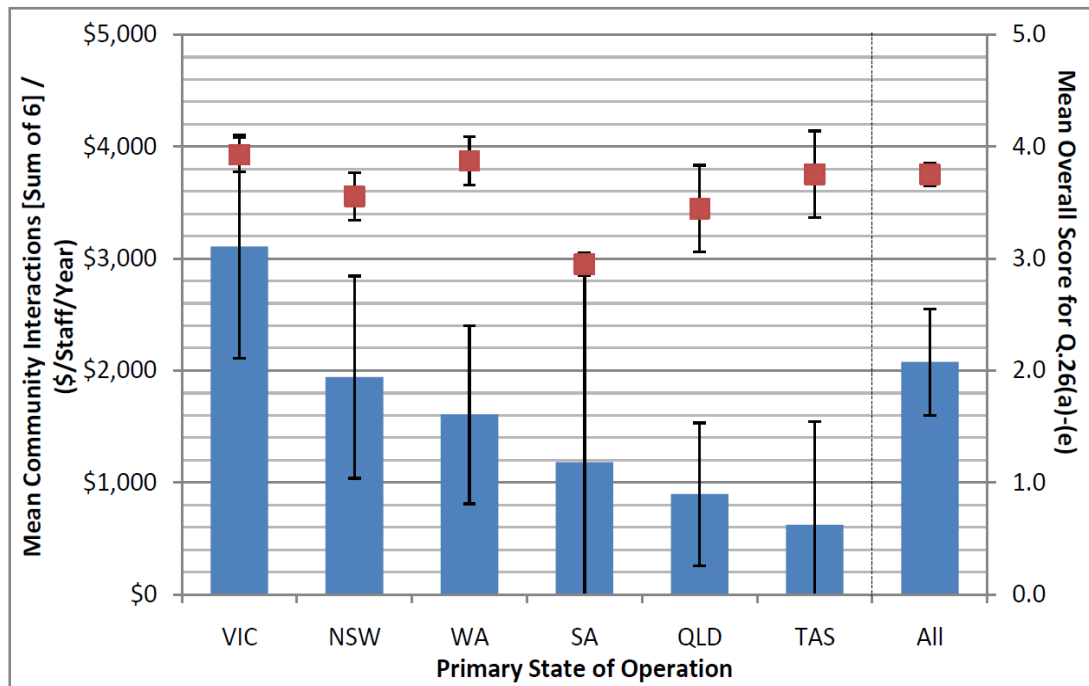


Figure 36: Sum-of-six Community Interactions Resolved by Primary State and Mean Overall Score for Q.26(a)-(e)

There are several observations to make from Figure 36. Victoria has both the highest overall social capital linkage result and the highest mean of sum-of-six community contributions by state. Further, elements of both sets of these results are individually statistically significant. This outcome lends a small degree of support to the second hypothesis (H2) – that the SBVPA indirectly contributes to operators' community interaction, but this is tenuous as any association between the two variables only appears to exist in Victoria and to a lesser extent New South Wales. The association in Victoria and New South Wales does not carry through to the other jurisdictions. Thus, the extent of involvement, influence or dependence (or social capital linkage) between the operator and their SBVPA (P7) does not appear to correlate with operators' sum-of six mean community interactions. Thus, it is concluded that an operator's community interaction probably has very little to do with the way operators in all states other than Victoria view the extent of involvement and dependence their SBVPA has on their business.

It does need to be noted however, that the sample sizes of those that responded to this Survey question from Queensland and Tasmania were 13 and 17 respectively, which is probably too few for statistical analysis. More responses to this question from operators in these two states may have presented a stronger correlation between overall social capital linkage and the mean of sum-of-six community interactions.

It could be that the unusually large proportion of responses to this question for the neutral (don't agree or disagree) option hampers a more consistent result between inputs and outputs; such a result implies participants may wish to give the question further thought.

In light of the apparent association of the aforementioned variables in Victoria, the researcher undertook another test, to categorically rule in or out any association between the mean overall sum-of-six community interactions by state of operation and the level of social capital linkage between operators and their SBVPA. A correlation of the individual records for the sum-of-six overall community interactions with the individual records for the overall answers to Survey Q.26 was done. Table 52 below summarises the result. There is no evidence of correlation since the Pearson Correlation Coefficient is very low, $R = 0.089$, and the significance value is much greater than 0.05.

Table 52: Correlation of overall sum-of-six community interactions with Survey Q.26

		Community Interaction (Sum of 6) (\$/Staff/Year)
Overall Answer to Q.26	Pearson Correlation	.089
	Sig. (2-tailed)	.240
	N	178

Thus, it is concluded that there is no statistical support for H2 - that the operators SBVPA indirectly enables an operator's community interaction.

5.8.4 Materially Different Results in Components of Operator/Association Relationship

A more concentrated focus on the five determinants of Survey Q.26 (a) access to buying power), (b) (better contract terms), (c) (enhances firm's ability to interact with community), (d) (build social capital), and (e) (does not foster good relationships with government and opposition) cross-tabulated by state of operation (Survey Q.6) was undertaken to see if there were any states that received a result in any of the five particular aspects of the operator/association relationship that materially differ from the mean results, as this might be of interest to the Australian bus and coach industry and others investigating social capital linkage between associations and their members. There were five results that materially diverged from the mean and they are now presented irrespective of their statistical significance.

5.8.4.1 Survey Q.26(a) Access to buying power that helps my firm compete

The first result relating to the operator/association relationship that materially diverges from the mean concerns the degree of access to buying power each SBVPA provides their members.

Table 53 shows the number of operators who indicated their location and the number of operators who did not respond to this question.

Table 54 shows the mean of 'strongly agree' and 'agree' combined was 42.8 per cent, whereas Tasmania secured 70 per cent. The mean of 'strongly disagree' and 'disagree' combined was 19.6 per cent, whereas New South Wales and Queensland secured 28.8 per cent and 43.4 per cent, respectively. These material and significant differences to the mean suggest operators in Tasmania and Victoria derive more value from the purchasing arrangements put in place by their SBVPA. It also suggests that operators in Queensland may want their SBVPA to offer more or better purchasing arrangements than presently offered.

The significance of the Pearson Chi-Square test is at the 1 per cent level, as presented in Table 55.

Table 53: Sample Size Access to Buying Power

Contract renewed via negotiation	N
Yes	250
No response	26
All	276

Table 54: Cross-tabulation: Q.26(a) ⊗ Q.6 Primary State, in Relative Terms (%)

		Primary State						All
		VIC	NSW	QLD	TAS		WA	
Q.26(a) Access to buying power	1 - Strongly Agree	9.8%	4.5%	4.3%	25.0%		13.6%	9.6%
	2 - Agree	42.4%	25.8%	13.0%	45.0%		31.8%	33.2%
	3 - Don't Agree or Disagree	37.0%	40.9%	39.1%	20.0%		40.9%	37.6%
	4 - Disagree	8.7%	21.2%	21.7%	10.0%		4.5%	12.4%
	5 - Strongly Disagree	2.2%	7.6%	21.7%	0.0%		9.1%	7.2%
Total		100.0%	100.0%	100.0%	100.0%		100.0%	100.0%

Table 55: Pearson Chi-Square Test Pursuant to Table 54

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	46.766	20	.001**
N of Valid Cases	250		

5.8.4.2 Survey Q.26(b) Secure better contract terms

The second result relating to the operator/association relationship that materially differs to the mean concerns the state SBVPA's ability to secure better contract terms.

Table 56 shows the number of operators who indicated their location and the number of operators who did not respond.

Table 57 shows that 54.5 per cent from Western Australia and 52.7 per cent from Victoria 'strongly agreed', whereas the mean for all was 40.1 per cent. This suggests that operator's from these two states are more satisfied with their SBVPA's capability in service contracting than other states. Further, the mean of 'don't agree or disagree' combined was 16.3 per cent, whereas the Queensland result was 37.5 per cent. These material divergences to the mean are highlighted in red in Table 56. The differences are significant at the 1 per cent level, as indicated in Table 58, which suggests that operators in Queensland are not as satisfied or confident with their SBVPA's endeavours in service contracting.

Table 56: Sample Size Secure Better Contract Terms

Contract renewed via negotiation	N
Yes	252
No response	24
All	276

Table 57: Cross-tabulation: Q.26(b) ⊗ Q.6 Primary State, in Relative Terms (%)

		Primary State						All
		VIC	NSW	QLD	TAS		WA	
Q.26(b) - Secure better contract terms	1 - Strongly Agree	52.7%	29.2%	12.5%	28.6%		54.5%	40.1%
	2 - Agree	33.3%	41.5%	41.7%	52.4%		22.7%	36.1%
	3 - Don't Agree or Disagree	10.8%	16.9%	37.5%	9.5%		13.6%	16.3%
	4 - Disagree	0.0%	6.2%	0.0%	9.5%		6.8%	3.6%
	5 - Strongly Disagree	3.2%	6.2%	8.3%	0.0%		2.3%	4.0%
Total		100.0%	100.0%	100.0%	100.0%		100.0%	100.0%

Table 58: Pearson Chi-Square Test Pursuant to Table 57

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	47.250	20	.001**
N of Valid Cases	252		

5.8.4.3 Survey Q.26(c) Enhances ability to interact with community

The third result relating to the operator/association relationship that materially differs to the mean concerns the state SBVPA enhancing an operator's ability to interact with its community.

Table 59 shows the number of operators who indicated their location and the number of operators that did not respond.

Table 60 shows the mean response to Survey Q.26(c) 'My SBVPA enhances my ability to interact with the community' resolved by state. Victoria received the highest score, followed by Western Australia, followed by New South Wales.

Table 61 shows the differences between Victoria and Queensland was significant at the 1 per cent level and the differences between New South Wales and Queensland and Queensland and Western Australia were significant at the 5 per cent level. This suggests that operators in Queensland do not believe their SBVPA enhances their ability to interact with the communities in which they provide a bus services.

Table 59: Sample Size Network, Share Knowledge etc.

Contract renewed via negotiation	N
Yes	251
No response	25
All	276

Table 60: Mean Response to Q.26(c) Enhances Ability to Interact with Community, Resolved by Primary State

Primary State	N	Mean (Reversed Scale)	Std. Deviation	Std. Error of Mean	95% Conf. Int.
VIC	92	3.47	.870	.091	.182
NSW	66	3.32	.807	.099	.198
QLD	23	2.83	.887	.185	.370
TAS	19	3.26	.872	.200	.400
SA	5	2.40*	.894	.400	.800
WA	43	3.35	.870	.133	.266
All	248	3.31	.875	.056	.112

* Ignore results from South Australia

Table 61: One-Way ANOVA Contrast Tests Pursuant to Table 60

Contrast		Value of Contrast	Std. Error	T	Df	Sig. (2-tailed)
Q.26(c) – Enhances ability to interact with community	[VIC-NSW]	.15	.135	1.109	146.077	.269
	[VIC-QLD]	.64	.206	3.113	33.395	.004**
	[VIC-TAS]	.20	.220	.930	25.949	.361
	[VIC-SA]	1.07	.410	2.602	4.422	.054
	[VIC-WA]	.12	.161	.738	82.192	.463
	[NSW-QLD]	.49	.210	2.344	35.522	.025*
	[NSW-TAS]	.06	.223	.246	27.506	.807
	[NSW-SA]	.92	.412	2.228	4.507	.082
	[NSW-WA]	-.03	.166	-.185	85.035	.854
	[QLD-TAS]	-.44	.272	-1.604	38.755	.117
	[QLD-SA]	.43	.441	.967	5.844	.372
	[QLD-WA]	-.52	.228	-2.297	44.311	.026*
	[TAS-SA]	.86	.447	1.930	6.165	.101
	[TAS-WA]	-.09	.240	-.357	34.451	.723
	[SA-WA]	-.95	.421	-2.252	4.922	.075

Does not assume equal variances.

It is appropriate at this juncture to discuss an emerging pattern that concerns materially and significantly lower results from Queensland operators' towards their SBVPA. It is noted that at the time bus and coach operators were completing this survey (December 2013 to March 2014), Queensland operators had been advised by their state government that it was preparing its response to a Commission of Audit, which contained a recommendation by the auditor to competitively tender all bus service contracts in that state. This may have caused a significant degree of anxiety among operators in Queensland, which probably caused some members of the Queensland SBVPA to think that their SBVPA was less effective than hoped. Later in 2014, the Queensland state government announced it would accept the Commission of Audit's recommendations and proceed with a competitive tendering project to increase contestability. Anecdotally, this decision caused a large degree of anxiety amongst Queensland operators for the sustainability of their business. This anxiety lasted until early 2015, when the new Queensland state government (elected in January 2015) informed the Queensland SBVPA that it would dispense with the previous governments intention to competitively tender the bus services and pursue a negotiated outcome. Thus, had operators been asked to complete the survey in early 2015 (rather than 2014), it is possible that the results for Queensland concerning social capital linkage may have not have diverged as much from those for the other states.

5.8.4.4 Survey Q.26(d) Network, share knowledge, build trust (enhance social capital linkage.)

The fourth operator/association relationship result that materially differs from the mean relates to Survey Q. 26(d) 'My SBVPA is a forum to network, share knowledge, build trust' (enhance social capital linkage) resolved by state.

Table 62 shows the number of operators who responded to this question and the number of operators that did not respond. Table 63 shows that Victoria received the highest rating for 'strongly agree' at 46.7 per cent, followed by Western Australia with 36.4 per cent. The mean was 35.1 per cent. This is not just a material divergence from the mean, but a significant result at the 1 per cent level, as presented in Table 64. This result suggests that the degree of utility and social capital linkage Victorian operators derive from their SBVPA is greater than those of other states.

Table 62: Sample Size Network, Share Knowledge etc.

Contract renewed via negotiation	N
Yes	251
No response	25
All	276

Table 63: Cross-tabulation: Q.26(d) ⊗ Q.6 Primary State (%)

		Primary State						All
		VIC	NSW	QLD	TAS	SA	WA	
Q.26(d) - Share knowledge/ trust etc.	1 - Strongly Agree	46.7%	26.9%	30.4%	20.0%	0.0%	36.4%	35.1%
	2 - Agree	38.0%	53.7%	21.7%	75.0%	60.0%	45.5%	45.4%
	3 - Don't Agree or Disagree	13.0%	16.4%	39.1%	0.0%	40.0%	9.1%	15.1%
	4 - Disagree	0.0%	3.0%	8.7%	5.0%	0.0%	2.3%	2.4%
	5 - Strongly Disagree	2.2%	0.0%	0.0%	0.0%	0.0%	6.8%	2.0%
Total		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Table 64: Pearson Chi-Square Test Pursuant to Table 63.

	Value	Df	Asymp. Sig.(2-sided)
Pearson Chi-Square	46.601	20	.001**
N of Valid Cases	251		

5.8.4.5 Survey Q.26(e) Does not foster good relationships with Government and Opposition

The fifth result relating to the operator/association relationships that materially diverges from the mean concerns Survey Q.26(e) (my SBVPA does not foster good relationships with the Government and Opposition).

Table 65 shows the sample size and the mean response of Survey Q.26(e) resolved according to each state. It shows Western Australia with the highest mean, Victoria with the second then Tasmania with the third highest mean.

Table 66 shows the difference between Victoria and New South Wales (only) was significant at the 5 per cent level, which means operators in Victoria have a greater degree of confidence in their SBVPA to foster good relationships with both Government and Opposition. It also shows all other differences between the states were not significant.

Table 65: Mean operator response to Q.26(e), resolved according to State of Operation

Primary State	N	Mean	Std. Deviation	Std. Error of Mean
VIC	92	4.13	.916	.096
NSW	66	3.82	.975	.120
QLD	23	4.00	.905	.189
TAS	20	4.05	.999	.223
SA	5	3.80*	.837	.374
WA	43	4.14	.889	.136
Total	249	4.02	.933	.059

Ignore results from South Australia

Table 66: One-Way ANOVA Contrast Test Pursuant to Table 65.

Contrast	Value of Contrast	Std. Error	T	df	Sig. (2-tailed)
[VIC-NSW]	.31	.153	2.035	134.805	.044*
[VIC-QLD]	.13	.211	.617	34.197	.541
[VIC-TAS]	.08	.243	.331	26.409	.743
[VIC-SA]	.33	.386	.856	4.538	.435
[VIC-WA]	-.01	.166	-.055	84.506	.956
[NSW-QLD]	-.18	.224	-.813	41.148	.421
[NSW-TAS]	-.23	.254	-.914	30.815	.368
[NSW-SA]	.02	.393	.046	4.863	.965
[NSW-WA]	-.32	.181	-1.775	95.702	.079
[QLD-TAS]	-.05	.292	-.171	38.747	.865
[QLD-SA]	.20	.419	.477	6.218	.649
[QLD-WA]	-.14	.232	-.601	44.380	.551
[TAS-SA]	.25	.436	.574	7.166	.584
[TAS-WA]	-.09	.261	-.343	33.513	.734
[SA-WA]	-.34	.398	-.853	5.110	.432

Does not assume equal variances

5.8.5 Conclusion to the role and value of the SBVPA

Section 5.8 has centred on the operator/association relationship: the extent of social capital linkage (involvement and dependence) between operators and their SBVPA, the role and value the SBVPA has on operators' businesses and whether it contributes toward enabling their social-value addition.

Section 5.8.1. showed operators' views of the effectiveness of the SBVPA. The mean results revealed that Victorian operators' believe their SBVPA positively impacts their business more than operators in other states and this result was significant at the 5 per cent level.

Section 5.8.2 revealed operators' views on five determinants of social capital linkage; five aspects of the operator/association relationship. These determinants were taken from the literature and a document furnished by the Bus Association Victoria, Inc. which prioritises products and services that members place the most and least degree of value on, and assertions made in the literature. These five determinants were: access to buying power; secures better contracting terms; enhance an operator's ability to interact with its community; a forum to network, share knowledge, build trust and resolve operating issues; and foster good relationships with Government and Opposition. This addresses the first part of RQ4, the role of the SBVPA. These determinants were then built into the Stage Two Survey and tested. The Victorian SBVPA received the highest mean overall result for effectiveness, and this result was statistically significant.

Section 5.8.3 saw the mean combined five aspects of the operator/association relationship overlayed with the sum-of-six community interactions by state to see if there was any relationship between the two sets of results. An association between the two sets of results appeared to exist in Victoria and to a lesser extent New South Wales, only. The mean overall score for Survey Q.26(a)-(e) by state does not follow the mean sum-of-six community interactions by state through to the other states. Therefore, it was concluded that an operator's community interaction probably has very little to do with the way operators in all states other than Victoria view the extent of involvement and dependence their SBVPA has on their business. To be certain though, a second exercise was undertaken - a correlation of the individual records for the sum-of-six overall community interactions with the individual records for the overall answers to Survey Q.26. However no significant correlation was found. Thus, it was concluded that there was no statistical support for H2 - that operators' SBVPA's indirectly enables operators' community interaction.

Section 5.8.4 presented some material and significant differences to the mean operator/association relationship as it was thought this may be of use to other researchers investigating social capital linkage or the Australian bus and coach industry. Five material differences that diverged from the mean results were discussed. Victoria recorded results that were materially and significantly higher than other states for: securing better service contract terms; the SBVPA being a forum to enhance social capital; and fostering good relationships with Government and Opposition. Another material and, in most cases, significant finding was that Queensland consistently recorded the lowest results for the SBVPA, and an explanation was volunteered as to why this might be the case. This addresses the second part of RQ4: the value of the SBVPA and whether it contributes toward enabling a bus operator's social-value addition.

5.9 Multivariate Analysis

All of the analysis contained in this study thus far has been univariate or bivariate: involving or depending on only one or two variables at a time. This approach has yielded some bivariate support for the seven predictor variables explaining why operators interact with their communities. However, those results do not suggest that the seven nominated predictor variables (P1–P7) offer a complete explanation for operators interacting with their communities. Multivariate modeling was undertaken because the qualitative data from the Survey was to an extent conflicting with some of the quantitative (bivariate) data; the themes from the qualitative data suggested some of the variables that weren't significant in the bivariate modeling could be reliable predictors. Thus, some multivariate analysis was undertaken to better understand what, if any, relationship exists between the seven factors (P1–P7) and operators' community interaction and to understand the relative importance of same. Unlike the bivariate analysis where the researcher used aggregate (overall, sum-of-six data), multivariate analysis enables the research to use some results from individual survey questions. This may reveal one or some of the individual components that make up an aggregate result being a predictor of bus operator community interaction. Such knowledge may be of benefit to community development policy makers looking to understand what governance considerations are most likely to yield improved community prosperity.

Two predictive modelling exercises were undertaken: binary logistic regression and multiple linear regression modelling.

5.9.1 Binary Logistic Regression

Logistic regression measures the relationship between a categorical dependent variable and one or more independent variables, which are usually continuous. It can be used to refer to a situation in which the dependent variable is binary—that is, the number of available categories is two, such as yes or no. Any binary model that exceeds 50 per cent in prediction accuracy is performing better than chance, and therefore may provide insight into the actual variables that predict an operator's community interaction. Initially, three sets of 12 distinct but similar binary logistic models were constructed because investigation of a number of possible options was necessary to see if different and/or stronger relationships emerged between the community interactions and the hypothesised (predictor) variables.

The predicted dependent variable is in every case a measure of the level of community interaction of a bus operator. In each case, community interaction was ranked in descending order of \$/year/ value. So, for each measure of community interaction, there are two groups of bus operators identified: those who are ranked in the top 50 per cent, and those who are ranked in the bottom 50 per cent in terms of their level of community interaction measured in dollars per year. The aim is to identify which variables best differentiate bus operators in to these two groups, with respect to a number of community interactions.

There are six distinct ways of measuring community interaction in dollars per year that were used:

- A** - Community interactions per staff member, where community interactions is a sum-of-six contributing elements;
- B** – Community interactions per \$10,000 turnover, where community interactions is a sum-of-six contributing elements;
- C** – Community Interactions per bus, where community interactions is a sum-of-six contributing elements;
- D** - Community interactions per staff member, where community interactions is a sum of seven contributing elements;
- E** – Community interactions per \$10,000 turnover, where community interactions is a sum of seven contributing elements; and

F – Community interactions per bus, where community interactions is a sum of seven contributing elements;

Furthermore, for the above six distinct possible dependent variables ('Predicted'), A to F, two distinct sets of proposed independent variables ('Predictor Variables') are considered:

Set 1 considers the social capital and SOC data only in summary or combined form of the three different scale variables listed there, each of which is the result of a calculation which combines the response data from several of the questions, q26a–q26e or q28a–q28l. Set 2, for social capital and SOC, incorporates in full the response data from the five distinct questions q26a–q26e, and the 12 distinct questions q28a–q28l. These are now detailed.

Set 1

Categorical variables: Operator Location (from Q.7),

Operator Type (from Q.8),

Operator Size by #Buses (from Q.8),

Form of Contract (from Q.10a),

Lives in Community (from Q.29); and

Scale variables: Number of Buses (from Q.8),

Social Capital_Sum of Q.26d & Q.26d (from Q.26c, Q.26d),

Social Capital_q26 Overall (from Q.26a, Q.26b, . . . ,Q.27e),

Sense of Community_q28 Overall (from Q.28a, Q.28b, . . . , Q.28l).

Set 2

Categorical variables: Operator Location (from Q.7),

Operator Type (from Q.8),

Operator Size by #Buses (from Q.8),

Form of Contract (from Q.10a),

Lives in Community (from Q.29); and

Scale variables: Number of Buses (from Q.8),

Social Capital_q26a (from Q.26a),

Social Capital_q26b (from Q.26b),

Social Capital_q26c (from Q.26c),

Social Capital_q26d (from Q.26d),

Social Capital_q26e (from Q.26e),

Sense of Community_q28a (from Q.28a),

Sense of Community_q28b (from Q.28b),

Sense of Community_q28c (from Q.28c),

Sense of Community_q28d (from Q.28d),

Sense of Community_q28e (from Q.28e),

Sense of Community_q28f (from Q.28f),

Sense of Community_q28g (from Q.28g),

Sense of Community_q28h (from Q.28h),

Sense of Community_q28i (from Q.28i),

Sense of Community_q28j (from Q.28j),

Sense of Community_q28k (from Q.28k),

Sense of Community_q28l (from Q.28l)

In terms of the model sets, there are three. Models A1 to F2 set were constructed from as many operators in the data set for which there is complete and valid information.

The models A1' to F2' set are constructed from the same cases as for Models A1 to F2, but the nine large operators (operators with more than 100 buses) have been excluded. This was done to see if a general tendency among small and medium-sized operators could be discovered. As has been previously mentioned, the values of large operator responses are so large that they skewed the overall results. Some were also excluded from earlier statistical analysis as they appeared as outliers. Further, large operators are a very small proportion of the total number of bus operators in Australia. Hence, large operators are excluded for the purposes of modeling A1' to F2'.

The third model set, Models A1'' to F2'' set are constructed from the same cases as for Models A1' to F2', but exclude a further 25 operators who were metropolitan based. This set investigates only small to medium operators in rural/regional areas. This has been done because earlier analysis indicated a material difference between metropolitan and regional bus operators' community interaction, which is consistent with the observation that each state's public transport system is essentially two disparate systems. Hence, this model excluding metropolitan operators was devised.

Table 67 shows how the independent and dependent variable types were constructed for Set 1, namely F1, F1' and F1''.

Table 68 shows how the independent and dependent variable types were constructed for Set 2, namely models F2, F2' and F2''.

Table 69 presents the results of the binary logistic regression. The models with the highest degree of accuracy in the first and third data sets are circled in red. The second model did not produce any useful results. A discussion about the results will follow Table 68.

Table 67: Set 1–Model F1, F1'and F1'' Predicting Community Interactions (Sum of 7) per Bus Turnover (\$/Bus/Year)

Dependent Variable ('Predicted')	Dependent Variable Type	Independent Variables ('Predictor Variables')	Independent Variable Type
Community Interactions per Bus (Sum of 7) [\$/Bus/Year]	Categorical (2 values): - Top 50% ranked - Bottom 50% ranked	Operator Location (q7)	Categorical (2 values): - Metropolitan - Rural
		Operator Type (from q8)	Categorical (4 values): - Route - School - Charter Tour - Other
		Number of Buses (from q8)	Scale: - actual number of Buses
		Operator Size by #Buses (from q8)	Categorical (3 values): - Small (0-9 Buses) - Medium (10-99 Buses) - Large (100+ Buses)
		Form of Contract (from q10a)	Categorical (4 values): - Gov't - Tender - Purchased - Other
		Social Capital_Sum q26c & q26d (q26c, q26d)	Scale: - 1.00 to 5.00
		Social Capital_q26 Overall (q26a, . . . , q26e)	Scale: - 1.00 to 5.00
		Sense of Community_q28 Overall (q28a, . . . , q28l)	Scale: - 1.00 to 5.00
		Lives in Community (q29)	Categorical (2 values): - No - Yes

Table 68: Set 2 – Model F2, F2' and F2'': Predicting Community Interactions (Sum of 7) per Bus Turnover (\$/Bus/Year)

Dependent Variable ('Predicted')	Dependent Variable	Independent Variables ('Predictor Variables')	Independent Variable Type
Community Interactions per Bus (Sum of 7) [\$/Bus/Year]	Categorical (2 values): - Top 50% ranked - Bottom 50% ranked	Operator Location (<i>for Model F2 & F2' only</i>) (q7)	Categorical (2 values): - Metropolitan - Rural
		Operator Type (from q8)	Categorical (4 values): - Route - School - Charter Tour - Other
		Number of Buses (from q8)	Scale: - actual number of Buses
		Operator Size by #Buses (from q8)	Categorical (3 values): - Small (0-9 Buses) - Medium (10-99 Buses) - Large (100+ Buses) (<i>for Model F2 only</i>)
		Form of Contract (from q10a)	Categorical (4 values): - Gov't operated - Tender - Negotiated - Other
		Lives in Community (q29)	Categorical (2 values): - No - Yes
		Social Capital q26a	Scale: 1.00 to 5.00
		. (<i>q26b through to q26d, all Scale Variables</i>)	
		Social Capital q26e	Scale: 1.00 to 5.00
		Sense of Community q28a	Scale: 1.00 to 5.00
		. (<i>q28a through to q28k, all Scale Variables</i>) .	
		Sense of Community q28l	Scale: 1.00 to 5.00

Table 69: Summary Results for Binary Logistic Models

Model	Cases Included	# Cases Included in Model	Variables Identified as Predictor Variables in Model	Model's Overall Percentage Accuracy
A1	All cases where the data is complete, valid and has not been identified as an outlier.	196	q7_Location, q26c_q26d_sum, Constant	60.4 %
A2			q28g, q26c, Operator_Type, Constant	61.6 %
B1		189	q7_Location, Constant	57.5 %
B2			q28g, q7_Location, Constant	62.1 %
C1		198	q7_Location, Constant	58.8 %
C2			q28g, Constant	60.0 %
D1		169	q29, Constant	57.7 %
D2			q29, Constant	57.7 %
E1		171	Constant	50.7 %
E2			Constant	50.7 %
F1		171	q28_Overall, q29, Constant	60.9 %
F2			q29, q28c, q28k, Constant	66.7 %
A1'	Same as for Models A1-F2 above. Additionally, all cases where #Buses ≥ 100 have been excised (9 cases in all).	191	q8_total, q26c_q26d_sum, Operator_Type, Constant	62.8 %
A2'			q8_total, q28g, Operator_Type, Constant	66.0 %
B1'		184	q7_Location, Constant	60.0 %
B2'			q7_Location, q28g, Constant	63.3 %
C1'		193	q8_total, Constant	56.1 %
C2'			q8_total, q28g, Constant	61.1 %
D1'		166	q29, Constant	57.8 %
D2'			q29, Constant	57.8 %
E1'		168	Constant	50.0 %
E2'			q28b, Constant	58.1 %
F1'		168	q29, q28_Overall, Constant	61.0 %
F2'			q29, q28c, Constant	64.0 %
A1''	Same as for Models A1'-F2' above. Additionally, all cases where q7_Location = 'Metropolitan' have been excised (a further 25 cases; 31 cases in all).	170	Constant	55.2 %
A2''			q28g, q28b, Operator_Type, Constant	65.0 %
B1''		163	Constant	54.0 %
B2''			q28g, Constant	62.0 %
C1''		171	q8_total, Constant	55.6 %
C2''			q28g, q28a, Constant	62.5 %
D1''		148	Constant	52.8 %
D2''			Constant	52.8 %
E1''		149	Constant	50.8 %
E2''			q28c, Constant	62.9 %
F1''		149	q29, q28_Overall, q8_total, Constant	65.3 %
F2''			q28c, q29, q8_total, Constant	66.9 %

5.9.1.1 Binary Logistic F2 Model Result

In the first set, the model with the best result was Model F2, with a 66.7 per cent degree of accuracy. This result indicates that, in terms of distinguishing between the top 50 per cent and the bottom 50 per cent of operators for the dollar value of their community interaction, three variables demonstrate a modest degree of success in predicting the magnitude of operator community interactions:

- Survey Q. 29 (operators that live in the community in which they operate);
- two elements of SOC, being Survey Q. 28(c) (people in my neighbourhood share the same values) and Survey Q.28(k) (it is very important to me to live in my particular neighbourhood).

Table 70 shows that all three parameters have been determined to be statistically significant; two at the 5 per cent level (denoted with a single asterisk); one at the 1 per cent level (denoted with a double asterisk). They are all shaded in green. None of the other independent variables listed in Table 67, which are proposed as possible predictors of community interactions, are found to be actual predictors.

Table 70: The parameters of the Binary Logistic Model F2

		B	S.E.	Wald	df	Sig.	Exp(B)
Step 1 ^a	Lives in Community q29(=Yes)	2.727	1.053	6.701	1	.010**	15.281
	Constant	-.162	.180	.805	1	.370	.851
Step 2 ^b	Lives in Community(=Yes)	2.957	1.072	7.606	1	.006**	19.249
	Sense of Community q28c	.463	.183	6.410	1	.011*	1.589
	Constant	-1.774	.670	7.006	1	.008**	.170
Step 3 ^c	Lives in Community(=Yes)	3.120	1.075	8.422	1	.004**	22.655
	Sense of Community q28c	.461	.185	6.237	1	.013*	1.586
	Sense of Community q28k	-.449	.219	4.210	1	.040*	.638
	Constant	-.796	.803	.982	1	.322	.451

a. Variable(s) entered on step 1: Lives in Community.

b. Variable(s) entered on step 2: Sense of Community q28c.

c. Variable(s) entered on step 3: Sense of Community q28k.

5.9.1.2 Binary Logistic F2" Model Result

The third set of 12 models (shaded in purple) in Table 69 sees large operators and metropolitan operators excised. The best result, Model F2" with 66.9 per cent accuracy, indicates there are three variables that demonstrate a modest degree of success in predicting the magnitude of a bus operator's community interaction:

- Survey Q.28(c) (people in my neighbourhood share the same values);
- Survey Q.29 (operators that live in the community in which they operate) and;
- Survey Q.8 (firm size).

Table 71 shows that Survey Q.28(c) (people in my neighbourhood share the same values) was significant at the 1 per cent level. Further, Survey Q. 29 (operators that live in the community in which they operate) was significant at the 5 per cent level. The third variable, Survey Q.8 (firm size) was significant just above the 5 per cent level. None of the other independent variables listed in Table 68, which are proposed as possible predictors of community interactions are found to be actual predictors.

Table 71: The Parameters of the Binary Logistic Model F2"

		B	S.E.	Wald	df	Sig.	Exp(B)
Step 1 ^a	Sense of Community q28c	.485	.180	7.260	1	.007**	1.624
	Constant	-1.749	.658	7.066	1	.008**	.174
Step 2 ^b	Live in Community q29(=Yes)	2.635	1.106	5.674	1	.017*	13.943
	Sense of Community q28c	.539	.191	7.951	1	.005**	1.715
	Constant	-2.101	.709	8.789	1	.003**	.122
Step 3 ^c	Firm Size q8_total	-.062	.033	3.592	1	.058	.940
	Live in Community q29(=Yes)	2.529	1.112	5.172	1	.023*	12.539
	Sense of Community q28c	.549	.193	8.052	1	.005**	1.732
	Constant	-1.867	.722	6.691	1	.010**	.155

a. Variable(s) entered on step 1: Sense of Community q28c.

b. Variable(s) entered on step 2: Lives in community q29.

c. Variable(s) entered on step 3: Firm Size q8_total.

In light of the fact that of the two models, the degree of accuracy ranges from 66.7 per cent to 66.9 per cent, it is observed that each of these data sets has yielded models with much the same predictive power, despite using differing operator sets. This demonstrated that the difference between the large operators and the small and medium operators does not matter much, statistically, or at least is not reflected in this multivariate model. Nor is the difference between the metropolitan and rural/regional operators reflected much in the models.

It is also observed that the '2'-labelled models consistently outperformed the '1'-labelled models. The '2'-models used all of the Q.26 and Q.28 data, whereas the '1' -models used only part of the data from each of those questions.

This multivariate analysis reveals a significant result for two components of SOC being modest predictors of a bus operators community interaction. This is at odds with the bivariate analysis undertaken earlier, which revealed SOC was not a predictor of a bus operators community interaction. This begs the question, how, on the one hand, can the bivariate regressions indicate no apparent predictive relationship between sense of community and community interaction, when, on the other hand, the multivariate binary logistic regression approach yield two of the elements of overall SOC (namely q28c and q28k) as predictor variables of an operator's community interaction? Is this inconsistent?

Bivariate analysis, which involves analysing the relationships of two variables only, can test simple hypotheses of association, but does not establish causality. In the bivariate regression approach, the researcher is 'asking' for the values of SOC (a scale variable) to predict the values of community interaction (also a scale variable). It is somewhat of a demanding and ambitious type of predictive model to attempt to construct, one that predicts the actual value of a dependent (predicted) scale variable, in this case community interaction. Furthermore, since the approach is by definition bivariate, there is only one potential independent (predictor) scale variable to accomplish the predictive task, in this case SOC (or one of its elements). There are few or no other variables influencing community interaction.

Multivariate analysis does not establish causality either, but allows more than two variables be analysed at once. The binary logistic model 'asks' for a very much simpler prediction to be made. The researcher has not asked the model to tell us the actual value of the dependent (predicted) variable, community interaction. He has only 'asked' whether each operator's community interaction is above the overall median community interaction or below the overall median community interaction. He is not predicting a scale variable with many possible values; he is just 'asking' for a yes/no answer, (as the prediction of a categorical variable that has only two possible values, yes or no.) Furthermore, the multivariate approach differs significantly from the bivariate approach precisely because it is multivariate. While the bivariate approach only allows the researcher to use a single predictor variable (SOC, or one of its elements), in the multivariate approach, it effectively

systematically searches through (via SPSS) the very many different possible combinations of all the potential predictor variables, that is, all of those listed in Table 67 and/or 68.

So the multivariate approach was more successful than the bivariate approach. Neither Survey Q.29, Q.28c or Q.28k alone is sufficient to predict whether community interaction is above or below the overall median community interaction. But together, in combination, the three independent variables can predict whether community interaction is above or below the median community interaction.

5.9.2 Multiple Linear Regression Model

The second multivariate approach involved two, simple multiple linear regression model exercises, where the following list of independent variables were considered as 'predictor variables' of the dependent (predicted) variable 'sum of community interactions' (sum-of-six), which is a continuous variable. The dependent variable was considered in two of its forms: units of dollars per-staff-member per year; and units of dollars, per-bus, per year. Table 72 shows the independent variables for linear regression.

Table 72: Independent Variables for Linear Regression

Operator Location (categorical variable)	1=Metropolitan 2=Regional/Rural
Operator Type (categorical variable)	1=Route 2=School 3=Charter/Tour 4=Other
Negotiated Contract (categorical variable)	0=No 1=Yes
Lives in Community (categorical variable)	0=No 1=Yes
Number of Buses (continuous variable)	ranges from 1 to 600
Social Capital (continuous variable)	ranges from 1.5 to 5.5
Sense of Community (continuous variable)	ranges from 2.5 to 5.5

The multiple linear regression exercises yield a linear formula for calculating an *estimate* of the independent (or 'predicted') variable in terms of the dependent (or 'predictor') variables. These results are presented in Tables 73 and 74.

The results of both multiple linear regression models show that the estimated sum-of-six community interactions have a very tenuous relationship with the actual sum-of-six community interactions. That notwithstanding, the significant results associated with operator type in this analysis are consistent with the bivariate analysis (section 5.7.2), where six of the eight cross tabulations produced significant results, as did the overall, sum-of-six community interactions resolved by operator type. The results in section 5.7.2 were unambiguous and these multiple linear regression model results further support the finding that operator type is an important differentiator of operators' community interaction.

In both multiple linear regressions, school bus operators are shown to be the most involved, followed by charter/tour operators, followed by route bus operators. This is consistent with the bivariate analysis. However, the results also suggest that some of the identified variables only explain a relatively small part of the variation in the community interaction variable. There is apparently not enough signal present in the data to rise above the noise also present to arrive at a higher degree of accuracy. The seven independent variables alone do not contain the information necessary to predict the dependent variable. This suggests that there are other unidentified factors at work which explain a bus operator's community interaction and that we need to place the factors that have been shown to be associated with a bus operator's community interaction into a wider, more complete and complex context.

Table 73 shows the results of the regression where the dependent variable is per-staff-member terms. The model parameter output (from SPSS) lists the coefficients and their properties, for the multiple linear regression model constructed using the seven independent variables to predict sum-of-six community interactions on a dollars, per-staff-member, per-year basis. Note that only the 'operator type' (shaded in green) coefficient reaches the level of being statistically significant at the 5 per cent level. Observe in the last column that this variable rated 75 per cent in importance. The 'importance' rating is the relative importance of each of the independent variables in making a prediction; since the values are relative, the sum of the values for all variables is 1. The accuracy of this model was 1 per cent, which is very weak.

Table 73: Multiple Linear Regression Model Based on 7 Independent Variables (as Predictor Variables) and the Dependent (Predicted) Variable, Sum-of-six Community Interactions (\$/Staff/Year)

Model Term	Coefficient	Std. Error	t	Sig.	95% Confidence Interval		Importance
					Lower	Upper	
Intercept	3,743	3,472	1.078	0.283	-3,118	10,605	
Operator Type: (1) Route	-6064	2,758	-2.198	0.029*	-11,515	-613	0.75
Operator Type: (2) School	-4,701	2,218	-2.119	0.036*	-9,085	-317	0.75
Operator Type: (3) Charter/Tour	-5,298	2,716	-1.951	0.053	-10,665	69	0.75
Operator Type: (4) Other	0 ^a						0.75
Negotiated Contract: (0) No	43	715	0.06	0.952	-1	1,455	0.001
Negotiated Contract: (1) Yes	0 ^a						0.001
Sense of Community	636	729	0.872	0.385	-805	2,077	0.107
Operator Location: (1) Metropolitan	-820	1,243	-0.659	0.511	-3,277	1,637	0.061
Operator Location: (2) Regional/Rural	0 ^a						0.061
1/(Number of Buses)	370	839	0.44	0.66	-1,289	2,028	0.027
Lives in Community: (0) No	-503	1,074	-0.468	0.64	-2,626	1,620	0.031
Lives in Community: (1) Yes	0 ^a						0.031
Social Capital	202	498	0.405	0.686	-782	1,185	0.023

^a This coefficient is set to zero because it is redundant.

Table 74 presents the results of the second multiple linear regression. It shows the model parameter output (from SPSS) listing the coefficients and their properties, for the multiple regression linear model constructed using the seven independent variables to predict sum of community interactions (sum-of-six) on a dollars, per-bus, per-year basis. Note that only the operator type is statistically significant at 5 per cent level and this is highlighted in green. This variable is rated at 60 per cent in importance. The 'importance' rating is the relative importance of each of the independent variables in making a prediction; since the values are relative, the sum of the values for all variables is 1. The accuracy of this model was 3.6 per cent, which is also very weak.

Table 74: Multiple Linear Regression Model Based on 7 Independent Variables (as predictor variables) and the Dependent (Predicted) Variable, Sum-of-six Community Interactions (\$/Bus/Year)

Model Term	Coefficient	Std. Error	t	Sig.	95% Confidence Interval		Importance
					Lower	Upper	
Intercept	6,367	6,265	1.016	0.311	-6,013	18,747	
Operator Type: (1) Route	-11,504	5,002	-2.300	0.023	-21,387	-1,620	0.604
Operator Type: (2) School	-9,657	4,022	-2.401	0.018	-17,604	-1,710	0.604
Operator Type: (3) Charter/Tour	-10,348	4,925	-2.101	0.037	-20,079	-618	0.604
Negotiated Contract: (0) No	-1,177	1,275	-0.924	0.367	-3,696	1,341	0.083
Negotiated Contract: (1) Yes	0 ^a						0.083
Sense of Community	1,613	1,297	1.244	0.216	-950	4,176	0.15
1/(Number of Buses)	1,344	1,494	0.899	0.370	-1,609	4,297	0.078
Lives in Community: (0) No	-1,706	1,947	-0.877	0.382	-5,553	2,140	0.074
Lives in Community: (1) Yes	0 ^a						0.074
Operator Location: (1) Metropolitan	-615	2,251	-0.273	0.785	-5,062	3,832	0.007
Operator Location: (2) Regional/Rural	0 ^a						0.007
Social Capital	175	899	0.195	0.846	-1,601	1,951	0.004

^a This coefficient is set to zero because it is redundant.

The intercept value in the multiple regression analyses explains how much every operator contributes to the community to begin with; in the first models case, every operator contributes \$3,743 to community. The operator type co-efficients confirm that route bus operators take \$6,064 back from the community, school bus operators take \$4,701 back from the community and charter/tour operators take \$5,298 back from the community. Therefore, school bus operators leave more funds in the community than route and charter/tour bus operators. Then values are attached to the other co-efficients, such as operators with a tendered bus service contract give \$43 to the community, whereas

operators with a negotiated contract don't take anything back, then all operators contribute \$636 times the value of their SOC variable, then metropolitan operators take \$820 back from the community, and regional/rural operators don't take anything back, and so on. The tally is how much each operator has contributed to (or taken from) the community. This tally is the estimate of the operator's sum-of-six community interactions, and in this case, the tally turns out to be a very inaccurate estimate of the actual sum-of-six community interaction.

It can be concluded that a full-scale explanation for the direct and tangible factors associated with an operator's community interaction is probably not possible within this research. However, a discussion on the three quantitative models' varying results and the qualitative results, which provide some further insights as to why operators interact with their communities, is presented in the next sections.

5.10 Further Exploration of Why Operators Interact With Their Communities

The direct and tangible value of bus operators' community interactions were comprehensively quantified and to a lesser extent, qualified, earlier in this chapter. In the quantitative analysis, the relationship between the eight community interactions and the seven factors, or predictor variables, found that there are other, unidentified factors at play that explain why firms interact with their community. This section presents the results of scrutinising qualitative data obtained from answers to various (Stage Two) Survey questions and a focus group with 14 metropolitan and regional/rural bus operators held in December 2014 (the first part of Stage Three of this methodology.) This data offers a deeper insight into why operators do/do not interact with their communities. The results associated with the second part of Stage Three of this study's methodology, thirteen interviews with community representatives, are then presented. The overall likely indirect and intangible benefits for the community and society as a whole are then discussed.

5.10.1 Operators' Views

Survey question 20(b) directly asks operators why they do or do not interact with their communities. Survey question 24 asked operators if they had other comments to make about their community interaction. The answers to both questions have been merged, the data was then disaggregated and coded, all of which is consistent with Grounded Theory.

Of the 276 operators who completed the Stage Two survey, 157 operators chose to articulate in Survey Q.20(b) why they interact with their community. Forty nine operators chose to elaborate in Survey Q.24 on the nature of their community interaction. Some Survey participants offered two, three or four reasons, hence the total number of responses exceeds the number of participants. The categories presented in Figure 37 were created by the researcher and not coded in the Survey. Figure 37 presents the results of the researcher's content analysis. A discussion on the results of Figure 37 then follows.

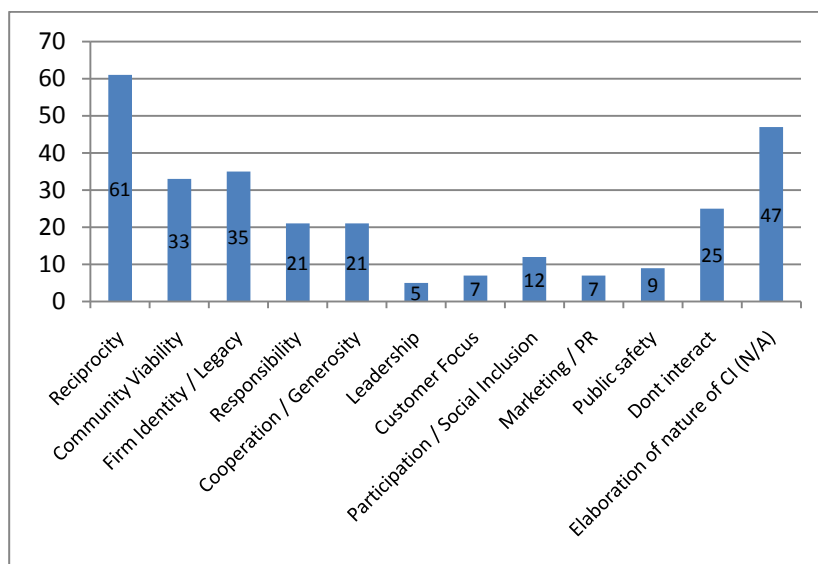


Figure 37: Reasons for operator community interaction.

Figure 37 shows that there were: 61 comments associated with reciprocity (responding to a positive action with another positive action); 33 comments associated with concern for community viability; 35 comments associated with operator identity and legacy; 21 comments associated with both responsibility and cooperation/generosity respectively. Some examples of these reasons for operators' community interaction include:

I have lived in the same community for 45 years and the business has been here for over 80 years. Without the support of the community, my business wouldn't exist. Supporting, donating, sponsoring organisations is giving back to the community. There

are also indirect benefits for example return business, goodwill, friendship, the success of my community results in the success of my business. (78)

The local bus operator for small communities especially is an integral part of the community. Everyone knows us and we know them. (146)

To keep connected with the people and create a greater understanding of their needs. (19)

Because we live in the community. We care about our community. We want our small community to endure and not be bullied by larger communities and government. (23)

It's important for small rural communities to co-operate. If the local school closes, the town will die away so must give as much local support as possible. (36)

We are members of a small community and value our reputation amongst our peers and value the bigger picture of 'community' and what it provides for our family and friends and their families. (60)

If you haven't a community you won't have a business. (191)

Money is to no use to us if we do not have health and happiness. There is no benefit being the richest man in the cemetery. We come with noting, we can go with nothing, but the legacy we leave behind. (184)

To enhance community profile and positive goodwill. Need to give back to the community because that is who we are servicing. (168)

Figure 37 also shows Survey participants offered other reasons of a lesser frequency than the aforementioned reasons that partially explain why they interact with their community. These lesser nominated themes included a degree of customer orientation (7 comments), a concern for community members to participate in all the things their community has to offer (social inclusion) (12 comments), marketing benefits (7 comments) and public safety benefits (9 comments). Some of examples of these include:

Rural communities rely on a cheap transport to participate in sport and social events. If they can't travel between towns then they sometimes miss out. (73)

Our service is highly regarded and we are regularly commended for how we care for the safety of passengers (children). In 11 years we have not had an accident or incident involving the bus service and injuries to passengers. (104)

Being a small community we all rely on each other for help at some time. The elderly and young are disadvantaged living in a small community, so a little assistance doesn't hurt anyone. (134)

Satisfaction derived from helping the community. Helps to generate community spirit. Indirect benefits to the business - business is well known and respected. In direct form of advertising. (179)

Once a year we donate buses free of charge to the local community. We drive people around at night to look at decorated houses with Christmas lights. Also by doing this it is good public relations. (116)

Population in small remote communities decreasing – businesses employing less. The community and businesses remaining need to support each other to survive as no other assistance available. Communities need to be as self-sufficient as possible to maintain the status quo and to attract new businesses and families. One

attraction is affordable housing, safe schools and a safe environment for children to grow up in. (93)

Figure 37 also shows that 25 Survey participants answered Survey question 20(b) offering reasons why they do not interact with their communities. This represents nine per cent of all Survey participants. However, some of these participants had indicated in earlier Survey questions that they did participate in one or some of the eight community interactions, which suggests some participants did not understand the question or had qualifying thoughts which they did not reveal. All but four of these operators were regional or rural school bus operators of varying sizes and their reasoning for their non interaction included:

As a single bus operator we have neither the time nor the equipment to interact within the community and still be able to deliver our school services on time and within the parameters set by our government contract. (55)

Cannot due to insurance reasons. Small community has enough operators working between school services. (85)

Margins too small to sponsor other activities. (118)

The opportunity has never arisen. (143)

Some groups promise a lot and never deliver so this is the reason we don't get involved. The groups will promise future business but then go and find another operator who will do the job for less but don't get the best results then come back and ask us to match the lowest price. A lot of groups don't understand what it takes to operate one of these vehicles. (267)

Figure 37 also shows that 47 Survey participants offered statements that just elaborated on their answers to other Survey questions, which were mainly about the nature of the community interactions, not explanations that add to the discussion about why operators interact with their community.

The qualitative data presented hitherto suggests that, beyond the quantitative analysis presented in sections 5.1 to 5.9, bridging social capital (the value assigned to networks between socially heterogeneous groups, or people who are not close and who differ from the family), and bonding social capital (the value assigned to social networks between homogeneous groups such as family, relatives and kinship) seems to account for a large portion of the unidentified portion of why operators interact with their communities. Nonetheless, clarification and elaboration was sought in the hope that more evidence could be obtained. Thus, the first part of Stage Three of this study's methodology was initiated.

The first part of Stage Three consists of a focus group with 14 Victorian metropolitan and regional/rural operators held in Melbourne, in December 2014. The transcripts of the operators' focus group were scrutinised and data was then disaggregated and coded.

The following figure presents the hierarchy of themes offered at the focus group. Of the 14 operators in attendance, only 7 offered a contribution that goes toward explaining why they interact with their communities. All 7 operators were regional/rural operators. This very small sample is presented in Figure 38. As most operators volunteered more than one contribution, the number of contributions exceeds the number of operators who contributed to this discussion.

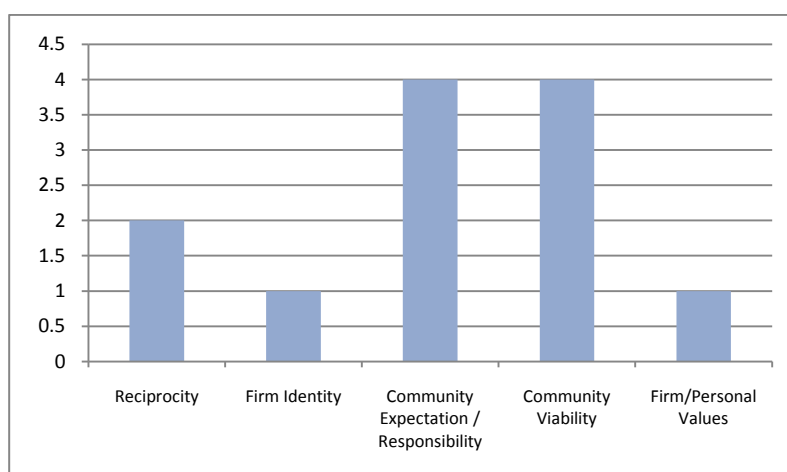


Figure 38: Themes Arising from Operator Focus Group

Figure 38 shows that the very small number of sentiments offered at this focus group are almost entirely consistent with the qualitative data obtained from the Survey. This data extends the operator sentiments around concern for community viability, reciprocity between the operator and local stakeholders, family or firm reputation and

legacy, personal and firm values (including faith), a commercial focus (for some) and being local.

The operator focus group also introduced two new notions as to why operators interact with their community. First, community expectation, that is, community stakeholders expecting their local operators to support their various endeavours, was accentuated in the focus group. This notion is consistent with reciprocity, and with Putnam's (1995) notion of bridging social capital. Second, the suggestion that there would be negative ramifications for operators' businesses if they did not interact with the community was raised. In a sense, this is also associated with reciprocity, but in a negative way. The following quotes are examples of these contributions:

What I've noticed is at our [metropolitan suburb name withheld] operation we get 2 or 3 requests for assistance a year. But down at our [rural town name withheld] operation, we get never ending requests, and if you don't help, the requests stop and you're known to be unhelpful. I think it's the case that in the city there's alternatives, there's more population to approach for support. The socio-economic in the bush is very different. (60a)

There's an expectation in small communities that 'big business' will come on board and help. Although we are a small business, we are one of the biggest businesses in our community. The banks have all gone, the post office has gone. We are determined to stay. (60b)

The community paradigm has changed in country areas. Now we have [large public company name withheld] in [regional centre name withheld], the banks have gone from the towns we operate in – except for the main town – all the green grocers other than one fruit shop have gone, the milk bars have gone, so all these paradigms are creating these centres of commerce and activity to the detriment of all the small towns outside that centre. (60c)

I take the point that if you live in those small regional towns the bus operator is a very important part of the fabric of that community and they become more important because of the other things that are disappearing. (60d)

The community expects that we interact. Big business doesn't do it. [Large public company name withheld] comes to town, no-one goes approaches them to sponsor something because there's no-one there who can authorise it. They just run the operation, they don't make decisions of that nature, they have to refer it to head office. It's easy to walk into the bus operator and say 'we need new tee shirts and gear for the softball team, can you help us out?' We say yes. Who else is going to help them? (60e)

When you do help them out, it actually gets repeated. The point about [large public company name withheld] is you can't find anyone who's got the pen to write the cheque, whereas they come to us, they know we're going to do something for them. They know they are going to have success with us. So there's an implicit expectation from locals that other locals in the community are going to help them out. People don't even bother going to the big brands. They're not regarded as local. (60f)

I do it because I was brought up believing in a religion that preaches you do unto others as you would have them do unto you. All religions I know of seem to subscribe to this principle. (60g)

5.10.2 The Communities' Views

Because reciprocity between operators and their community is such a central theme in the discussion associated with why operators interact with their community, the researcher felt he needed to harness the communities' views, in order to have 'both sides of the story', that is, see the situation from the customers' or users' perspective and establish whether community representatives shared the expectation that operator's should exhibit such concern for community. This attempt to see if there were more indirect and intangible

values associated with an operator's interaction is the second part of Stage Three of this study's methodology.

Thus the researcher interviewed thirteen representatives of metropolitan, regional and rural community organisations between February and May 2015. They included school principals, school bus coordinators, past and present local and state government office bearers, local government officials and office bearers of community organisations. More regional and rural individuals than metropolitan individuals were interviewed because bus operators who reside or operate outside of metropolitan areas were more sensitive to and concerned for the concepts of SOC and community prosperity, probably because of a reduced support network than that found in metropolitan areas. Table 75 summarises the Stage Three community interviews.

Table 75: Summary of Community Representative Interviews

Location	Role	Number of Interviews
Metropolitan	Current Local Government Administrator	2
Metropolitan	Past Local Government Administrator	1
Metropolitan	Past Member of Victorian Cabinet	1
Regional	Local Government Councillor	2
Regional	School Bus Coordinators	3
Rural	Principles	3
Rural	Local Service Organisation	1
	TOTAL	13

The community representative interviews investigated:

- the individuals' views on the level of professionalism of incumbent local bus operators;
- how operators' community interactions benefit the communities in which they operate;
- and whether community representatives nominated any other issues related to the ongoing operation of the bus service.

The nature of the discussions and views secured from the Stage Three community interviews are summarised in Table 76.

Table 76: Nature of Discussions from Community Representative Interviews

Item	Nature of Discussion	No.
1	Positive comments relating to the level of professionalism of the local bus operator	13
2	Comments associated with rural population decline, viability of local communities, the advent of the 'mega-farm' and related social issues	13
3	Concern for unsuitable and/or inappropriate student travel policies and costs to regional/rural families	9
4	Comments on social benefits associated with bus services, such as: connectedness, social cohesion, community well-being, personal productivity, access to employment	8
5	Comments expressing concern about an absence of local decision making authority in regional/rural areas	8
6	Comments on the importance of local operators providing local school services	8
7	Concerns for continued bus operator consolidation and its impact on bus service delivery	6
8	Comments that extend the known nature of the eight defined community interactions	6
9	Comments relating to public safety	2
10	Negative comments relating to the level of professionalism of staff of local bus operators	1
11	Comments relating to community members' expectations	1

Table 76 shows the nature of discussions associated with the individual and group community interviews. In respect of how community groups and individuals viewed the bus operators that were known to them, all 13 stakeholders interviewed had a positive opinion of the level of professionalism of the incumbent operator. With the exception of one participant, who expressed concern about the behaviour of one driver who worked for a large regional operator, each school and community leader praised local operators and their staff's performance and commitment to public safety, revealing a concern about the welfare of the community or individual.

They're a very professional run outfit. They show a high level of concern for the safety of the kids. (70a)

They genuinely care for the welfare of their children like family. (70b)

The owner driver has great relationships with our kids. He knows their grandparents in fact. It has a massive value. (70c)

It restores your faith in humanity to see operators and drivers who are genuinely dedicated to their community. (70e)

Some interview participants were concerned to learn of the consolidation of bus operators, the changing nature of bus-operator governance models and the possible loss of amenity for the community and/or individuals. Participants forecast a lessening of operator care and performance with such a trend and some were quite specific. For example:

There would be a depletion in service quality. (70e)

With local operators you can make service adjustments without making it a bureaucratic exercise. If we were only dealing with a great big operator who runs a very big system, it becomes hard, negotiated. (70b)

It would be shocking if there were only a handful of operators or one operator doing the transporting of kids each day. There would be no one here to control the nuances and circumstances of the town. (70c)

If Government wanted one operator to do all bus services here rather than having the multiple operators we have I think we'd be a lot worse off. (70a)

Table 76 also shows that the Stage Three interviews with community members revealed a large degree of concern amongst those interviewed on matters concerning declining populations in rural communities, the viability of these communities and some social issues associated with the advent of 'mega-farms', such as social inclusion and mental health.

The third most discussed topic with community representatives was the perceived or actual inapplicability and failure of 'metro-centric' policies, processes and systems in regional and rural settings and the desire for more local-level decision-making authority. These appear as item numbers 3 and 5 in Table 76. Community representatives were unanimous in their view that some universal ('one-size-fits-all') policies and bureaucratic processes that are issued from Government departments in Melbourne that come with operating a state-wide bus system do not necessarily apply in regional and rural parts. Regional and rural community representatives very strongly felt that metropolitan-centric policies did not necessarily work in their communities and they needed more local decision-making authority. Community representatives also stressed the point that local bus operators are viewed as local decision makers who understand their community's needs;

they care for and support the local community. Some participants were quite explicit in expressing these views. For example:

None of these government people have been here and seen where a student lives, nor do they understand the circumstances of the route, the address of the family, the amenity of the bus stop, the difficulties associated with some family's circumstances. (70g)

The rules might work for Bendigo and Melbourne, but it's different. We have kids who get off their bus at the end of their driveway and they have to walk 2 kilometres down the driveway. Their neighbour could be 10–15 kilometres away so if the driver drops them off at the neighbour's house, it'd take the kid hours to get home. There's no mobile phone coverage in some of these areas. If we don't know all these circumstances, government would just say 'sorry we're sticking to the policy'. (70a)

Since the regional office in [town name withheld] went, things haven't gone too well. It's got a lot tougher. PTV in Melbourne initially didn't know what was going on. They don't understand how we operate, whereas the local office we used to have, did. (70h)

We've just been audited and they've found that there are over 200 kids who aren't eligible. I've got to bill them all and I feel terrible about it. These families can't afford it. (70i)

The issue of ineligibility is a big issue. Melbourne's got double standards. They're not going to make parents pay retrospectively, there's no sibling rights and there's a bias. We have to charge parents \$380 a term who choose to bring their kids here when we're not their nearest public school. (70j)

All these big metropolitan systems and process do not apply in these regional and rural communities. The rules around kids getting on buses here must be different to the rules in the city. (70b)

Social benefits associated with the provision of local bus services were also discussed at the community representative interviews. These appear as item number 4 in Table 76. Eight comments on community connectedness, social cohesion and access to employment were secured. In respect of community connectedness (the extent of socio-cultural integration prevalent), participants expressed views about how a bus service that understands the community and its needs can facilitate this:

We are wired to connect. Humans need to connect. It runs right through every stage in life. It's especially important for youngies and oldies – and what is the very large proportion of [a]bus customer base? Youngies and oldies – not much in the middle. So to get on the bus and say hi to the driver, to have a relationship there and know they're safe in their hands and all the rest of it, has an inestimable value. (70e)

The northern suburbs of the [area name withheld]. The driver gets out to help her on with the stroller. The Mum sits down and an old lady strikes up a conversation – offers her assistance with the kids. The bus is a mechanism for that interaction to occur and somehow breaks down barriers and issues associated with racial tension. Watching the conversations between the old lady and the Mum – this is why we don't have the extent of tolerance problems that other countries do, because the bus facilitates little connections every day because of our need to feel connected and part of a community. (70d)

We organised [name of bus service withheld], a bus- service from the southern [area name withheld] through to [town name 1 withheld], [town name 2 withheld] then up to [institution name withheld], [town name 3 withheld], that was an exercise because we got the feds to fund the bus services, which they don't typically do. I went and saw (operator name withheld) and said here's the problem, they said 'take our margin out'. His colleague looked at the boss as if he'd lost his mind. Now that made the difference between this project being do-able and not do-able. That service about getting kids from high social needs from places

like [town name 4 withheld] being able to access a G8 university on a time-effective basis. It facilitated well-being and productivity, it significantly improved the work and life potential of those young people. (70f)

In the last few years, we started getting African refugees. We've done a lot of work with social cohesion. We've been breaking down barriers. We've explained to the kids that China buys a lot from Australia, we export wheat and stuff to China and they are our customers. We are seeing more and more international people living in our community. (70a)

Item number 6 of Table 76 shows the number of community representatives that discussed the importance of local operators providing bus services in regional/rural areas. Some of these sentiments include:

Particularly in rural communities, from all our experience, if you get local people in it gets done way better than it does when you get people in from outside. The classroom buildings they built here recently cost \$2m. We could have built it for far less cost had we been involved with the process. (70j)

We have a little say in who is going to do work for us. They spent \$150K refurnishing some houses and the companies they got in and the work was sub-standard. We were very cross about it but we had no control. (70k)

Drivers who don't live here or don't know the families wouldn't care as much. This would impact the safety of the kids as far as I'm concerned. These guys have been servicing the school for 50 years and I just can't imagine them not being here. (70b)

One community leader also expressed a view about community expectation:

The community expects operators to be so committed. There is very much an expectation for the local firms to give back to the community. (70c)

This one community representative comment confirms one of the suggestions introduced by an operator at the operator focus group (from section 5.10.1) - that the community does expect local operators to contribute to the community.

5.11 The Intangible Benefits Associated with Operators' Community Interaction

The sentiments expressed by operators and community representatives illustrate how the community interactions (valued as opportunity costs or better alternatives foregone), providing discounted and complimentary bus services enables more opportunities for access to individual and group travel. This can reduce the likelihood of users being socially excluded, which in turn improves personal and community capacity building. Bus operators who contribute their time for no fee to local organisations keep the organisation's costs low, which increases the likelihood of the organisation achieving its objectives, and in turn strengthens the resilience and viability of the community. Bus operators sharing their resources with other operators fosters inter-operator good will, reciprocity and peace of mind that they have the ability to continue to provide their contracted bus service and social value in times of adversity, such as when drivers are sick or vehicles are unserviceable.

Community interactions which see operators incur costs for the sake of their community, such as financial donations, non-financial donations and sponsorships, benefit the recipients as they are more likely to achieve their intended objectives, which contributes towards community health and well-being. For example, one bus operator established a soup kitchen in a regional town to feed homeless people. Sponsoring the education and living expenses of children from war-torn countries improves those recipients' personal capacity to contribute to society, their well-being and from a societal perspective, fosters social cohesion. Operator purchasing behaviour that sees some bus operators consciously reinvest their income on local product and service providers, as far as practicable, to an extent keeps their money in their community. This contributes to the retention of local jobs, local economic activity and community prosperity.

Safety and security interactions benefit the recipient by virtue of their well-being being sustained. The community and society as a whole benefit from operators' safety and security interactions as they capitalise on the societal contribution the recipient of the safety interaction is able to make, because they are safe, and also by there being less likelihood of a burden on emergency services and hospital visits and the like.

Bus operators that combine their resources with other operators are essentially using bridging social capital (individuals and organisations with common values, trust and reciprocity) to deliver a social service as if it were one operator contracted to the client. This facilitates a commercial outcome for each operator's business. This inter-operator trust and cooperation is self-perpetuating and increases their businesses viability. From a user perspective, passengers gain a greater sense of confidence that the bus service will operate as scheduled. From a government perspective, the authority (or contractor) gains a greater sense of confidence that the degree of inter-operator reciprocity will act as a safety net of sorts and ensure the contracted task is delivered, which in turn will prevent customer satisfaction from declining in the event of emergency or potential service disruption, and maintain the concern about the well-being of the customer and/or community.

These scenarios illustrate the importance of mobility on people's ability to participate in society. This is reinforced by Stanley and Barrett (2011). Social exclusion looks at the barriers to full participation in society. Stanley et al. (2010) examined the connection between trip making and the risk of social exclusion in Melbourne (and later included regional Victoria) and found that the average value of an additional trip at the average household income was approximately \$20 to a person at risk of social exclusion. In other words, for a person at risk of social exclusion who has average income, enabling another trip is equivalent to giving that person \$20. That research confirmed a significant link between increased mobility (trip making) and reduced risk of social exclusion in both metropolitan and regional studies. That work also showed social inclusion is closely associated with well-being. Thus, the reduction of social exclusion is considered a social determinant that bus services can contribute towards alleviating. Similarly, Ahern and Hine (2015, p.394) find that present transport is not meeting the needs of older people and that they experience significant transport disadvantage when they can no longer drive. In addition to increasing funding for more conventional public transport services, so as to offer more regular and frequent services to hospitals and medical appointments, the authors suggest greater links between government health and transport departments and agencies; that there be a more 'whole of government' approach to coordination of government services to achieve more synergies.

Therefore, this qualitative data illustrates several realities. First, it suggests that the bus and bus operators can be more than just a vehicle to convey passengers from A to B; the bus can be a mechanism that can help to reduce social exclusion, increase social cohesion, contribute towards improving community and personal connectedness, viability

and resilience, all of which can be positively associated with community prosperity, particularly in a rural setting. Some rural areas are adjusting to declining employment in agriculture, the out-migration of youth, and populations that are both ageing and declining. Transport is central to the response to all of these challenges (OECD, 2009, p. 4) as it enables people to participate in some things society has to offer. This underscores the second point; the importance of the role of the local bus operator, as the person charged with the responsibility of being the provider of the transport service (perhaps as an agent of government) that contributes to reducing social exclusion, increasing social cohesion and community connectedness, improving the viability of the town and enabling community prosperity. It shows that many operators not only provide a transport service, but provide one that goes the extra step of caring about the community. Most importantly, keeping community members safe is a core responsibility of a bus operator.

This study aims not to show the value of transport but to demonstrate the additional value beyond the straight provision of transport. Thus it is important to be clear that while transport itself has a social value, the context within which it is provided also has value.

5.12 Summary of Key Findings

This research examines the nature of a bus and coach operator's community interaction in eight different forms: discounted services; financial and non-financial donations; sponsorships; time (hours) contributions; safety and security contributions; purchasing behaviour; sharing resources; and combining resources. These interactions are either opportunity costs, cost incurred, an interaction, or revenue received by the operator. This addresses RQ1.

Table 77 summarises the operators who indicated they participate in each of the eight community interactions (CI1–CI8) in absolute (counts) terms and relative (percentage) terms resolved by firm size. It shows that the top four community interactions to which Survey participants were the most responsive were purchasing behaviour, followed by safety and security interactions, followed by time contributions, then donations. It also confirms that the volume of community interactions and the number of Survey participants decline as the size of the operator enlarges. This is a realistic reflection of the Australian bus and coach operating environment; most operators are micro and small in size, there is a smaller number of medium-sized operators and few large operators. Table 77 also shows that the two 'operator to operator' community interactions (sharing and combining of

resources) are two of the three interactions that Survey participants indicated they undertake the least.

Table 77: Summary of Operators' Community Interactions in Absolute and Relative Terms

Interaction	Total Percentage of Operators that Interact in the Defined CI's, Resolved by Firm Size								Total	
	Micro (0-5 staff)		Small (6-29 staff)		Medium (30-99 staff)		Large (100+ staff)			
	%	No.	%	No.	%	No.	%	No.	%	No.
Discounted Services (CI1)	43.5	84	64.8	35	55.6	10	90.9	10	50.4	139
Financial and Non-financial Donations (CI2)	40.9	79	72.2	39	77.8	14	81.8	9	51.1	141
Sponsorships (CI3)	28.0	54	57.4	31	83.3	15	72.7	8	39.1	108
Time Contributions (CI4)	51.3	99	61.1	33	77.8	14	72.7	8	55.8	154
Safety & Security (CI5)	73.6	142	74.1	40	83.3	15	81.8	9	74.6	206
Purchasing Behaviour (CI6)	88.6	171	83.3	45	83.3	15	72.7	8	86.6	239
Sharing Resources (CI7)	34.7	67	50.0	27	72.2	13	90.9	10	42.4	117
Combining Resource (CI8)	22.3	43	44.4	24	72.2	13	100.0	11	33.0	91

Table 78 summarises the results that found evidence of statistically significant relationships between the eight operators' community interactions and the seven hypothesised predictor variables for *all* analysis methods used in this project. It shows that the bivariate analysis revealed that four predictor variables produced significant results in more than half of the eight sets of cross tabulations undertaken with each community, and these were: operator size (P1); operator type (P2); operator location (P3); and social capital linkage (P7). Of these four, three of the sum-of-six overall cross-tabulations were found to have elements of significance. With the multivariate analysis, the first binary logistic regression found modest support for three predictor variables to be actual predictors of significance, those being: operators that live in the community in which they operate (P4) and two elements of SOC (P6), being 'people in my neighbourhood share the same values' and 'it is very important to me to live in my particular neighbourhood'. The second binary logistic regression also found modest support for three predictor variables being actual predictors of significance, those being: operator size (P1), operators that reside in the community in which they operate (P4), and one element of SOC (P6) - operators that share the same values as people living in their neighbourhood. Both multiple linear regression exercises found support for operator type (P2) being an actual predictor.

No predictor variables hypothesised to be associated with an operator's interaction were revealed to be actual predictors of statistical significance across all three types of analyses (that is, the bivariate cross tabulations, the binary logistic regression and the multiple linear regression.) However operator type (P2), specifically, school bus operators,

were found to be significantly associated in two analysis types: six of the eight community interaction cross tabulations and the overall sum-of-six cross tabulation in the bivariate analysis; and the multiple linear regression model also found operator type to be a significant variable. The greater community contribution by school bus operators is a key finding of this research.

Table 78: Summary of Results of All Analysis Methods to Determine Predictor Variables

	<i>Bivariate Analysis</i>				<i>Multivariate Analysis</i>		
	No. Of CI Cross-tabs with Elements of Statistical Significance			Statistically Significant Sum-of-six Cross-tabs	Correlations with CI's	Binary Logistic Regression Models to Predict CI	Multiple Linear Regression Models to Predict CI
Operator Size (P1)	Small (S) to medium (M)	Small (S) to large (L)	Medium (M) to large (L)	✓ (1) small (2) medium (3) large	N/A	✓ firm size (significant at 10% level)	✗
Donations	S>M	S>L	M>L				
Sponsorships	M>S						
Time Contributions	S>M	S>L					
Safety Actions	S>M	S>L	M>L				
Purchasing Behaviour	M>S						
Sharing Resources	S>M	S>L					
Combining Resources	M>S	L>M					
Operator Type (P2)	Route (R) to school (S)	Route (R) to charter/tour (C)	School (S) to charter/tour (C)	✓ (1) school (2) charter (3) route	N/A	✗	✓ (1) school (2) charter (3) route
Donations	S>R						
Sponsorships	S>R						
Time Contributions	S>R	C>R					
Safety Actions	S>R						
Sharing Resources	S>R						
Combining Resources		C>R	C>S				
Operator Location (P3)	Metropolitan (M) / Regional-Rural (R)			✓	N/A	✗	✗
Time Contributions	R>M						
Safety Actions	R>M						
Purchasing Behaviour	M>R						
Sharing Resources	R>M						
Combining Resources	M>R						
Operator Residence (P4)	Live in (I) / out (O) of community			✗	N/A	✓ I/O	✗
Time Contributions	I>O						
Purchasing Behaviour	O>I						
Combining Resources	O>I						
Form of Contract (P5)	Negotiated (N) / Tendered (T)			✗	N/A	✗	✗
Discounted Services	N>T						
Donations	N>T						
Combining Resources	N>T						
Sense of Community (P6)#	N/A			N/A	✗	✓ (1) share values & (2) important to live in neighbourhood	✗
Social Capital Linkage (P7)*	✗			N/A*	N/A	✗	✗

N/A Not attempted
Sense of community was measured by correlation
* Social capital linkage was not measured by cross tabulating community interactions (CI) with predictor variables (P).
The mean of sum-of-six overall CI's was correlated with the mean overall score for Survey Q.26(a)-(e). There was no correlation.

5.12.1 Firm Size (P1)

The results relating to operator size (P1) being a predictor of bus operators' community interaction showed a nuanced direction. There were four significant differences between small and medium operators, three significant differences between medium and small operators, four significant differences between large and small operators and two significant differences between medium and large operators. Small operators interact more in terms of elements which have a strong local community commitment, whereas medium operators and to a lesser extent large operators, contribute more in ways that are inherently more about capitalising on the benefits of size - the operator to operator interactions (sharing and combining resources). There appears no consistent result that suggests one size of operator contributes more than the other, however the sum-of-six result suggests there is an increased propensity for small operators to interact with their communities relative to medium and large operators on a per-staff-member basis.

The results of this study are consistent with other scholars' findings: Lyson (2006) and Irwin et al. (1998) demonstrate that communities in which small businesses predominate have a higher level of civic welfare than communities that are dominated by big business, because they are embedded in the local community. Fleming and Goetz (2011) also reveal a positive relationship between the density of locally owned firms and per capita income growth, but only for small firms, as the density of large non-locally owned firms has a negative effect. Glaeser and Kerr (2010) also suggest that regional economic growth is highly correlated with small firms, not a few big ones.

5.12.2 Operator Type (P2)

Operator type (P2) was the only variable that was found to be significant in two of the three forms of quantitative analysis undertaken and where directionality was consistent on all significant indicators. School bus operators were found to be the type of operator that interacts with their community the most on a per-staff-member basis. Given that school bus operators typically operate in less populated, more isolated communities, there is probably a stronger degree of closer networks, trust and reciprocity between the operators and their community than their metropolitan counterparts.

Charter/tour operators were shown to be nominally less likely to interact with their community on a per-staff-member basis than school bus operators (as shown in Figure 16). Charter/tour operators generally do not have any buses contracted to government services

so they cannot count on receiving a contracted sum of money each month. This fundamental difference to route and school operators generally means they possess a different set of business skills to other operators. Charter/tour operators are more exposed to economic circumstances that are outside of their control, such as fluctuating exchange rates and fuel prices, low levels of economic activity, and disruptions to the tourism sector such as pilot strikes and terrorist attacks. This requires charter/tour operators to have governance mechanisms in place that allows them to make their costs as elastic as their revenue. (Route and school operators' income and costs are relatively fixed.) Some charter/tour operators have service contracts with private schools, some are sub-contractors to large national or international bus tour entities, and most do school excursion work and specialise in having resources available for short- and long-term assignments at short notice, particularly planned and unplanned rail replacement services. A key point of difference to other bus operators is the size of their community of interest. Charter and long-distance tour operators' businesses traverse multiple communities; they have, for example, arrangements with accommodation providers, restaurants and bus-servicing facilities in many communities that their services go through (for example, between Melbourne and Darwin). It follows then, that charter/tour operators need to forge strong and enduring relationships with community stakeholders, not just patrons, at each stop along the way, and count on those relationships to keep their business going.

The relatively low extent to which route operators interact is a curious result given their high degree of influence on their local area. At least in Victoria, they have been embedded in their communities for generations and have been anecdotally observed to be, in many instances, leaders of, and generous contributors to, their communities. In many communities, the local route bus operator is one of the largest, if not the largest, firms. They have an important presence in most parts of Australia, usually through a combination of being long-term employers and dedicated purchasers of local goods and services and having fixed assets. They have a large investment in their local area and because of their purpose and their trans-generational tenure, they cannot easily relocate. It is possible the result could have something to do with the relatively low number of Survey responses from predominantly route operators and the excising of some outliers in this category.

5.12.3 Operator Location (P3)

The results relating to operator location (P3) show a nuanced direction. Regional/rural operators significantly contribute more than metropolitan operators in three interactions that are about giving to the community, and these are: time contributions, safety interactions and sharing resources. In comparison, metropolitan operators were found to interact significantly more than regional/rural operators in respect of combining resources, which is an operator to operator interaction. The overall sum-of-six result showed regional/rural operators to significantly interact with their community more than metropolitan operators. Hence, the location of a bus operator is not consistently associated with bus operators' community interaction.

In metropolitan Melbourne, at the time of writing there are only 13 contracted route bus operators and a large number of charter or tour operators. These firms are medium to large in size and mainly family businesses. However, as previously noted, hybrid and MNE operators are entering the market and acquiring medium- and large-sized firms. From a quantitative perspective, the mean of the overall route operators' community interactions in this study was relatively low on a per-staff-member basis compared to medium and small firms. However, the qualitative evidence from metropolitan route operators suggests the nature of their community interactions is no different from their regional and rural counterparts, but the scale of that interaction is; they contribute less. The Survey and interviews with metropolitan route and charter/tour operators provide evidence of their trans-generational relationships with suppliers to their business. Most operators display a loyalty to their suppliers, which is not often evidenced in business nowadays. It even appears that this loyalty is maintained despite the possibility of the operator being able to secure more competitive pricing, terms and conditions for that product or service elsewhere.

The nature of the governance of metropolitan bus operators is changing; they are reducing in number and increasing in size as a result of ongoing operator consolidation. Hybrid and MNE firms are acquiring family firms, resulting in a transition from families' objectives to hybrid or MNE operators' objectives that centre on financial returns. Anecdotally, a lesser degree of social capital is prevalent between metropolitan bus operators and their community, probably because of larger populations and their capacity to depend on a larger extent of supply and support networks to help them deliver their contracted bus service(s). This lesser degree of social capital was also noted on the

consumer side, in so far as community individuals and groups approaching firms for support for a certain endeavour can, and do, just approach another firm from the volume of firms available. In many regional and rural areas, however, there are not many other firms to look to for support and the qualitative evidence supports this. Thus, the regional and rural community expects the support of local firms in its endeavours as shared, mutual endeavours.

5.12.4 Place of Residence (P4)

In relation to the results relating to operator place of residence (P4) (live in or out of the community in which they provide a bus service), the significant results are inconsistent and nuanced. Operators that live in their community significantly contribute more time to their communities than operators that do not, and these are small operators. But operators who do not live in their community significantly combine their resources and spend more of their income locally than operators that do. These are medium-sized and large operators. The overall sum-of-six result showed operators that live in the community interact more with their community than those that do not and this result was significant at the 10 per cent level.

The findings associated with operators that live in their community is consistent with localism - a philosophy which supports the local production and consumption of goods, local control of government, and promotion of local history, culture and identity. Whereas, operators who do not live in their community were found to significantly combine their resources and spend more of their income locally than operators that do. This latter finding is at odds with localism and underpins the conclusion that the findings pursuant to this predictor variable are nuanced.

In respect of 'being local', that is, residing in, or being associated with one's immediate surrounds, neighbourhood, or kin, the qualitative evidence suggests that it is unlikely an 'outsider' operator would understand the community's needs as intimately as a local bus operator. The operators believe the community-level social capital – firms investing in social capital through norms of behaviour and access to resources such as mutuality, trust and respect (Lester & Cannella, 2006, p. 758) to maximise local procurement can have a direct effect on the viability and prosperity of a community.

The qualitative evidence suggests most bus operators consciously reinvest their money locally; they hire local employees, work with local organisations such as schools, clubs and community groups, volunteer their time and donate to local charities, serve on boards and appear to have a greater degree of resilience, or capacity to withstand disturbances while retaining a business structure and function. The majority of participants in this study conveyed a desire to invest locally to reduce risk. It appears that local stakeholders, including patrons, can visit the companies they are supporting, and they often know the owner or CEO of the firm, and their families and their staff. An operator suggested they are less likely to be misled because of the trust established between the operator and the stakeholder. Evidence from study participants suggests operators understand the returns from their determination to invest locally are not just their own, but for their community's viability, which contributes towards community prosperity. Further, Survey respondents appear to be participatory in community endeavours, much of which is voluntary.

The overwhelming 'pro-local' sentiments collected from participants in this study suggest the more communities can feed, house, educate, transport and care for themselves, the more they can be self-sustaining and contribute towards the local economic multiplier (the greater local economic return generated by money spent at locally owned businesses, compared to corporate- or absentee-owned businesses.) These pro-local sentiments are again consistent with localism, a movement that supports the local production and consumption of goods, and promotion of local history, culture and identity.

The significant finding that operators who live outside of the community in which they operate a bus service spend more of their income locally than operators that do, is a curious result. To investigate this, the researcher checked the cross tabulation of local purchasing resolved by operator type and found that charter/tour operators spend the most of their income locally on a per-staff-member, per year basis (\$55,355), followed by route operators (\$52,275) followed by school bus operators (\$41,737). However this result was not significant, hence it was not presented in chapter 5. The researcher undertook some further investigation and checked the cross tabulation result of local purchasing resolved by operator location. It was found metropolitan operators spend more of their income on local suppliers than regional/rural operators because metropolitan operators are so large in size, their expenditure dwarfs that of the vast majority of Survey participants. This provides an insight as to why operators that do not live in the community in which they provide a bus service spend more of their income in that community. Without speculating,

in metropolitan areas, route and charter/tour operators predominate and their areas of operation are typically much larger than regional/rural operators' areas of operation. All but one of Melbourne's current metropolitan route operator's operate services that span multiple suburbs, multiple local government areas and while metropolitan operators may live close to the area in which they operate a service, they may not necessarily live in it. Whereas in rural areas, school bus operators predominate and the community in which they operate potentially only includes the town in which they live, the town where the school or final destination is, and possibly some small communities in between these two points.

5.12.5 Form of Contract (P5)

Concerning the results for form of contract (P5), three of the seven community interactions produced significant differences; in each case, operators with negotiated contracts interacted more with their communities than operators with tendered contracts. Thus, form of contract can be considered a predictor of bus operators' community interaction in certain circumstances, with operators having negotiated contracts more likely to contribute to their communities more than those with tendered contracts.

Through Stage One, discussions with representatives of public transport systems in Europe emphasised the importance of co-operation or partnership between the authority and operator, to improve service quality (promote innovation) and grow patronage. Significant dissatisfaction with the constricting environment posed by competitive tendering, especially in Europe, where there has been a significant tendency for risk averse authorities to tightly specify service expectations and then be surprised at a lack of operator innovation, has been a major driver of this change in emphasis.

Competitive tendering for public transport services is the norm in most parts of the world. In the European Union, directive 2004/18/EC of the European Parliament and the Council of 31 March 2004 (EUR-Lex, 2014) concerns the coordination of procedures for the award of public works contracts, public supply contracts and public service contracts by transparent, competitive procedures (Arlbjorn & Vagn Freytag, 2011). In December 2011, however, the European Commission proposed the revision of this directive, and this was voted in by the European Parliament in January 2014. Member European states have until April 2016 to transpose the new rules into their national law. These new requirements include the use of negotiation and allow some contracting for environmental and social considerations.

In Australia, policies that seek to increase contestability and realise financial savings have been consciously pursued, or stated as being intended to be pursued, by state governments in New South Wales, South Australia, Queensland, Northern Territory and Victoria between 2010 and 2013. Since early 2014 however, general elections have taken place in Tasmania, South Australia, Victoria, Queensland and New South Wales and new state governments in three of these five states have indicated their preparedness to negotiate the renewal of incumbent operators' service contracts.

5.12.6 Sense of Community (P6)

The results concerning SOC (P6) were inconsistent. It was found that from a quantitative bivariate perspective, SOC cannot be considered a predictor of bus operators' community interaction, however there was solid qualitative support to the contrary. There was also modest support in the binary logistic regression exercises for some elements of SOC to be actual, significant predictors of bus operators' community interaction.

Bus operators who reside or operate outside of metropolitan areas were more sensitive to the concept of SOC in this study than metropolitan bus operators. The challenges stemming from the remote locations of many regional and rural communities was an underlying concern for most of the operators who completed the Survey. It could be said the overarching challenge for many rural communities was how they could preserve or enhance the well-being for long-term residents but at the same time attract new residents in order to keep the community prosperous.

The demographic who completed this Survey are often prominent business owners and civic leaders and this leadership role is different to general community members. Therefore, it is possible that the SCI used in this methodology has not captured the sense of attachment to community as initially thought. The SCI has been developed and used to measure the beliefs between people associating closely together. The SCI attends to larger sample sizes of one community or community of interest, whereas this study looks for the sense of attachment to community of one or a few people in many communities.

The qualitative evidence presented in all three stages of this methodology suggests a bus operator's sense of attachment to their community is more a sense of responsibility and leadership, and these are aspects of SOC which are not measured in the SCI. Operators seem to have a sense of responsibility, or sense of obligation, to do a good job; deliver a safe, reliable transport service, while at the same time looking after the economic and

social well-being of their community. In many instances, this appears to be a self imposed leadership role. It is possible that the Psychological Sense of Community Scale (PSOC) (Boyd & Nowell, 2014) may have been a more appropriate scale for adoption in this study. The PSOC is drawn from community psychology, sociology and public health, and Boyd and Nowell (2014) introduce the concept into the field of management. PSOC is a result of the authors taking the SCI method and modifying it to suit an organisational context. The authors suggest PSOC has five dimensions: membership, influence, needs fulfilment, shared emotional connection, and responsibility to organizational contexts. They suggest responsibility is a commitment to the well-being of the group and its individual members. In community settings, members can feel a sense of responsibility for their neighbours and for the community as a whole, but critically, in addition, residents also feel responsibility for maintaining their community business presence, sporting fields, school curriculum, and the quality of access to green spaces.

Nowell and Boyd (2014) also introduce sense of community responsibility (SOCR), which emphasises the experience of community as a responsibility which appears to be a stronger predictor in explaining higher order engagement requiring greater investment of time and resources. The authors empirically investigate SOCR by measuring satisfaction, engagement, and leadership in inter-organisational collaborative settings. The authors assert that SOCR would predict well-being and engagement in a different manner compared to SCI and is uniquely placed to help advance models of community leadership. In light of this, it is possible that the PSOC scale and SOCR, if it had been developed prior to undertaking this study, may have resulted in a greater synergy between the qualitative and quantitative findings relating to SOC.

5.12.7 Social Capital Linkage (P7)

The role and value placed on the SBVPA in enabling a bus operator's social-value addition (social capital linkage (P7)) was examined. Victoria recorded the highest overall social capital linkage result per state (Table 49) and the differences between the states were statistically significant (Table 50.) It was also found that operators in Victoria interact with their communities more on a per-staff-member basis than in any other state (Table 55) and the differences between the states was found to be statistically significant (Table 56). This outcome lends a small degree of support to the second hypothesis (H2) – that the SBVPA indirectly contributes to operators' community interaction, but this is tenuous as any association between the two variables only appears to exist in two states: Victoria, firstly,

then to a lesser extent, New South Wales. Thus, an operator's community interaction probably has very little to do with the way operators in all states other than Victoria, and to a lesser extent New South Wales, view the extent of involvement and dependence their SBVPA has on their business.

According to the 2014/15 Victorian State Government (2014) budget papers, the government will spend approximately \$1 billion dollars in various forms of bus services this financial year. This is a major transaction. In the context of this industry, all SBVPA's have historically acted as a conduit between bus operators and the procuring government authority, although some state governments ceased pursuing this in recent years. Nonetheless, the benefit to government in using this method is that they need only engage with one organisation, the SBVPA, to renew bus service contracts and coordinate industry-wide initiatives, rather than engage with every contracted operator or their representatives. This keeps government transaction costs associated with bus service procurement under control. The benefit to the operator is that they receive a template bus service contract whose rights and obligations do not differ to other operators' service contracts. The bus service contract has also been the subject of discussion and determination by a committee of members within the SBVPA charged with the responsibility of ensuring the contract clauses are fair, practical and have the flexibility to allow ongoing dialogue about current and future issues in the operating environment. The theory of incomplete contracts (Hart & Moore, 1988) suggests parties are unable to write complete contingent contracts. Such processes are entirely consistent with agency theory; the bus operator, as the principal, delegates authority to the SBVPA to sustain their contractual relationship with the state government on terms that are acceptable to both buyer and seller. In this circumstance, the SBVPA actually has reciprocal obligations. First, as a representative of the operator, the SBVPA can ensure government affords the operator contractual fairness and operating continuance, which enables the operator to sustain or improve their community interaction and other non-economic goals of the firm. Second, as an agent of government, the SBVPA can marshal contracted bus operators in order to realise contract compliance and the achievement of public policy outcomes. To an extent, the SBVPA, as the industry-based not-for-profit, is connecting the social and the economic.

On a point of difference to other SBVPA's, the Victorian SBVPA has had an open-ended formal services agreement with the state government authority for nearly two decades. In fact, prior to this, the researcher located evidence of the Victorian SBVPA working with the Victorian state government between 1954 and 1956, at the government's

request, to assist it organise coach services for the 1956 Olympic Games (Bus Association Victoria, Inc., 1956). The depth, breadth and value of the current agreement, which is an executed legal document, has evolved over the years mainly as the strategic bus objectives of successive state government's has changed, but the concept of agreeing to cooperate remains in place to this day. The authority is party to a service contract with each bus operator and because the Victorian SBVPA is a representative of those operators, the authority and the SBVPA have historically agreed the SBVPA is well placed to assist the bus operators in meeting some or all of their contracted obligations. Hence, the SBVPA advocates the views of bus operators to the authority and communicates issues affecting the entire public transport network or parts of the bus network on behalf of bus operators to government. The authority and the SBVPA are contractually bound to consult with each other, promote the network, assist operators, and work collaboratively on researching, developing and implementing initiatives including but not limited to network accessibility, communications, social issues, safety and security, customer satisfaction, operational and technological improvements, fares and ticketing systems and industry productivity improvements. There are also reciprocal marketing, planning and human resource services that the parties agree to provide to each other. The overarching objective of the current document is to improve the level of professional and ethical behaviour of the industry.

The Victorian SBVPA is the only one of eight bus and coach industry voluntary professional associations in Australia to have such an agreement with its public transport authority, PTV (Gargano, Huefner, Tape, Mellish, Lewis, Ozols, Apps, MacDonald, personal communications, 4-6 February 2015). Such an agreement requires considerable commitment from both parties involved and frequent engagement on a broad range of issues. This is evidence of the SBVPA acting as a conduit to the collective operators and as an agent of government to facilitate collective action. This engenders operator contractual compliance and performance and authority satisfaction with operators. Renewing bus service contracts with incumbent operators on the basis that they continue to perform is an expectation of most operators who participated in this study and continuance of the bus operation is fundamental to operators meeting their economic and non-economic goals.

The agreement between the Victorian SBVPA and the stage government authority is obviously not a partnership that imposes obligations on the parties for the explicit purpose and/or direct benefit of enhancing community prosperity, but such a notion could be included if the parties so desired. The agreement is a partnership of sorts between industry and state to build social capital and reduce transaction costs. It is suggested that

the agreement has an *indirect, external* effect of enhancing a bus operator's propensity to interact with its community. Although the agreement is not explicitly referenced as a partnership, the contract or agreement between the Victorian SBVPA and PTV is essentially a partnership between industry and state to grow social capital. The agreement rests on co-operation and this could be a contributing factor as to why Victoria has the highest resultant overall social capital linkage rating.

The practice of governments partnering with non-profits is well established in Australia. Bryce (2012) finds contracting with non-profits allows the government to facilitate services to clients in disparate locations and with distinguishable needs. It also allows the government to provide the services with less internal staff and at the same time allows the community to build social capital. The author adds that government contracts with non-profits emphasise greater trust, lower transaction costs, the higher competence of non-profits and the nonspecific nature of contracts. This is sustained by Eversole and Martin (2005):

...policy makers and practitioners are exhorted to ensure that communities are involved and engaged in development processes; to carry out development initiatives in 'partnerships' that bridge private and public sectors; and to pursue decentralised governance, participatory development, civil-society-building, and 'deepened' democracy to encourage greater involvement in decision making. The underlying theme is ... that development should be negotiated rather than imposed. (p. 1)

Partnerships in Australia are normally framed to enable the inclusion of a diverse set of stakeholders in structured development processes to directly address inequities in mainly regional and rural communities. Partnerships in this context are a tripartite of sorts that aim to directly bridge public, private and civil sectors and increase community engagement. Community engagement is a generic term that can reflect many different levels of intensities of involvement by stakeholders (Eversole & Martin, 2005.)

Given that Victoria recorded the highest Survey results for social capital linkage, SOC, and the mean sum-of-six community interactions per state on a per-staff-member basis, it is suggested these results are not a coincidence. These 'ingredients' recognise a link between social capital and economic prosperity and an acceptance that a successful economy is not simply about physical and financial capital, but also social capital.

In light of the varying levels of support for each predictor variable, it is concluded that the seven predictor variables discussed are not the only variables that account for the extent of an operator's interaction with their community. The results suggest there are other factors associated with a bus operator's community interaction.

5.12.8 Unidentified factors that explain operators' community interactions

The absence of one or some predictor variables actually being found to be associated across all analysis methods suggests there are more, unidentified factors that explain why operators interact with their communities. Some of these were identified in the Stage Three focus group with bus operators, and these sentiments were validated by community representatives interviewed for the purpose of gauging the community's views on the corporate social performance of the firms they deal with.

Some potential variables discovered subsequent to the Survey, that is in Stage Three of this study's methodology, seem to be associated with bonding and bridging social capital. Reciprocity of financial reward, family and firm reputation, identity and survival, public safety, passenger etiquette, community expectation, faith and personal values, and being local are all suggestive of either bonding social capital (which encapsulates the values of the close, dense relationships like family) and bridging social capital (which refers to accessing the multiple networks, resources and opportunities outside the closeness of the family unit.) However, this study does not explicitly or directly measure the extent or value of bridging and bonding social capital as it relates to the operator and the community in which they operate a bus service. This study measures the extent of linking social capital between the operators and their SBVPA. Had the Survey formally measured bridging and bonding social capital between bus operators and their communities, a stronger multivariate percentage rating result may have eventuated. Further research that seeks to formally measure the extent and value of bridging and bonding social capital between firms and their communities would build on the knowledge obtained from this study, and possibly provide more compelling evidence to scholars and policy makers of the relationship between social capital and community prosperity.

Such a project would emulate Bell and Kilpatrick's (2000) study which examines the contribution of small businesses to regional Tasmania, beyond their economic contribution. The authors detail how the individuals in these businesses are members of their local communities, contributing skills, time and money to many community organisations and activities and building social capital that has the potential to foster entrepreneurship. They

conclude that effective policy should be influenced by recognition of the positive benefits of self-sustaining towns and communities, and be informed by the 'micro' processes of the productive interactions between people, resulting in social capital formation.

6. Discussion and Risks to Operators' Community Interaction

6.1 Introduction

The results of this study bring many issues to the fore, particularly those concerning the relationship between bus operator governance and community prosperity, externalities, and government procurement. A discussion on the results of this study features in section 6.2: that the primary characteristics of operator community interaction are most predominant and virtually exclusive to the family business bus operator governance model. Section 6.3 discusses the risks to operators' sustaining their community interaction. Section 6.4 presents modeling associated with service contract margin reductions and terminations to demonstrate the importance of externalities. Section 6.5 presents the finding of this study's first hypothesis (H1). Section 6.6 discusses the value of externalities, whole-of-government and value-for-money. Section 6.7 discusses the concept of contracting for social values. Section 6.8 discusses how the behaviour of various operator governance models aligns, if at all, with the theories and constructs that might underpin an operator's community interaction, as outlined in the literature review.

6.2 The Family Business Bus Operator

The results of this study suggest that from a quantitative perspective, type of operator (P2) is the primary characteristic of bus operator governance that matters most when it comes to operators' community interaction, with school bus operators contributing more than others. Further, operator size, (specifically, small operators), operators based in regional and rural locations, and operators that reside in the community in which they provide a bus service are more likely to contribute to their community. Elements of an operators' SOC, social capital linkage and the form of contract are secondary characteristics of bus operator governance models that matter when it comes to firms interacting with their communities.

The primary characteristics are most predominant and virtually exclusive to the family business bus operator governance model. However, it is necessary to point out that being a family firm is distinctly different from being a small or large firm. While it is acknowledged that most of the literature and much of the global discussion on family business often assumes being small and being family are almost the same, they are not, although the assumed relationship between the two is understandable. Being a small firm and a family firm is a common phenomenon globally.

Although non-family firm operators, such as MNE's or government-operated firms can own and operate small bus firms, in Australia, they do not. Similarly, no evidence was found throughout the course of this study's methodology where MNE, government or hybrid operators operate exclusively, or even predominantly, in regional and rural areas of Australia. Their operations cover predominantly metropolitan areas. Nor was any evidence found that suggested MNE, government or hybrid operators could be considered predominantly school bus operators. While MNE, government and hybrid operators are contracted to provide some school bus services, their predominant type of contracted services are route services. Lastly, in respect to social capital linkage, in Victoria there are two MNE operators. One belongs to the Victorian SBVPA, one does not. The one that is a member holds a negotiated bus service contract.

Bus operator governance models that feature more of the primary characteristics are more likely to interact with their communities. These results suggest that family firm operators, particularly school bus operators and operators in regional and rural settings, enjoy a deep embeddedness with their local community. The qualitative evidence obtained from this study's methodology suggests that accumulation of bonding and bridging social capital (networks, trust and reciprocity) between the operator and their community indicates embeddedness associated with a family or a family firm's desire to have a legacy and share the benefits created by their business with the local community. This study reveals a regional, family bus operator's identity within the community in which they provide a bus service is very important, both to the family and to the community. Many operators believe the family name, or the family business name has a level of awareness in the community that has meaning and a value, and this was confirmed by community participants in Stage Three of this study. Participants in all three Stages revealed a determination for continuance in order to continue to serve the community, which signals that operators are aware of their community's expectation that they interact with it, as if it were almost a mandatory requirement. This sentiment of reciprocity was expressed frequently in an extremely strong manner, particularly by regional and rural operators. The strength of this reciprocity was not as noticeable among metropolitan operators, which probably reflects the greater supply of support networks available to individuals and organisations in metropolitan areas and a lesser degree of social capital. This goes to the heart of the identity and reputation of the family and family firm, and their non-economic goals being just as important as, if not more important, than their financial goals in some situations. Qualitative evidence was provided which shows some family business bus

operators have trans-generational relationships with suppliers for many reasons. One reason that emerged from the Survey was that some operators had been supported by trusted suppliers during times of adversity, especially through the late 1980s when the Victorian industry was fighting a legal battle with the state government and, for that support, flexibility and loyalty, they feel an obligation to support them in return. The networks, trust and reciprocity have been the foundation for continuance and community service for most family bus operators who participated in this study.

Therefore, a key finding of this study is the characteristics of bus operator governance models that increase operators' likelihood of interacting with their communities are almost exclusive to the family business bus operator governance model. This underscores the importance placed on the achievement of non-financial goals by a family firm bus operator and the socio-emotional wealth of the community in which the firm is embedded. Such a finding is consistent with the 'family point of view' construct and the concept of localism. Sorenson et al. (2009) found that the collaboration within the family was associated with an increase in the resources available to the family business, including loyal customers, family support and community goodwill. This construct explains the families developing their networks to prepare them for being active community participants to foster community prosperity. Similarly, localism explains the strong propensity for bus operators to respond creatively to the needs and demands of the community they serve. Policies that enable communities to make more decisions for themselves, rather than have a state or federal government dictate what is the best action for them, may see a quicker and better achievement of social outcomes like social cohesion and inclusion, which contribute towards community prosperity.

For most of the operators who participated in this study, survival appears to be a significant manifestation of success. Contributing to one's community in order to sustain or improve the community's prosperity is a key theme running through most of the qualitative responses to this study's triangulation methodology. Socio-emotional wealth, particularly in family business bus operators, appears to take several forms in this context: an ability to provide careers and security for current and later generations, visibility, status, even harmony within the family and responsibility to the firm's geographic community and community of interest. It is suggested that this desire for continuity reflects a family firm's desire for long-term family control, secure family careers and a participatory community. Other scholars have made similar findings (Chrisman et al. 2003; Yu et al., 2012; Sorenson, 1999; 2007; 2012). Colli (2012), like some of this study's survey participants, suggests that

the ability to transmit the firm's ownership and control inside the same family can be –and actually was considered to be – a relevant indicator of success.

Some sentiments drawn from the operator interviews and Survey participants reveal the focus of medium-sized and large bus operators tends to be less about the achievement of family and social objectives and more about financial outcomes, probably because the governance model in large bus operators varies from being totally family, to part family/part public (hybrid) and public (such as MNE) operators. Large non-family firms' community orientation and the extent of their interaction appeared to depend on other factors, such as shareholder dividend.

In Australia, communities are made up of individuals and local institutions and organisations, including businesses, schools, voluntary associations and churches. These networks of smaller enterprises are linked together by community conditions and are as much embedded in the locality as the local families. As a result, family firms appear less likely to remove themselves from the local community and more likely to provide support and direction for local institutions. It is suggested that these gains may offset any gains in financial efficiency achieved by non-family bus-operators.

This study also revealed sub-categories of MNE operators. One MNE operator elaborated on the legacy of the firm, which was previously a family firm, and their intention to continue their community interaction. Other MNE operators revealed they were constrained from interacting with their community more, due to the limitations of the value of their service contract, which was won by a tender. They emphasised their geographic service area was so large, they could not support every community request that was made of them. MNE operators involved in this study are public companies and as such had to comply with budgets, were required to seek approval for expenditure and, ultimately, were motivated by generating a return to shareholders.

MNE bus operators did not have any market share in Australia prior to 2000. Their growth in Australia has been rapid, aided by globalisation. This is consistent with Solvell's (2003) assertion that MNE's have typically benefited from globalisation, selling their products worldwide and tapping world markets for factors of production and introducing goods and services to enhance their overall efficiency. MNE's are also able to participate in transfer pricing, which delivers this governance model a pricing competitive advantage, yet it also places the MNE under tax scrutiny in the host nation. MNE operator behaviour is also consistent with the stakeholder perspective, which involves the effective management of

various parties involved in enabling the firm deliver on their objectives. Some of the parties include employees, customers, suppliers, financiers, communities, government bodies, political groups, trade associations and unions. Some MNE operators who participated in this study confirmed that relationships with these interest groups were consciously pursued and fostered as part of their corporate social responsibility strategies.

6.3 Risks to Sustained Bus Operator Community Interaction

This study has shown the value of bus operators' social interaction with their community and how this contributes towards the communities' economic and social prosperity. There are a number of risks to bus operators that impede their sustaining or enhancing the extent of their community interaction. As the researcher progresses through each point in this section, this study's first hypotheses, (that bus operators contribute value to their communities beyond (in additional to) the commercial value of their services (H1)) are addressed.

First, competing demands for state government expenditure can see state governments investigate ways of reducing their expenditure in certain areas. The degree of focus state governments have had on terminating regional and rural school bus services with low or marginal student loads could increase under budget pressures. School bus services in each state are typically contracted pursuant to policies concerning eligibility, largely based on the distance between home and school and the number of students that need to be conveyed. Several executives of SBVPA's and bureaucrats confirmed that there were some school bus services operating in their states that had student loads that they knew were under the minimum number required for a bus service to be contracted, but government 'turned a blind eye' to this, given the social and economic circumstances of the area (confidential, personal communication, 6 February 2015). Some SBVPA executives also stated it was common for school buses to collect students who were ineligible, because often the student was known to the operator or the driver, or the student lived on or near the route the school bus took but less than the minimum distance between home and school. It was suggested by these SBVPA executives that the responsible authority would most likely remind operators that this practice should not occur (confidential, personal communication, 6 February 2015).

In respect of Victoria, data on the extent and value of its school bus service contracts for the year ending January 2008 compared to the year ending January 2015 is presented in Table 79, as supplied by PTV for the purposes of this study only. Anecdotally,

between 2010 and 2014, there has been a determined effort on behalf of the Victorian state government to terminate school bus contracts when the student loads are marginal and endeavour to transfer students from the school bus network to the local route bus network, where possible.

Table 79: Historical Victorian School Bus Data

	Jan 2008	Jan 2015	Change	% Change
Number of contracts	1,544	1,464	-80	-5%
Total Annual KM	\$ 31,606,987.00	\$ 30,938,719.00	\$ 668,268.00	-2%
Total Annual Value of Contracts	\$ 159,735,517.00	\$ 202,465,850.00	\$ 42,730,334.00	27%

Table 79 suggests that PTV's endeavours to reduce expenditure in the mainstream school bus sector since 2008 are not working. The number of school bus service contracts has reduced by 5 per cent, the number of total annual service kilometres has reduced by 2 per cent, but the total value of the annual contract has gone up twenty seven per cent. Even if a compounding inflation rate of 3 per cent per annum since 2008 is applied, the total would be \$196,454,536 per annum. This is less than the actual 2015 total. This suggests that cost of school bus contracts in Victoria has increased more than 3 per cent per annum. Likely contributors to this circumstance could be:

- new expenses that were not previously recorded against the total annual contract value in 2008 could now be assigned to this expense line at some point between then and 2015;
- there may have been an increased investment in seat-belted school bus replacements as a result of state government policy;
- there may have been an increase in the Authority, bureaucracy or machinery of government overhead costs, which, are often added onto contracted rates on a per unit basis in some Australian jurisdictions' budgets, as opposed to listing the labour and operating expenses on separate budgeted expense lines; and
- salaries and wages, being the largest cost component of bus service contracts, may have increased at a rate greater than the Consumer Price Index.

Second, a member of the Victorian bureaucracy interviewed for this study stated that government would probably pursue a program of realising further bus operator consolidation in the hope of achieving scale economies and a lower unit (per kilometre) rate, thereby eventually moving to fewer operators with service contracts that have high turnovers and low margins (confidential, personal communication, 28 January 2015.) A per kilometre rate is determined by dividing the total annual school bus contracts value by the total annual amount of contracted service kilometres. The rate-per-vehicle service kilometre pursuant to school buses in 2008 was \$5.05, whereas in 2015 it was \$6.54. Even when a hypothetical compounding inflation rate of three per cent per annum since 2008 is applied, the rate-per-vehicle service kilometre pursuant to school buses would be only \$6.21. These figures reveal historical government endeavours to achieve scale economies through operator consolidation and a lower unit (per kilometre) rate, have not succeeded.

Such an exercise was undertaken in South Australia in 2011 which saw the number of operators in that state reduce by half, according to the South Australian SBVPA (Huefner, personal communication, 21 January 2015). A similar scenario may have potentially unfolded in Queensland in 2015, but the state government elected in January 2015 has indicated it will abandon the previous government's agenda of competitively tendering bus service contracts.

Third, the introduction by government of policies that may have the effect of increased competition might also see more operators leave the bus and coach industry, thereby reducing or ceasing the extent of their community interaction. Any endeavours by government to further deregulate the bus industry, reduce margins or abandon subsidies to operators altogether, or change the current exclusivity arrangements that some route bus operators enjoy would also see further operator consolidation. In Victoria, route bus operators have legislated exclusive rights to operate along a line (or specific path) of route, or in and around a geographic area for the term of the service contract. This has been the law for more than two decades. Relaxing of operator exclusivity would increase competition and probably see the continued growth of medium and large operators, most likely MNE operators, at the expense of the small family business model. A dominating causal factor for this shift is a MNE operator's preparedness to take on risk. This has occurred both locally and overseas and four examples are now offered to illustrate the effect of deregulation of the bus industry on communities and show the outcome of policy liberalisation on communities.

In England, outside London, one MNE bus operator stated the legislative framework allows any operator to start route bus services after having satisfied the regulator of their financial standing and their ability to maintain vehicles safely and acquiring a bus operator's license for a given number of vehicles. New entrants are then able to do exactly as they wish regarding fares, routing or services. Operators can give the regulatory body 56 days notice of their intention to start a new route, to finish that route, or to vary a route, regardless of whether there is an incumbent operator or not. An operator's ability to do this is the result of the deliberate liberalisation policy of successive British Governments.

A trans-generational, small family business operator interviewed for this study, based in Yorkshire, ceased operating in May 2014 because of losses incurred as a result of this policy. The operator had been a major supporter of the area since 1925. The family and the family business brand had enjoyed strong local recognition and support. Ancestors of the last Managing Director had served in local government for 30 years, they supplied their buses free of charge to community organisations at times, they had sponsored and donated to various local initiatives, built some of the town's retail and commercial buildings in the main street, and members of the firm took active roles in the community in terms of delivering transport and related services of value to some less fortunate community members. This was all done because of the relationships the family and the firm had fostered with its community over generations. The owner of the business was interviewed prior to and shortly after the closure. He suggested local schools and clubs will need to find alternative sponsors of fund raising initiatives, they'll need to find a new operator to supply a free bus to take a local sports team to an away game, the funding of some isolated children's travel passes will cease, and the extent of time his employees give to local boards and philanthropic organisations would reduce. He also suggested the extent of flexibility shown by his firm in dropping children at a different drop off point, or calling the parents if they're not at the stop, may cease due to the absence of a relationship between the new driver and the parent. He also suggested the deliberate reinvestment of income in the local community to spur economic growth may diminish as this operator purchased his tyres, paint, windows, and fuel from suppliers within his community. He believed his closure would therefore indirectly affect employment and economic activity in the community. The operator forecasts that the MNE operator who had entered his community was less prepared to consciously reinvest their income in the community in which they operate because of centralised corporate purchasing, reporting and decision making requirements.

He further suggested that any remaining operators in the area have fewer resources to draw on and help each other if in need, reducing the amount of operator reciprocity. This real scenario shows how a policy of liberalisation could have a negative impact on communities and see the imposition of social costs.

The Economist (2015) reported that, outside London, bus passenger journeys have fallen by 37 per cent over the past three decades. Critics believe that deregulation has played a part in the decline: in 1986 the government privatised the then publicly run bus networks outside London. Several commercial bus companies have come to dominate parts of England and Wales, and their fares have increased by at least 35 per cent more than inflation between 1995 and 2013. The North East Combined Authority (NECA) is trying to re-regulate their regional networks and take control of the franchising of routes run by commercial operators. Recent commitments by the government to regional devolution have given the moves momentum. The incumbent, MNE operators are resisting strongly. A second route to re-regulation has recently appeared. The government is offering control of buses as a 'carrot' to encourage devolution to local authorities. In the Queen's Speech in May 2015, it signalled that it would give powers over local bus networks to any authority that accepted an elected mayor. So it appears the regulation cycle may be coming full circle in England - from regulation, to liberalisation, to re-regulation.

Canadian school bus operators have faced a similar threat to some British operators. The Independent School Bus Operators Association (ISBOA) was formed in 2008 to advocate for competitive procurement options appropriate for small business and the unique school bus contracting market (ISBOA, 2015). In 2013, ISBOA members served 3,400 of the 18,000 daily school bus routes in Ontario, Canada. Many of their members are second- and third-generation businesses in rural Ontario. Until 2009, school bus contracts were negotiated in an open-book manner, with all operators in the district paid the same rates for the same work. According to ISBOA (2015), the Ministry of Transportation Safety Ratings show that independent family-owned school bus companies have the best safety ratings of any form of public transport on Ontario's highways. They also have the lowest turnover of drivers and are therefore best able to provide consistent, punctual, worry-free service for families and school boards. ISBOA (2015) also state that, in 2009, there were nearly 250 school bus companies in Ontario, whereas today there are 150. In 2012, Canadian school bus operators expressed their dissatisfaction at a 'flawed' bidding process and the *Canadian Press* (2012) reported that this process was allowing larger companies to

outbid them. ISBOA objected and made representations that having a local operator is important because of local knowledge.

The Education Minister stated:

...you can have a multinational company in at maybe a little bit cheaper of a price, but what happens to the local company that's been invested in that community for so many years? (Canadian Press, 2012, p. 2)

During the interview, ISBOA suggested the policy direction of the provincial government has made school bussing a volatile and uncertain business so families are walking away from their bus businesses. ISBOA has supported some of their members who took their school boards to court to stop Request for Proposal (RFP) processes. The school bus operators have been successful in court seven times and won a precedent-setting injunction in April 2013 against two school boards in London, Ontario. However, the school boards and 'consortias' appear unrelenting. According to ISBOA (Cameron, 2015) the whole situation has seen the industry divided and two voluntary professional associations now operate in Ontario: one that represents large operators who support widespread RFP processes; and another that supports small to medium operators who would like to see a proportion of the contracts only be subject to the RFP process. Industry representatives interviewed for this study stated the Canadian bureaucracy is 'nonchalant about the situation' and is continuing to secure services at the lowest possible price and with no consideration of externalities. Several Canadian operators who started as small family business and grew to be large over time recently sold their businesses to MNE operators. According to industry personnel, this has created a 'them, them and us' situation (meaning government, large MNE operators and small local operators.) An Inquiry is currently underway in Canada that could make some recommendations to end the present situation, which was acknowledged to be unsustainable by representatives from government and industry. However, neither party offered any insights into a sustainable solution to the situation. This is further evidence of a global connection between tendering of bus services and consolidation of bus operators. This case study also confirmed that the MNE's pursuing market share in Canada, are the same MNE's pursuing virtually identical strategies in the United Kingdom and Australia.

There have also been some instances where tendering has failed in Australia. In Victoria, a MNE operator withdrew from their contractual obligations of operating government bus and rail services in 2003 as they had aggressively bid for service contracts and the margin set was below minimum market acceptable commercial requirements. As a result, the state government assumed control of the public transport services for a period of 12 months to allow for a restructuring of the system (Light Rail Transit Association, 2002). The state government then awarded the operating rights to the bus component of these services to two, local, family firm bus operators, for 10 years. In 2012, the state government then tendered these services again, packaged up as one tender, and awarded the operating rights to these services to a MNE operator that had previously operated Melbourne's metropolitan rail network, who commenced operations in August 2013. Since their commencement, both state government and patron dissatisfaction appears to have increased. This is evidenced by the 2014 annual report of Victoria's Public Transport Ombudsman (2015), which shows the number of complaints received against this operator is more than four times the amount of complaints that were received against the previous two operators combined for these services. In April 2015, the new state government (Andrews, 2015) rejected a proposal prepared by both PTV and the MNE operator to 'transform' the MNE operators timetabled services due to proposed service reductions in two parts of Melbourne and service improvements in one part of Melbourne. This rejection of the proposal was in essence, the new state government not seeing an alignment between its policies and the PTV/MNE operator proposal. In May 2015, the Victorian Auditor General's Office (VAGO, 2015) reported that the state has not yet secured full value for money from the appointment of the MNE operator to these services, despite reportedly achieving almost \$33 million in cost savings in 2013–14. The VAGO Report also reported the authority had been granting the operator concessions for its non-performance. Some industry personnel fear a repeat of the 2003 MNE operator withdrawal. There are several suggestions to make as a result of these facts:

1. that PTV may have secured a competitive price from the MNE operator to operate the scope of services, but it would appear from the rise in complaints that the quality of service delivery had deteriorated;
2. at the time of submitting the proposal, PTV and the operator were running an agenda that differed to the newly elected state government's transport agenda, and;

3. that PTV's service contract regulation capability was not at a standard acceptable to the Auditor-General.

Lastly, in South Australia in April 2012, reports emerged that an operator that was appointed in July 2011 to run about half of Adelaide's route bus network was 'bleeding' (Kennett, 2012), as a result of unexpected operating costs not contemplated during the competitive tendering process. It was suggested by some that the government made a short-sighted decision in awarding the tender to the operator with the lowest price. The operator subsequently faced fines (Mannix, 2013a; 2013b; 2013c; Muir, 2013) for not honouring all of its contracted service obligations and eventually forfeited some of its services, which the state government then returned to the previous operator. A former senior executive of the operator in question who asked to remain anonymous, asserted during the interview that still, in 2015, the operator is continuing to make an operating loss. This shows significant customer and state dissatisfaction as a result of the state consciously pursuing lowest price as its sole objective.

These scenarios suggest that securing bus services at the lowest price is putting at risk the social value of operators. However, it is also putting at risk the financial viability of the operator's business.

Increasing competition as a result of globalisation is a world-wide phenomenon of which many Australian industries other than the bus and coach and public transport industries have felt the effects. In September 2012, farmers protested in Ballarat and Tasmania to stop fresh potatoes from New Zealand coming to Australia. The New Zealand government requested Australia allow fresh New Zealand potatoes access under free-trade obligations, but local growers feared the introduction of harmful new diseases and pests:

This is all about short-sighted decision making for the short-term gain of companies like the supermarkets who are doing all they can to push prices down right through the supply chain. (Neales, 2012)

Further, in June 2013, the last remaining vegetable processing company in Australia warned that its two factories in New South Wales and Tasmania were under threat of closure due to 'chronically' low profit margins and high labour costs, potentially placing 400 employees out of work. One local farmer stated:

It's up to everyone now, from growers to unions, to look at the way we do business that makes us such a high cost producer. Maybe instead of 200 growers supplying [company name withheld], a more efficient option might be fewer growers each producing more volume. (Neales, 2013)

Similarly, 'get big or get out' has also been the refrain of the dairy industry since its deregulation 30 years ago, when farmers had to consolidate and gain economies of scale to survive. McColl (2015, p.18) reports that: in 1983, there were 20,060 dairy farms with an average herd size of 90; in 2014, there were 6,314 with a herd of 268; total cow numbers remained the same between these dates, but production doubled. Overseas owned 'mega dairies' are emerging, not without community angst. In August 2015, Bass Coast Shire Council (in Gippsland, Victoria) denied a planning application from a local subsidiary of a Chinese MNE to build a dairy processing plant in Gippsland.

These examples illustrate: the local-global tension that many economies presently face; how the pursuit of scale economies is an ever-present reality in other industries; and how globalisation has underpinned these realities.

An endeavour by government to change procurement policy that would in a way make any form of negotiated renewal of bus service contracts impossible would also threaten the sustainability of many incumbent operators' businesses and this would most likely have the effect of disabling or substantially diminishing incumbent operators' ability to interact with their communities. Some Australian state governments have already decided to not negotiate the renewal of bus service contracts and tendering appears to be the preferred method of government procurement of bus services. The services operated by private operators in Sydney were tendered in 2011/12, but the services operated by the state government's entity, the State Transit Authority, have not been tendered. Adelaide, Perth, Darwin and 30 per cent of Melbourne's route bus network are tendered. Most of Brisbane and all of Hobart have incumbent government operators in place and it is unknown whether there is a desire on behalf of government to change this. In respect of the remaining 70 per cent of Melbourne's route bus network, between 2010 and mid-2014 the operators received the impression from the state government authority (PTV) it had no intention of negotiating the renewal of existing service contracts. However the government elected in November 2014 gave the Victorian SBVPA a written commitment prior to the

November 2014 state election that, if elected, it will not seek to tender incumbent bus operators' service contracts.

Lastly, the two most clear and present risks currently facing incumbent operators that have the potential to diminish their ability to interact with their communities are the reduction in the value of the margin of their existing negotiated bus service contract and/or the termination and non-replacement of their bus service contract. This is now discussed.

6.4 Margin Reduction and Contract Termination Quantitative Data

Four exercises were undertaken to determine how the extent of an operator's community interactions might change if the margin on their service contract was reduced or their contract was terminated. The results are presented here to understand what community interactions might be foregone and illustrate the value of external benefits that are at risk.

6.4.1 Exercise 1: Aggregate Changes to Community Interactions in Response to Margin Reductions

To address the question of how an operator's community interactions might change on an aggregate basis if the margin on their service contract were reduced and if so, by how much, Survey Q.21 is cross-tabulated in turn against:

- Operator Size by #Staff (Survey Q.1);
- Operator Location (Survey Q.7);
- Operator Type (Survey Q.8); and
- State of Operation (Survey Q.6)

Slightly different categories to indicate firm size were used for this question: micro (0-5 staff), small (6-29 staff), medium (30-99 staff), and large (100+ staff). This was done because of the larger size of the sample at the micro- and small-firm end and to obtain a deeper understanding of whether there was a variance in results between firms with one bus and firms with a few buses. Further, Pearson Chi-Square Test (a non para-metric test) was applied which is commonly used on large samples of categorical data to evaluate how likely it is that any observed difference between the sets arose by chance. All results for this section, irrespective of their significance, are shown. Any statistically significant results are shown in the usual way.

6.4.1.1 Change to Community Interactions Resolved by Operator Size

Table 80 shows the number of operators who responded to this Survey question and the number of those who did not.

Table 81 reveals that, in relative terms, 63 per cent of small operators indicated they would cease, not reduce, their community interactions completely if the value of the margin in their service contract was cut by one-third. The proportion of operators that indicated they would cease their community interactions completely if their margin was cut by one-third decreases as firm size increases, confirming that micro operators feel more vulnerable to income reduction. However, larger firms were shown to contribute less anyway.

Table 82 shows the Pearson Chi-Square test pursuant to Table 81. The differences between the four groups, delineated by number of staff in responding to Survey Q.21, are not statistically significant.

Table 80: Sample Size Value to Margin Cut to Stop Interactions

Margin Cut by Firm Size	N
Yes	184
No response	92
All	276

Table 81: Cross-tabulation: Q.21 ⊗ Size by #Staff: Micro, S, M, L, in Relative Terms (%)

		Size by #Staff: Micro, S, M, L				
		Micro (0-5 Staff)	Small (6-29 Staff)	Medium (30-99 Staff)	Large (100+ Staff)	All
Q.21 - Value of margin cut to stop community interactions	Cut margin by one-third	62.8%	55.3%	53.3%	40.0%	59.2%
	Cut margin by two-thirds	14.0%	28.9%	20.0%	40.0%	19.0%
	Cut margin completely to zero	23.1%	15.8%	26.7%	20.0%	21.7%
Total		100.0%	100.0%	100.0%	100.0%	100.0%

Table 82: Pearson Chi-Square Pursuant to Table 81

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	7.846	6	.250
N of Valid Cases	184		

6.4.1.2 Change to Community Interactions Resolved by Operator Location

Table 83 shows the number of operators who responded to this Survey question and the number of those who did not.

Table 84 shows that, in relative terms, 59 per cent of regional and rural operators would cease, not reduce, the extent of their community interaction if their margin was cut by one-third, whereas 54 per cent of metropolitan operators indicated they would cease, not reduce the extent of their community interaction in the same circumstances. This suggests a slightly increased vulnerability of regional and rural communities viability compared to metropolitan communities.

Table 85 shows the Pearson Chi-Square test pursuant to Table 84. The differences between the four groups, delineated by number of staff in responding to Survey Q.21 are not statistically significant.

Table 83: Sample Size Value to Margin Cut to Stop Interactions

Value Margin Cut by Operator Location	N
Yes	184
No response	92
All	276

Table 84: Cross-tabulation: Q.21 ⊗ Q.7 Operator Location, in Relative Terms (%)

		Operator Location		
		Metropolitan	Regional/ Rural	All
Q.21 - Value of margin cut to stop community interactions	Cut margin by one-third	54.2%	59.2%	58.6%
	Cut margin by two-thirds	16.7%	19.7%	19.3%
	Cut margin completely to zero	29.2%	21.0%	22.1%
Total		100.0%	100.0%	100.0%

Table 85: Pearson Chi-Square Pursuant to Table 84

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	0.819	2	.664
N of Valid Cases	181		

6.4.1.3 Change to Community Interactions Resolved by Operator Type

Table 86 shows the number of operators who responded to this Survey question and the number of those who chose not to respond.

Table 87 shows that in relative terms, a greater proportion of charter and tour bus operators would cease, not reduce, their community interactions if their margin were cut by one third, compared to school bus operators and route bus operators. Such a finding is logical given charter and tour operators do not have any government subsidised service contracts and are completely exposed to the economic circumstances of the day. School and route operators have a guaranteed income stream for the duration of the service contract whereas charter and tour operators do not.

Table 88 shows the Pearson Chi-Square test pursuant to Table 87. The differences between the four groups, delineated by number of staff in responding to Survey Q.21 are not statistically significant.

Table 86: Sample Size Value of Margin Cut to Stop Interactions

Margin Cut By Operator Type	N
Yes	184
No response	92
All	276

Table 87: Cross-tabulation: Q.21 ⊗ Predominant Type of Operator, in Relative Terms (%)

		Predominant Type of Operator				
		Route Operator	School Bus Operator	Charter / Tour Operator	Other / Unknown	All
Q.21 - Value of margin cut to stop community interactions	Cut margin by one-third	54.5%	58.5%	62.5%	70.0%	59.2%
	Cut margin by two-thirds	27.3%	17.7%	18.8%	30.0%	19.0%
	Cut margin completely to zero	18.2%	23.8%	18.8%	0.0%	21.7%
Total		100.0%	100.0%	100.0%	100.0%	100.0%

Table 88: Pearson Chi-Square Pursuant to Table 87

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	4.038	6	.672
N of Valid Cases	184		

6.4.1.4 Change to Community Interactions Resolved by State

Table 89 shows the number of operators who responded to this Survey question and the number of operators that did not.

Table 90 shows that in relative terms, there are no material differences between the states in terms of the proportion of operators who indicated they would cease interacting with their community if their margin were cut. In other words, the reduction in the value of bus operators' community interactions if margins were reduced would be fairly consistent and universal across states.

Table 91 shows the Pearson Chi-Square test pursuant to Table 90. The differences between the four groups, delineated by number of staff in responding to Survey Q.21 are not statistically significant.

Table 89: Sample Size Value of Margin Cut to Stop Interactions

Margin Cut by State	N
Yes	184
No response	92
All	276

Table 90: Cross-tabulation: Q.21 ⊗ Q.6 Primary State, in Relative Terms (%)

		Primary State						
		VIC	NSW	QLD	TAS		WA	All
Q.21 - Value of margin cut to stop community interactions	Cut margin by one-third	60.6%	62.7%	43.8%	42.9%		64.7%	59.2%
	Cut margin by two-thirds	15.2%	21.6%	43.8%	28.6%		8.8%	19.0%
	Cut margin completely to zero	24.2%	15.7%	12.5%	28.6%		26.5%	21.7%
Total		100.0%	100.0%	100.0%	100.0%		100.0%	100.0%

Table 91: Pearson Chi-Square Pursuant to Table 90

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	13.061	10	.220
N of Valid Cases	184		

6.4.1.5 Community Interactions Most Likely To Be Reduced

This section examines the impact of a reduction of margin on the type of community interactions that are likely to be reduced in absolute terms.

Table 92 shows the sample size pursuant to this exercise and the number of operators that did not respond.

Table 93 reveals that the first interaction to be reduced is most commonly making financial and non-financial donations, the second interaction to be reduced would be offering discounted services and the third community interaction to be reduced would be providing sponsorships. These reductions account for 47.4 per cent of operator community interactions. This is highlighted in red.

Figure 36 presents this analysis as a plot graph.

Table 92: Sample Size 1st, 2nd, 3rd Community Interactions to be Reduced

	Q.22(a) – 1 st Interaction to be reduced Count	Q.22(b) – 2 nd Interaction to be reduced Count	Q.22(c) – 3 rd Interaction to be reduced Count	Total Count: Sum of 1 st , 2 nd , 3 rd Interaction counts	Total as Percent: Sum of 1 st , 2 nd , 3 rd Interactions
Making financial and non-financial donations	68	62	12	142	17.1
Offering discounted services	54	35	41	130	15.7
Providing sponsorships	35	34	52	121	14.6
Volunteering time	10	16	34	60	7.2
Purchasing locally	12	17	16	45	5.4
Sharing resources with other operators	6	9	12	27	3.3
Combining resources with other operators	6	7	2	15	1.8
Providing high levels of safety and security	4	4	6	14	1.7
Total	195	184	175	554	66.9
Missing	81	92	101	274	33.1
Total	276	276	276	828	100

Table 93: Q.22(a), (b) and (c): 1st, 2nd and 3rd Community Interactions to be Reduced in Absolute (Counts) Terms

	Q.22(a) – 1 st Interaction to be Reduced Count	Q.22(b) – 2 nd Interaction to be Reduced Count	Q.22(c) – 3 rd Interaction to be reduced Count	Total Count: Sum of 1 st , 2 nd , 3 rd Interaction counts	Total as %: Sum of 1 st , 2 nd , 3 rd Interactions
Making financial and non-financial donations	68	62	12	142	17.1
Offering discounted services	54	35	41	130	15.7
Providing sponsorships	35	34	52	121	14.6
Volunteering time	10	16	34	60	7.2
Purchasing locally	12	17	16	45	5.4
Sharing resources with other operators	6	9	12	27	3.3
Combining resources with other operators	6	7	2	15	1.8
Providing high levels of safety and security	4	4	6	14	1.7
Total	195	184	175	554	66.9
Missing	81	92	101	274	33.1
Total	276	276	276	828	100

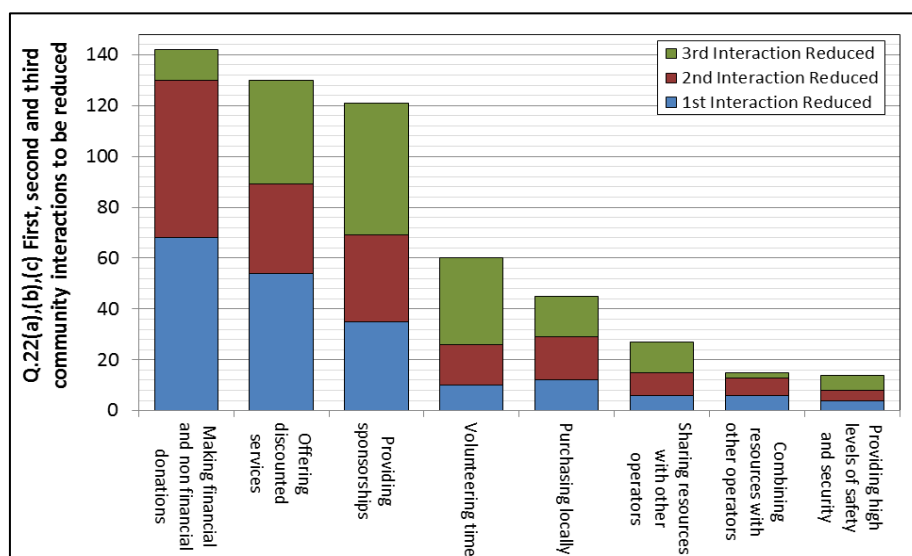


Figure 39: Plot of the Data on the 1st, 2nd and 3rd Interactions to be Reduced Pursuant to Table 92

6.4.2 Exercise 2: Interactions Foregone in Response to Margin Reduction - Victoria

The second exercise demonstrating what community interactions might be foregone in the event that an operator had their bus service contract margin reduced is specific to the state of Victoria. This is presented to illustrate the external affect; the effect on the third party, in this study's case, the community, as a result of the bus service contract margin being reduced.

A hypothetical margin cut of one third would see the state government, as the procurer, make a financial (private) saving and the operator would receive a reduced amount to provide their contracted service. However, valuing the external costs or benefits associated with the defined community interactions foregone presents a different picture of benefits, costs, and value-for-money.

As at January 2015, the average value of a Victorian school bus contract was \$138,000. This was advised by an individual at PTV who wished to remain anonymous. This resource also advised the average margin of a Victorian school bus contract was 12 per cent.⁷ Therefore the value of a one third margin cut is \$5,519.

$$\$138,000 * 12\% = \$16,560$$

$$\$16,560 / 33.3\% = \$5,519$$

Then, forty entries were isolated from the data collected from Victorian school bus operators where the answers to Survey Q.21 are sufficient for statistical analysis to calculate the sum-of-six community interactions, in dollars, per year. There was a total of 83 Victorian operators who identified as 'School Bus Operator'. However only 57 of these answered Q.21. Of these 57 who answered Survey Q.21, only 40 gave valid answers quantifying all six of the community interactions. This data is extracted from SPSS and shown in Table 94. The data in Table 94 is the total community interactions in dollars per year for each of the forty listed operators, not dollars per staff-member per year.

⁷ This 12% average Victorian school bus margin is higher than the national average for school and route bus contract margins (confidential, personal communication, 12 May 2014.)

Table 94: Forty Victorian School Bus Operator Data Extracted from SPSS

Count	ID	Community Interactions Sum-of-six {\$/Year}	Q.21 - Value of margin cut to stop community interactions
1	59	0	Cut margin by one third
2	162	0	Cut margin completely to zero
3	99	420	Cut margin completely to zero
4	161	700	Cut margin completely to zero
5	13	1340	Cut margin by one third
6	198	2600	Cut margin completely to zero
7	201	3080	Cut margin by one third
8	207	4260	Cut margin by one third
9	42	4560	Cut margin by one third
10	4	5300	Cut margin by one third
11	232	5320	Cut margin by two thirds
12	242	5380	Cut margin completely to zero
13	255	5450	Cut margin by one third
14	212	5560	Cut margin by one third
15	134	5780	Cut margin by one third
16	235	6200	Cut margin by one third
17	149	6600	Cut margin by one third
18	237	6775	Cut margin by two thirds
19	226	8260	Cut margin by one third
20	233	10000	Cut margin by two thirds
21	8	11400	Cut margin completely to zero
22	174	12300	Cut margin completely to zero
23	268	13720	Cut margin by one third
24	126	14300	Cut margin by one third
25	176	14480	Cut margin by one third
26	184	14740	Cut margin by one third
27	221	17000	Cut margin completely to zero
28	229	17300	Cut margin by one third
29	141	19800	Cut margin by two thirds
30	269	20900	Cut margin by one third
31	106	22000	Cut margin by one third
32	75	25980	Cut margin by one third
33	105	27200	Cut margin by one third
34	222	29400	Cut margin by one third
35	239	34600	Cut margin by two thirds
36	167	36600	Cut margin by two thirds
37	67	43000	Cut margin completely to zero
38	173	52440	Cut margin by one third
39	180	58720	Cut margin completely to zero
40	107	132200	Cut margin completely to zero

Then the cumulative and mean stimulus and response to a one third margin reduction is calculated. Table 95 summarises that calculation.

Table 95: Summary of Margin Cut Stimulus and Response Data

Stimulus: % Size of Margin Cut	Cumulative Response by 40 VIC School Bus Operators: Cut to Community Interactions (sum-of-six)	Average Response by Mean VIC School Operator: Cut to Community Interactions (sum-of-six)
0	\$0	\$0
33.3	\$308,850	\$7,721

Table 96 shows a net cost incurred if the margin of a Victorian school bus contract is reduced by one-third. In other words, the community interactions foregone exceed the value of the private savings realised by government. This is a measuring of the net disutility caused to the operator's community. This result is a critical finding as it demonstrates the underappreciated, yet powerful nature of externalities.

Table 96: Comparison of Service Contract Values After One Third Margin Cut with Community Interactions Foregone

Average Contract Value	Average Margin (12%)	Value of Reduction of one 3rd of margin	Average Response by mean VIC school operators	Difference between value of one 3rd contract margin cut and value of CI's forgone
\$138,000	\$16,560	\$5,519	\$7,721	-\$2,202

The results of Table 96 are now presented as a graphic illustration in Figure 40.

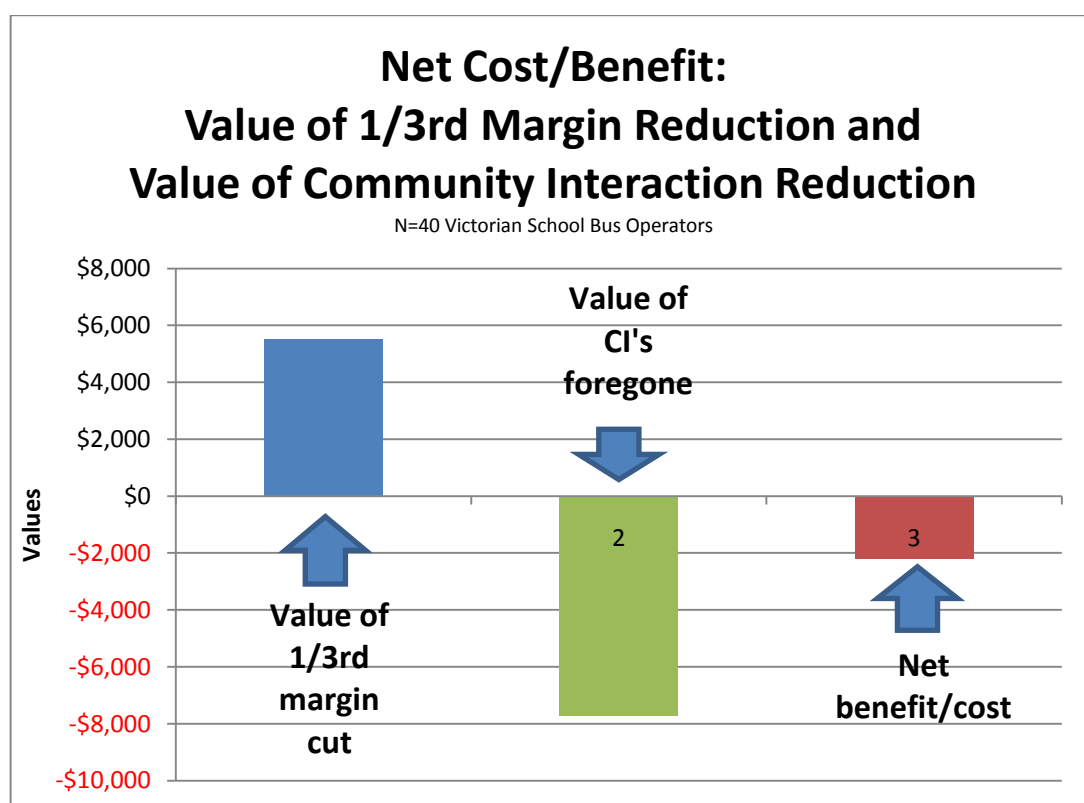


Figure 40: Net Benefit/Cost Associated with 40 Victorian School Bus Operators Margin Reduction and Reduction in Community Interactions

6.4.3 Exercise 3: Contract Termination Exercise

Exercise 3 explores whether the loss of an operator's service contract would affect their community interactions. The data is presented firstly in aggregate then specific to Victoria.

First, Survey Q.23(a) (if your contracted bus services ceased, what would your firm do in regards to your existing community interactions of the types described previously) is cross-tabulated in turn, against:

- Operator Size by #Staff (from Survey Q.1);
- Operator Location (from Survey Q.7);
- Operator Type (from Survey Q.8); and
- Lives in Operator Community (from Survey Q.29).

Then an extra cross-tabulation is added: State of Operation (from Survey Q.6).

All results are presented, irrespective of their statistical significance.

6.4.3.1 Change in Extent of Community Interactions Resolved by Firm Size

Table 97 shows the sample size of Survey participants and the number of operators that did not respond to this question.

Table 98 shows that 62.2 per cent of survey participants indicated they would cease their community interactions completely, and 23.9 per cent of participants would reduce their community interactions in the event their service contract was terminated. One result of note in this table is that 17.7 per cent of micro sized operators indicated they would continue interacting with their community if their service contract ceased. This is a materially higher percentage than small, medium and large operators. Table 98 also shows that small, not micro, operators would be the firm size that would be most likely to cease their community interactions in the event their bus service contract was terminated.

Table 99 shows the Pearson Chi-Square test for Table 98. The differences between the group groups, delineated by number of staff in responding to Survey Q.23(a) are not statistically significant.

Table 97: Sample Size Change in Extent of Community Interactions if services ceased

Contract Ceased by Firm Size	N
Yes	238
No response	38
All	276

Table 98: Cross-tabulation: Q.23(a) ⊗ Size by #Staff: Micro, S, M, L, in Relative Terms (%)

		Size by #Staff: Micro, S, M, L				
		Micro (0-5 Staff)	Small (6-29 Staff)	Medium (30-99 Staff)	Large (100+ Staff)	All
Q.23(a) - Change in extent of interactions if services ceased	Reduce interactions	21.3%	26.1%	41.2%	27.3%	23.9%
	Cease interactions	61.0%	69.6%	52.9%	63.6%	62.2%
	Continue interactions	17.7%	4.3%	5.9%	9.1%	13.9%
Total		100.0%	100.0%	100.0%	100.0%	100.0%

Table 99: Pearson Chi-Square Pursuant to Table 98

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	9.081	6	.169
N of Valid Cases	238		

6.4.3.2 Change in Extent of Community Interactions Resolved by Operator Location

Table 100 shows the sample size of Survey participants and the number of operators that chose not to respond to this question.

Table 101 shows that more regional and rural operators indicated they would cease community interactions completely than metropolitan operators in the event their bus service contract was terminated. Whereas, only 22 per cent of regional and rural operators indicated they would reduce their community interactions, compared to 32 per cent of metropolitan operators. This is once again a nuanced result.

Table 102 shows the Pearson Chi-Square test for Table 101. The differences between the group groups, delineated by number of staff in responding to Survey Q.23(a) are not statistically significant, which explains the nuance.

Table 100: Sample Size Change in Extent of Community Interactions

Contract Ceased by Operator Location	N
Yes	235
No response	41
All	276

Table 101: Cross-tabulation: Q.23(a) ⊗ Q.7 Operator Location, in Relative Terms (%)

		Operator Location		
		Metropolitan	Regional/ Rural	All
Q.23(a) - Change in extent of interactions if services ceased	Reduce interactions	32.1%	22.2%	23.4%
	Cease interactions	57.1%	63.3%	62.6%
	Continue interactions	10.7%	14.5%	14.0%
Total		100.0%	100.0%	100.0%

Table 102: Pearson Chi-Square Pursuant to Table 101

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	1.437	2	.488
N of Valid Cases	235		

6.4.3.3 Change in Extent of Community Interactions Resolved by Operator Type

Table 103 shows the sample size of Survey participants and the number of operators that chose not to respond to this question.

Table 104 shows that route bus operators are overwhelmingly the type of operator that would cease community interactions in the event that their service contract was terminated.

Table 105 shows the result as statistically significant at the 5 per cent level.

Table 103: Sample Size Change in Extent of Community Interactions

Contract Ceased by Operator Type	N
Yes	238
No response	38
All	276

Table 104: Cross-tabulation: Q.23(a) ⊗ Predominant Type of Operator, in Relative Terms (%)

		Predominant Type of Operator				
		Route Operator	School Bus Operator	Charter / Tour Operator	Other / Unknown	All
Q.23(a) - Change in extent of interactions if services ceased	Reduce interactions	7.7%	22.4%	50.0%	40.0%	23.9%
	Cease interactions	92.3%	61.7%	42.9%	60.0%	62.2%
	Continue interactions	0.0%	15.9%	7.1%	0.0%	13.9%
Total		100.0%	100.0%	100.0%	100.0%	100.0%

Table 105: Pearson Chi-Square Test Pursuant to Table 104

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	13.693	6	.033*
N of Valid Cases	238		

6.4.3.4 Change in Extent of Community Interactions Resolved by Operator Residence

Table 106 shows the sample size of Survey participants and the number of operators that did not respond to this Survey question.

Table 107 shows that sixty-three per cent of operators who live in the community in which their bus services operate indicated they would cease community interactions in the event that their service contract ceased, whereas only 50 per cent of those operators who do not live in the community in which their bus service operates would cease interacting with that community. This is once again a nuanced result.

Table 108 shows the Pearson Chi-Square test for Table 107. The differences between the group groups, delineated by number of staff in responding to Survey Q.23(a) are not statistically significant, which explains the nuance.

Table 106: Sample Size Change in Extent of Community Interactions

Contract Ceased by Operator Residence	N
Yes	238
No response	38
All	276

Table 107: Cross-tabulation: Q.23(a) ⊗ Q.29 Live in Operating Community, in Relative Terms (%)

		Live in Operating Community		
		No	Yes	All
Q.23(a) - Change in extent of interactions if services ceased	Reduce interactions	38.5%	22.5%	24.3%
	Cease interactions	50.0%	63.2%	61.7%
	Continue interactions	11.5%	14.2%	13.9%
Total		100.0%	100.0%	100.0%

Table 108: Pearson Chi-Square Test Pursuant to Table 106

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	3.171	2	.205
N of Valid Cases	230		

6.4.3.5 Change in Extent of Community Interactions When Contract Terminated, Resolved by State

A state-based cross-tabulation exercise was also undertaken to see if the results could give the reader any insights into the confidence level of each jurisdiction to adapt to a bus service contract termination.

Table 109 shows the sample size of Survey participants and the number of operators that did not respond to this Survey question.

Table 110 shows that operators in New South Wales and Western Australia indicated they were more likely than others to cease community interactions as a result of the cessation of bus service contract. This table also shows that operators in Victoria would reduce interactions more than any other state in the event their bus service contract was terminated, which is a curious result as it is somewhat at odds with results in section 5 which imply a higher level of social capital and resilience than others.

However, Table 111 shows the Pearson Chi-Square test for the differences between the group groups, delineated by number of staff in responding to Survey Q.23(a) are not statistically significant, which would explain the curious result.

Table 109: Sample Size Change in Extent of Community Interactions

Contract Ceased by State	N
Yes	238
No response	38
All	276

Table 110: Cross-tabulation: Q.21 ⊗ Q.6 Primary State, in Relative Terms (%)

		Primary State					
		VIC	NSW	QLD	TAS	WA	All
Q.23(a) - Change in extent of interactions if services ceased	Reduce interactions	30.2%	19.7%	25.0%	26.3%	17.8%	23.9%
	Cease interactions	60.5%	67.2%	50.0%	52.6%	66.7%	62.2%
	Continue interactions	9.3%	13.1%	25.0%	21.1%	15.6%	13.9%
Total		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Table 111: Pearson Chi-Square Test Pursuant to Table 110.

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	10.028	10	.438
N of Valid Cases	238		

6.4.4 Exercise 4: Value of Impact of Reductions in Community Interactions - Victoria

An estimation of the value of the impact of reductions in community interactions in the event that a bus operator's bus service contract was cancelled, just for Victoria, is now presented, not just to show what interactions might be foregone, but to again demonstrate the value of externalities.

The data highlighted in green in Table 112 is the focus of this exercise, that is, Victoria only. There are valid responses to Q23(a) from a cohort of N = 86 operators in Victoria. For the 52 operators who indicate that they will cease interactions altogether. The next table shows the description and value of each community interaction foregone.

Table 112: Cross-tabulation: Q.23(a) Change in Extent of Interactions if Services Ceased, in Absolute (Counts) Terms, Resolved According to State of Operation

		VIC	NSW	QLD	TAS	WA	All
Q.23(a) - Change in extent of interactions if services ceased	Reduce interactions	26	12	6	5	8	57
	Cease interactions	52	41	12	10	30	148
	Continue interactions	8	8	6	4	7	33
	Total	86	61	24	19	45	238

Table 113 shows an average of \$42,857 worth of total community interactions would not occur for each operator in the event that a Victorian operator ceased their community interactions due to loss of contract.

Table 113: Value of each community interaction foregone when contract ceased - Victoria

Description	Value
	\$3,275,500 (discounts) + \$105,700 (donations) + \$111,100 (sponsorships) + \$179,760 (hours contributed) + \$58,200 (sharing resources) - \$44,550 (combining resources)
Total value of community interactions (sum-of-six) ceased altogether	= \$3,685,710
Average value: \$3,685,710 / 86 operators	= \$42,857 per operator

For the 26 operators who indicated they would reduce their interactions, it has been assumed they would all reduce each interaction by 50 per cent. Table 114 shows that \$1,301 worth of total community interactions would be foregone in the event a Victorian operator reduced their community interactions by 50 per cent on account of the loss of their service contract.

Table 114: Value of 50% reduction in community interactions if contract ceased - Victoria

Description	Value
	$\frac{1}{2} \times \$166,875$ (discounts) $+ \frac{1}{2} \times \$54,450$ (donations) $+ \frac{1}{2} \times \$91,850$ (sponsorships) $+ \frac{1}{2} \times \$220,920$ (hours contributed) $+ \frac{1}{2} \times \$86,880$ (sharing resources) $- \frac{1}{2} \times \$497,250$ (combining resources)
Value of 50 per cent reduction in community interactions (sum-of-six)	= \$111,863
Average value: \$111,863 / 86 operators	= \$1,301 per operator

6.4.5 Margin Cut and Contract Termination Qualitative Data

Most of the quantitative results associated with bus service contract margin reductions and contract terminations were not statistically significant. Thus, the qualitative data was analysed to see if it was consistent or not with the quantitative data.

Survey questions 21 to 24(c) asked operator's for quantitative and qualitative data on how their community interactions would change if their service contract margin was reduced or the contract terminated and not replaced. Table 115 shows the nature and number of the qualitative data offered by Survey participants in response to Survey Q.23(c).

Table 115: Sample Size and Nature of Responses to Survey Q.24(c).

Nature of Comments Secured	Number
Concerned for negative consequences for community well-being	151
Nonchalant about consequences for community	15
Concerned for negative consequences for personal well-being	9
Sub Total	175
No responses	101
N =	276

Some examples of the sentiments implying concern for negative consequences for the community in the event a bus service contract margin was reduced or the contract terminated, and not replaced, include:

We endeavour to work with the community, and believe we do a good job. Replacing owner operators with operators looking solely at profits is not good for the customer. (10)

One less person contributing to the community. (14)

Bus charters would cost more. (17)

Any reduction in community involvement has a negative effect on quality of society's functionality. (19)

Local sport club would lose free bus to training ground 20km away - junior teams could fold. (36)

The cost of hiring a bus from [town name withheld] to [other town name withheld] for the day would significantly reduce the number of excursions the children would be able to go on. (42)

Being a small community the passengers would have no access to various social outings. (75)

The organisation would then have to purchase the services from a provider outside the local area which would significantly increase cost and possibly mean Rotary couldn't actually organise trips they do for the disadvantaged groups in the community. (74)

Most of our clients are farmers/graziers with no employees. One partner often works 'off farm'. We are a major reason they can do this: also, they know we will help out in any way if unforeseen problems arise during any working day. We often get phone calls well into the night asking if we can 'help out' next day. (100)

Our elderly clients are particularly reliant on the services we provide, particularly in relation to community transport, so the

withdrawal of these services would have a major impact on the their ability to access services from regional centre. (102)

Schools would incur costs if they were to continue with excursions/trips that are now free or subsidised. Community groups - subsidised trips would cease. That would probably result in trips ceasing completely. (104)

Fifteen participants appeared nonchalant about their margin being cut or service contract being terminated. Some of the sentiments offered were:

My contribution is very small. Life will go on. Others may take over what, I feel is a very small contribution. (82)

Another operator would fill the gap. (89)

Someone else would do it.(92)

Everybody/service is replaceable. (268)

Nine of the 175 participants expressed concern for their personal well-being and financial situation. Some of the sentiments offered were:

Our financial viability would be at risk, therefore we would need to manage the income structure more closely. (77)

Total loss of company income. (127)

Leave the community.(265)

The fact that 86 per cent of respondents to this question chose to articulate concern for their communities' well-being over their own personal well-being provides us with an insight into bus operators' sense of community responsibility. Such a convincing percentage indicates operators have a consistent and high degree of concern for the potential jeopardising of their networks, trust and reciprocity (social capital) they have built up over the years. This qualitative data is also shown to an extent, to conflict with the quantitative data. This goes to the heart of the suggestion made in section 6.2.7, that sense of community responsibility may be a stronger predictor of higher order community engagement.

6.5 Finding Associated with Hypothesis One (H1)

H1: That bus operators contribute value to their communities beyond (in addition to) the commercial value of their services.

State Government's in Australia pay most contracted metropolitan and regional/rural route and school bus operators in each state a subsidy to cover most, if not all of the capital and operational expenses operators incur to ensure the safe and reliable running of bus services.⁸ These subsidies are a budgeted expense of the respective Australian state governments. Anecdotally, in most states, the fares collected from passengers on metropolitan and regional route and school bus services only covers approximately 30 per cent of the total costs of running a state-wide bus and coach network. Charter/tour operators offer the market various coach services with no subsidy from government ranging from the hire of a bus and driver for one hour, to several weeks long national coach tours, intrastate, interstate and airport to central business district express coach services. They cover all of the expenses associated with delivering these services out of the rates they charge their clients for the various services. Thus, all bus and coach services have a tangible, commercial value.

This study has also discovered that bus and coach operators do contribute value to their communities beyond (that is, in addition to) the commercial value of their services. Eight ways in which a bus or coach operator interacts with its communities were identified and the scale and tangible value of each of those community interactions was quantified. This study has also discovered that bus operators' services also have an intangible value beyond their contracted, commercial value. These intangible values contribute toward community prosperity. Therefore, it is concluded that H1 is supported.

⁸ A very small number of bus operators also have contracts with state governments which are essentially licenses to operate a service with no subsidy from the state. The state government has no financial interest in the service and all risk is borne by the operator.

6.6 Externalities, Whole-of-Government and Value-For-Money

6.6.1 Externalities

This research has identified and valued an external benefit not currently considered in policy or planning for bus services: the value a bus operator contributes to their community, unrecompensed by government. This is a field where there has been no previous quantitative research.

The results reveal the potential community benefit foregone in the event of a government bus service margin reduction. The results show that if a state government reduced the value of the margin of a bus service contract by one third, a regional and rural Victorian community would be adversely affected by involuntarily accruing external costs in the form of reduced community interactions, that exceed the value of the private saving to government associated with the reduced bus service contract price.⁹ Considerable sponsorship, financial and non-financial interactions, safety interactions, local expenditure, time contributions and donations would not occur, weakening the resilience of the affected community and in some cases, possibly contributing to the economic and social decline of the community.

Focusing on Victoria, it appears that the outcomes associated with the bus service contract margin cut and contract termination exercises, being reduced community interactions, do not appear to be in alignment with the state government's community and regional development objectives. For example, the homepage of Regional Development Victoria's (2015) website states:

Our focus is on investment attraction, job creation, exports, creating stronger economies, communities and infrastructure to create a strong and growing regional and rural Victoria. There are a number of programs to promote business and industry development; work with local government and communities; help new businesses establish themselves; pave the way for existing industries to grow and diversify.

⁹ A two thirds margin cut was not analysed as such a measure would not be realistic or practical, and in many cases would see the margin removed altogether, which would threaten the viability of the bus business and reduce the quality of the service.

Community development is a broad term describing the practices of civic leaders and involved residents who are concerned with the building of stronger and more resilient local communities (Cavaye, 2014). Regional development is the general effort to reduce regional disparities by supporting regional economic activities that generate employment and wealth (OECD, 2014). Both deal with the economic and social improvement of infrastructure, improved community services, a greater and more diverse volume of production, lower unemployment, an increased number of jobs, rising average wealth and an improved quality of life (McCall, 2010), whereas a reduction in income associated with a margin cut or termination of service reduces an operator's ability to employ, reinvest income, sponsor and donate to community organisations, dedicate time to community causes and offer discounted services to individuals and organisations in the community.

Bus services are substantially justified because of externalities in the main, such as reducing congestion and increasing social inclusion. Stanley & Hensher (2008) reinforce how externalities are taken into account in deciding what services to provide. However, when it comes to government procurement of major transactions, particularly procurement of bus services, no evidence of externalities being included in any jurisdiction's procurement project objectives or priorities can be located. Externalities appear all but overlooked in bus service procurement in all Australian jurisdictions. In the case of the one third margin cut exercise, this study reveals that the value of the community interactions foregone exceed the value of the private savings realised by government. Similarly, in the event a Victorian school bus contract is terminated and not replaced, the external costs and the value of the private savings realised by government see society incur costs in the form of a reduction in the defined community interactions, diminishing the viability and prosperity of the community.

If we assume that governments direct their agencies and departments to improve the productivity and/or efficiency of the bus network when procuring, at present they will only take into account the financial benefits to the responsible agency (or government department) arising from their reduction of costs for bus contracting services. The department or agency rarely considers or calculates the external social or environmental costs or benefits associated with the transaction because they are not required to. The government department or agency procuring the bus service is only concerned with its own organisation's financial remit; to ensure that its actual expenditure does not exceed its budgeted expenditure. A socially efficient extent of cost reduction of bus services or service contract margin, however, would consider the wider external social, economic and

environmental costs and benefits (present, but not considered in this research) too, to reach a socially optimum output level. Ideally, this would see the department or agency responsible for administering the procurement be required to engage with other departments or agencies responsible for supporting, regulating or promoting the affected discipline, in this study's case, community and regional development, health, community services and education to understand what impact in terms of costs or benefits the measure would have on other these disciplines. Berglund (2011) offers a succinct explanation:

...our bid laws create ... a value system which rewards budget savings from one government pocket but does not recognise that it may be offset by a similar expense from another government pocket in the form of an externality cost. (p. 6)

6.6.2 Whole-of-Government

The aforementioned quote and results presented in Figure 39 suggest a need for whole-of-government value-for-money analysis methods and decision making when it comes to government procurement for major transactions including bus services. Stopher & Stanley (2014) suggest that this is very evident in government, where agencies often exist in 'silos' (in traditional functional administrative frameworks and encouraging behaviour that protects territory and self-interest) with little or no cross-communication, so that the range of options and alternatives that can be considered is restricted within each governmental agency, and solutions that would require multiple agency input are rarely identified. Such agencies ... tend to operate in an environment of 'This is the way we do this', reinforced by the publication of volumes of standard operating procedures.

Rather than one department or agency working as a 'silo' and only considering its own financial costs or benefits associated with the purchasing of bus services, if governments worked inter-dependently to identify and value external social costs or benefits associated with purchasing bus services, different decisions may be made concerning the awarding of operating rights to bus companies. It is suggested better decisions would eventuate because value-for-money would be pursued through a more holistic, societal value-for-money lens, not exclusively a financially-oriented 'lowest price' lens. Thus, the prime objective in procuring bus services should be to realise the highest net social benefit, not the lowest financial cost.

The concepts 'whole-of-government' and 'value-for-money' have different meanings within and among Australian jurisdictions. The Australian Public Service Commission's (2015) website defines whole-of-government as:

public service agencies working across portfolio boundaries to achieve a shared goal and an integrated government response to particular issues. Approaches can be formal and informal. They can focus on policy development, program management and service delivery.

Some Victorian government departments execute whole-of-government approaches to procurement in, for example, internet services (Victorian Department of State Development and Business Innovation, 2015), reducing drug and alcohol abuse (Victorian Department of Health, 2015), addressing multicultural affairs (Victorian Multicultural Commission, 2015) and public sector leadership development (Victorian Public Sector Commission, 2015). These all involve one government department and/or agency including others in their remit. For instance, procuring internet services for not one but several government departments to achieve some scale economies, or coordinating the inclusion of employees from multiple government departments in professional development initiatives.

Anecdotally, there are innumerable instances where the Victorian DET engages with PTV to give effect to the government's policies regarding the procurement of bus services for children to and from school, and informal consideration is sometimes given by DET to maintain a school bus service with a number of children that is below the threshold, often due to a political office bearer's intervention or community circumstances. However, no evidence was located that suggests government transport departments and agencies include the achievement of strategic objectives of non-transport departments and agencies in their procurement endeavours. For instance, linking how the ordering of new buses to deliver bus service improvements has a positive effect on local employment, and how increasing the frequency and span of hours of operation of a bus service may encourage behavioural shift from private transport to public transport, contribute towards increased public transport patronage and how this could slow the rate of growth of urban congestion and reduce the road toll, thus reducing the burden on public health. These are some of the current opportunities available for the inter-linking of government objectives and better whole of government collaboration on strategic, societal policy objectives.

6.6.3 Value-For-Money

Having assessed some jurisdictions' procurement guidelines as part of this study, there appear to be different understandings of what constitutes value-for-money both among and within Australian jurisdictions. For instance, value-for-money is not formally defined in the *Commonwealth Procurement Rules* (Commonwealth of Australia, 2014), but the document does discuss 'achieving' and 'considering' value-for-money, stating:

...the price of the goods and services is not the sole determining factor in assessing value-for-money. A comparative analysis of the relevant financial and non-financial costs and benefits of alternative solutions throughout the procurement will inform a value-for-money assessment. (p. 13)

Despite this document explaining in detail how to achieve and consider value-for-money, there is no mention of externalities and the potential costs or benefits that accrue to third parties as part of the value-for-money procurement analysis process. Externalities could be implied, however, in 'indirect benefits and costs' and 'non-financial costs'.

In Victoria, VAGO (2007) defines value-for-money as:

...the optimum combination of quality, quantity, risk, timeliness and cost on a whole-of-contract and whole-of-asset life basis. (p. 7)

Similarly, VGPB's (2015a) website defines value-for-money as:

... a balanced judgement of financial and non-financial factors. Typical factors include fitness for purpose, quality, whole-of-life costs, risk, environmental and sustainability issues, and price.

The aforementioned definition only infers the inclusion of externalities.

The New South Wales Government's (2015) ProcurePoint (one website for all its procurement information) defines value-for-money as:

... the differential between the total benefit derived from a good or a service against its total cost, when assessed over the period the goods or services are to be utilised. Benefits, costs and risks include money and non-monetary factors. While most non-

monetary factors can be translated into money equivalent amounts, others cannot be easily translated. These factors still remain relevant to the assessment of value-for-money.

‘Environment impacts’, ‘non-monetary factors’ and ‘non-financial costs’ imply some consideration of potential external costs in the decision-making process.

It is clear that value-for-money has different definitions and understandings both among and within Australian jurisdictions. Thus, it is likely that each Australian jurisdiction is evaluating value-for-money with different priorities and placing different weightings on the determinants associated with evaluation. While the New South Wales definition strongly implies it, there is no explicit reference to external costs or benefits that can accrue to third parties, *vis-à-vis* the eight interactions defined in this study in any of the definitions of value-for-money. It is therefore likely that the continued exclusion, or ignoring of externalities and a reluctance to identify and value externalities in value-for-money analysis methods will see external social benefits foregone as a result of a reduction in purchase price and *vice versa*.

This research has identified and valued an external benefit not currently considered in policy or planning for bus services: the value the operator contributes to their community, unrecompensed by government. This externality should form part of VFM and CBA considerations.

6.7 Contracting for Social Values

Contracting for social values is a way governments might be able to achieve some of their social objectives and contribute towards achieving a net social benefit.¹⁰ Sometimes understood as 'sustainable procurement', social procurement serves to ensure that government purchasing decisions incorporate consideration of social value and, in so doing, ensure that government purchasing power maximises opportunities to achieve outcomes and benefits for the people and communities they serve.

The consideration of social values as a 'pillar' of procurement is one of the three pillars of the 'triple bottom-line' (economic, social, environmental) theory. *The Economist* (2009) states:

...companies should be preparing three different (and quite separate) bottom-lines. One is the traditional measure of corporate profit—the 'bottom-line' of the profit and loss account. The second is the bottom-line of a company's 'people account'—a measure in some shape or form of how socially responsible an organisation has been throughout its operations. The third is the bottom-line of the company's 'planet' account—a measure of how environmentally responsible it has been. The triple bottom-line (TBL) thus consists of three Ps: profit, people and planet. It aims to measure the financial, social and environmental performance of the corporation over a period of time. Only a company that produces a TBL is taking account of the full cost involved in doing business.

Eversole and Martin (2005) acknowledge that triple bottom-line approaches generally posit that regional development has social and environmental, as well as economic components. While definitions of social value are broad, they refer to wider non-financial impacts of programmes, organisations and interventions, including the well-being of individuals and communities, the extent of social capital and the environment. Being able to demonstrate social value can be beneficial especially during times of spending cuts and increased competition over scarce financial resources (Eurodaconia, 2011).

¹⁰ McInroy & Jackson (2015, p. 4) refer to this as the 'double dividend'. A dividend that focuses on developing social outcomes as an intrinsic and fundamental part of achieving local prosperity.

A point of debate is what social imperatives can or should be contracted for as part of public transport services. The discussion about contracting of social imperatives in the bus environment is well developed and pioneered in Australia. Stanley and Hensher (2008) suggest that the broad objective(s) of government should be to provide a good quality, integrated and continually improving service for a fair price, with reasonable return to operators that gives value-for-money under a regime of continuity and community obligation. Further, Stanley and Barrett (2011) suggest it is well established that mobility is an important influence on people's ability to participate in society. The authors discuss how transport disadvantage is a common problem for young people, particularly in regional areas, and for older Australians as the capacity to drive diminishes.

Some societal goals associated with measuring the effectiveness of a public transport system can be contracted by measuring patronage levels. Anecdotally, patronage (often referred to in some parts of the world as 'ridership') growth is known to be a prime indicator of a user's faith or confidence in the public transport system. It is a critical variable from the perspective of the operator and the authority alike and most route bus operators in Australia are in some way contractually incentivised to increase patronage. Patronage levels can provide many insights into many variables. Patronage on public transport is often correlated with the price of oil; if the price of oil falls, public transport patronage growth slows as the car is more affordable to operate, and *vice versa*. Patronage can to an extent evidence the link between an operator's contract obligations and the state's strategic objectives. Increases in patronage reflect increased passenger trust and value in the transport network services being provided. Thus, patronage growth is widely considered a fundamental social imperative that can and does often form part of bus service contracts. However, patronage is also a function of the frequency and span of operation of a bus service – often issues outside of the operator's control.

Societal goals associated with public health could also be contracted for public transport services. Several scholars have found that greater use of public transport brings significant public health benefits (Pucher & Dyjkstra, 2003; Tiemann et al., 2008; Loader, 2010; Litman, 2014; Bell et al., 2006), have external benefits associated with reduced collisions and pollution emissions, increased physical fitness, improved mental health and social capital.

Societal goals associated with employment can be contracted for public transport services. The National Institute of Economic and Industry Research (NIEIR) (2015) evaluated the effect of additional bus services on the economic indicators of productivity for each Melbourne metropolitan local government authority and then calculated an average benefit-cost ratio (BCR). NIEIR (2015) pointed to three key economic effects of additional bus services: expanding the employee/employer catchment; reducing household fixed costs of car ownership (particularly second and third car costs); reducing congestion costs (for example, the cost of traffic delays on the business). NIEIR (2015) concluded that expanding the scale of the workforce will increase hours of work available per capita of the available workforce and the productivity or dollars per hour paid to the employed available workforce. With a hypothesised annual recurrent increase of bus services of \$25 million, NIEIR (2015) estimated that the total annual economic benefit from these improvements would be \$210 million across all metropolitan local government authorities, a BCR of 8.4 to 1. With this in mind, the Victorian SBVPA has recently suggested to the state government that the next bus service contracting regime be framed around a suite of government policy directions, including employment, so the major transaction can form part of the government's initiatives to reduce unemployment.

Burkett (2010) suggests there are diverse outcomes and foci that social procurement can generate, such as social inclusion, employment and training, fair trade, local sustainability, service innovation and diversity and equality. Measuring social impact urges organisations not to focus on economic and financial value in an isolated way, but to assess their impact across the environmental, social and financial dimension. Social procurement occurs most frequently for purchases that do not exceed public sector organisations thresholds that require competitive procurement process.

BIC (2012) contemplates the requirement of the consideration of externalities as part of the value-for-money decision-making process:

It is thus vital to recognize that 'value-for-money' is not the same as 'lowest cost'. Instead, it includes cost, service quality and the externality reduction dimensions... (p. 10)

BIC (2012) discusses externalities in the context of how bus services may assist the achievement of government policy goals to reduce congestion, road tolls, greenhouse gas emissions, air pollution and social exclusion, and improve public safety. The inclusion of policy goals associated with community interaction exemplifies how determining value-for-

money via a whole-of-government process to arrive at a societal BCR, rather than purely a financial BCR, might assist in improving community social capital and in turn, well-being. This study attempts to present community interaction as a discipline externally affected by the government (as buyer) and bus operator (as seller) of a bus service transaction.

It has been observed that there is an inconsistent or *ad hoc* application of social procurement around Australia. Some jurisdictions have social procurements in the form of positive discrimination to assist the endeavours of some groups. Others have some non-legislated, administrative guidelines that are discretionary and voluntary or do not have any social procurement considerations at all.

Legislating for external social values might illustrate how social and economic considerations can be mutually reinforcing. Such a measure would illustrate socially responsive governance mechanisms as governments would be making sure that what is essentially a social service contract takes into account the needs of all the users, so they are seen to be better meeting the needs of the diverse communities they serve. Further, such a measure could ensure more effective public expenditure as the social opportunity cost would have been considered.

One way of ensuring that social values are considered part of whole-of-government value-for-money analysis methods is in legislation. Such a measure was introduced in the United Kingdom with the *Localism Act of 2011* and the *Public Services Social Value Act 2012*, which aim to create a new market-based competitive philosophy that prices in the social value discussed here. The Acts were based on the premise that if public money is spent, it should serve the public, not the private good. This philosophy argues for a new communitarian philosophy and presents an opportunity to create something akin to a 'Public Services Social Value Act' to empower local communities, giving municipal councils and neighbourhoods more decision-making authority. The Act obligates tiers of government to consider how the services they commission and procure might improve the economic, social and environmental well-being of the local community and fosters a pro-local and pro-social civic service philosophy that might add value to current best-value legislation. If such a measure were implemented in Australia, we could be fostering the sustainability of the governance model that this study shows contributes to the economic viability and social prosperity that comes with local procurement and community interaction – the small, regional, school bus operator who lives in the community in which they provide a bus service.

If a societal net benefit is the goal, a legislative framework that facilitates all three disciplines – economic, social and environmental – is needed to remedy any current inter-jurisdictional inconsistencies and constraints, and maximise net benefit.

In Australia, legislation enabling the contracting for social (and environmental) values is rare. Such legislation is in place in Victoria. The Transport Integration Act (Victorian Government, 2010) discusses principles of ‘integrated decision making’, which is defined as ‘seeking to achieve Government policy objectives through coordination between all levels of government and government agencies and with the private sector’. (The researcher suggests the term ‘integration’ in the legislation is intended to be inter-changeable with ‘whole-of-government’.) This legislation sets a framework for necessary inter-governmental collaboration. Section 16 of the Act states:

the principle of triple bottom-line assessment means an assessment of all the economic, social, and environmental costs and benefits taking into account externalities and value-for-money. (Victorian Government, 2010, p. 24)

Section 24 states:

a transport body must [not may] have regard to the transport system objectives in exercising its powers and performing its function under any transport legislation. (Victorian Government, 2010, p. 27)

and Section 25(2) states transport bodies:

must have regard to the decision making principles in making decisions under any transport legislation. (Victorian Government, 2010, p.28)

Despite these obligations on Victorian transport bodies, it would appear that at worst, such bodies disregard and, at best, inadequately give effect to their obligations to consider triple bottom-line factors. PTV awarded the operating rights to 30 per cent of Melbourne’s bus network to a MNE operator in 2012, the largest bus service procurement project undertaken by the state government since 2008 and first major bus procurement since the inception of the new Authority in late 2010. Information was requested on how PTV had regard for the decision making principles associated with this appointment, but no

reply was forthcoming. Later in 2012, a meeting with the Minister for Public Transport was convened where the same question was asked. The reply was that the answer was confidential. This goes to the heart of the issue of transparency and disclosure. Clause 21 of the Transport Integration Act states:

The principle of transparency means members of the public should have access to reliable and relevant information in appropriate forms to facilitate a good understanding of transport issues and the process by which decisions in relation to the transport system are made. (Victorian Government, 2010, p. 25)

There are several shortcomings in these existing arrangements. First, the procuring transport bodies released a Gazette (S214, 1 July 2011) which discusses the general methodology that the transport procuring bodies will interact with themselves and other government agencies and departments when setting the objectives and principles to guide their decision-making for all transactions. This was done consistent with Clause 27A 1-7 of the Transport Integration Act. This one gazette is a 'one-size fits all' approach to inter-governmental decision making for market transactions; no additional gazettes are on the public record for nuanced procurement projects (transactions with unique external considerations that should form part of the decision making process.) So, rather than each decision being assessed on its own merits, including external merits, at present, the methodology that currently applies describes how government will interact only with itself, that is, how one government department or agency engages with other government departments or agencies. This may see new knowledge associated with major transactions, such as those identified in this study, overlooked. Second, there is no obligation on the procuring body to disclose the actual economic, environmental and social analysis or case that shows why the procuring body made a particular decision. Third, transparency implies openness, communication and accountability. Transparency denotes that anyone is able to see what actions are performed. When a government makes a media release announcing the awarding of operating rights of bus services to a bus operator, suggesting the operator's bid represented the best value-for-money, but does not release the accompanying assessment of the value-for-money analysis with that release, it is suggested that the transparency requirement of the Transport Integration Act is not being fulfilled. It is suggested that the current process is more opaque than transparent.

In respect of other Australian jurisdictions, the Western Australian Government (2011) adheres to a 'Sustainable Procurement' guideline, which states:

Sustainable procurement involves an organisation meeting a need for goods and services in a way that achieves value-for-money and generates benefits not only to the organisation, but also to society and the economy, while minimising damage to the environment.
(p. 5)

Within this guideline, the only reference to potential social impacts to consider are: impact on human health and fair working conditions, abolition of compulsory labour and child labour, impact on local regional communities, and other Government social priorities.

Sustainable procurement emphasises the consideration of environmental values when making procurement decisions. Some documents have some social considerations, but none have an adequate degree of emphasis on social determinants, nor social externalities. The consideration of externalities could be accommodated in the definition in Section 8A2(c) of the Queensland Government's (1994) Transport Planning and Co-ordination Act, which states:

...ensuring as far as practicable, public passenger transport offers an attractive alternative to private transport in a way that reduces the overall economic, environmental and social costs of transport.
(p. 13)

The New South Wales Government's (2007) *Guidelines for Economic Appraisal* considers external benefits and costs to the broader community, stating:

First, a traditional financial analysis examines a project from the narrow perspective of the entity undertaking the project. It does not take account of effects on other enterprises or individuals. Thus, a proposal put forward by one Government agency may inflict costs (or confer benefits) on other Government agencies, on private sector enterprises or on individuals. These external costs and benefits must be taken into account. (p. 11)

However, the document does not discuss disclosure (or transparency) and is only a guideline; hence authorities may use discretion in adhering to it. To realise a net benefit, an obligation to consider the economic, social and environmental externalities should not be discretionary.

In South Australia, sustainable procurement (and triple bottom-line assessment) is included in state government procurement policies relating to construction and general goods and services. The South Australian State Procurement Board's Sustainable Procurement Guidelines (2010) provide a guide to governments across Australia and New Zealand for integrating sustainability into the procurement of goods and services by adopting the four key sustainability principles in the Australian Procurement and Construction Council's (2007) Australian and New Zealand Framework for Sustainable Procurement:

- Adopt strategies to avoid unnecessary consumption and manage demand
- In the context of whole-of-life value-for-money, select products and services which have lower environmental impacts across their life cycle compared with competing products and services
- Foster a viable market for sustainable products and services by supporting businesses and industry groups that demonstrate innovation in sustainability
- Support suppliers to government who are socially responsible and adopt ethical practices. (p. 8)

The aforementioned Guidelines are however, just that – guidelines. Further, they are environment-centric, because the adjective 'sustainable' is often used in the ecological sciences, particularly in discussions of climate change and environmental degradation.

There is, therefore, a broad range of inconsistencies among Australian jurisdictions when it comes to the consideration of external social costs when governments procure. It is argued here that governments should be obligated to identify and value external social, economic and environmental (triple bottom-line) impacts associated with major transactions, including the awarding of operating rights to bus operators, and be required to publish how they had regard for these determinations. Bestowing such an obligation upon government might result in different outcomes in terms of the awarding of operating rights to bus operators and better achieve societal objectives as well.

Stopher and Stanley (2014) share such a sentiment:

The cost-benefit approach can readily generate quite different results simply by using different monetary values of the externalities. Transparency is therefore vital in assessing impacts, whatever approach is used. (p. 27)

Obliging governments to value external triple bottom line impacts would be multidisciplinary, often requiring them to secure inter-governmental competency in the quantification of external costs and benefits, and engage in not just a greater degree of inter-agency and inter-departmental collaboration, but also a greater level of inter-jurisdictional, community and industry co-operation in order to inform their decision-making.

If externalities remain overlooked as part of transport service procurement regimes, the nature and extent of the social capital, including the level of civic welfare prevalent in many communities, may change for the worse because governments would continue to treat the lowest price as the sole or heavily weighted key determinant for awarding operating rights to bus companies, eroding a firm's propensity to interact with its community.

6.8 Theories and Constructs

This section compares the study's findings with the theories and constructs that were suggested to explain bus operators' behaviour. The themes and sentiments expressed by family bus operator participants of this study, particularly regional/rural school bus operators, are consistent with Sorenson et al.'s (2009) construct, the 'family point of view', which largely explains a family firm's community orientation and interaction. Participants regularly offered views on how collaboration within the family and the identity of the family firm engendered a SOC obligation, loyal customers, family support and community goodwill. The long-term orientation of many family bus businesses shows family members prepare other family members to be potential employees, leaders, board members, active shareholders, community representatives and participants in family foundations and philanthropy. This facilitates what Sorenson et al. (2009) calls 'positive family social capital', which is founded on positive network relationships among the family, employees, customers and community members, and builds enduring networks.

A local bus operator's community orientation and interaction are also consistent with the political philosophy of localism, which supports the local production and consumption of goods, local control of government, and promotion of local history, local culture and local identity. This study found many bus operators, and their community stakeholders, have embraced localism as it has been demonstrated that some local communities consciously pursue community reinvestment to increase community viability and prosperity.

Also discovered was how stakeholder theory underpins the large MNE operators' quest for social legitimacy, as it does in other scholarly attempts that trace a MNE's endeavours to put its stakeholders' needs at the centre of its organisation and actions (Martinelli & Middtun, 2010; Naguib & Ratiu, 2010; Caprar, 2011). In this study, MNE operators were one of several types of operators in the 'large' size category. The nature and extent of an MNE operator's community interaction differed however. It was found that MNE operators who entered the local market by acquiring an incumbent family firm bus operator displayed a determined effort to interact with the community in which they operate in a diverse manner. Those interviewed suggested this is associated with the legacy of the previous owner's community interaction and a desire by current management and staff to continue that legacy. One executive stated that his firm's community interaction was a very important part of their business plan and this effort had been ratified by the overseas parent company. Conversely, it was discovered that MNE operators who entered the local market by winning a tender were less able to interact with their community, due to the size of the area in which they operate, the difficulty associated with engaging with the volume of stakeholders in their operating area, and a degree of fiscal constraint due to submitting the lowest possible price to government to win the tender.

Globalisation has assisted the proliferation of MNE bus operators around the world. Many scholars make the same assertion in respect of other industries and sectors (Hymer, 1970; Kennelly, 2000; De la Torre et al. 2003; Solvell, 2003). By virtue of being large in size, these firms' community interaction on a per-staff-member basis is revealed to be substantially less than that of small and medium-sized bus operators. This reinforces that some MNE's predominant concern is for the achievement of financial goals and a return to shareholders.

Agency theory to an extent explains the relationship between the SBVPA and its bus operator members. The extent of linking social capital between them reveals a large degree of delegation of authority by the bus operator to the SBVPA. Many incumbent bus operators entrust to their SBVPA the responsibility to make sure the government of the day does not tender their bus service contract. In return, the operator expects their SBVPA to negotiate fair, even-handed contract terms and conditions and a contract value that enables the bus operator to sustain their community interaction and other financial and non-financial goals.

The SBVPA undertakes a range of tasks, as the agent of the bus operator member (the principal) - the primary one being negotiating the renewal of their bus service contracts. Operators place their trust in the competency of the SBVPA negotiators to reach an outcome with government that enables operators to achieve business continuity and a fair reward for the contracted task. Bus operator members of SBVPA's have a very high expectation that their SBVPA will act on their behalf and in their best interests to resolve individual and industry-wide issues, making agency theory relevant to an analysis of the ability of bus operators to achieve certain levels of community interaction.

To a lesser extent, the SBVPA is also acting as an agent of government, to negotiate acceptable terms, conditions and values that controls government's transaction costs (rather than government negotiating with legal and financial representatives of each operator or administering a competitive tender) and facilitates the achievement of government's objectives.¹¹

¹¹ Anecdotally, this is ever present in the Victorian SBVPA / state government relationship and consciously pursued by the SBVPA.

7. Conclusion

7.1 Introduction

This study has detailed the composition, behaviour, history and current trends of the Australian bus and coach industry and the extent of community leadership demonstrated by bus and coach operators. The purpose of this research was to examine if, how, and to what extent, Australian bus and coach operators add value to their communities. Where value was found, the nature of this value was investigated and quantified both quantitatively and qualitatively.

The answers to this study's four research questions are all summarised in the first section of this conclusion. The second section features a presentation of the contributions to knowledge that these findings make. The third section features a discussion on the utility associated with this study's triangulation methodology and the theories that provide a useful explanation of Australian bus and coach operator's community interaction. A discussion on potential policy implications and recommendations resulting from the knowledge that this study has discovered will feature in section four of this conclusion. These centre on improving the governance associated with government procurement and undertaking further research to enable researchers to better understand the link between bridging and bonding social capital and community prosperity. The fifth and final section of this conclusion introduces the need for a new social contract and leveraging a bus operator's 'anchor firm' status to maximise community prosperity.

7.2 Addressing the Four Research Questions

Cennamo et al. (2012) discuss three general ways in which firms should interact with their communities: benevolence, nonreciprocal good deeds and philanthropic giving in the community at large. The authors also suggest that in doing so, the well-being of the local community is likely to become more salient to family principals, even if these issues have no direct link with the firm's activities (P. 1163).

In addressing research question 1 (RQ1), this study discovered that there are eight ways in which Australian bus and coach operators interact with their communities. This is more specific and diversified than what Cennamo et al. (2012) suggest and the results of this study builds Cennamo et al.'s (2012) assertion and provides a more detailed insight as to how firms demonstrate their corporate social responsibility. The eight ways in which bus operators interact with their communities have been identified as: discounted services;

financial and non-financial donations; sponsorships; time contributions; safety and security interactions; local purchasing; sharing of resources; and combining of resources.

This study finds that Cennamo et al. (2012) were right in respect of their suggestion that the well-being of the local community is likely to become more salient to family principals, as it was found that the characteristics, or predictor variables, of the bus operator governance model that interacts the most with its community, (being small, regional or rurally based school bus operators that live in the community in which they operate) are those of the family firm bus operator.

The research also defines seven factors (predictor variables) that are associated with bus operators' community interaction (RQ2) and the scale (or extent) and value of these interactions (RQ3). These were determined to be:

- Firm size. There was no consistent direction that suggested that one size of operator (small, medium, large) contributes more than another, however the sum-of-six result suggests there is an increased propensity for small operators to interact with their communities more than medium-sized and large operators on a per-staff-member basis. In most cases, the significant results indicated that small operators were significantly interacting with the community which indicates a strong local community orientation and commitment, whereas medium-sized and to a lesser extent, large operators contribute more in ways that are inherently about capitalising on the benefits of size.
- The type of bus operator (school, charter/tour or route operator). There were five significant differences between school and route bus operators, two significant differences between charter/tour and route operators and one significant difference between charter/tour and school bus operators. The difference between school and route bus operator sum-of-six result was also significant. Operator type was also found to be a significant indicator of operators' community interaction in one of two binary logistic regression models and both multiple linear regression exercises. This suggests that from a quantitative perspective, type of operator is the primary factor, predictor variable, or characteristic of bus operator governance models that can be considered a reliable predictor of an operator's community interaction. This greater contribution by school bus operators is a key finding of this research.

- The operator's location (metropolitan or regional/rural). A nuanced pattern of significance was revealed here: regional/rural operators were found to significantly contribute more time, undertake more safety interactions and share resource more than metropolitan operators on a per-staff-member basis, whereas metropolitan operators were found to interact significantly more than regional/rural operators when it comes to combining resources with other operators and local purchasing. Metropolitan operators are predominantly large in size and have the resources available for combination, whereas regional/rural operators are typically small, school bus operators that do not necessarily have this capability. These results suggest that the location of a bus operator cannot be consistently associated with an operator's community interaction.
- The place of residence of the bus operator (whether the operator lives in or out of the community in which the bus service operates). The significant results were again inconsistent and nuanced. The results showed that operators that live in their community significantly contribute more time to their communities than operators that do not. These are small operators. It also shows that operators who do not live in their community significantly combine their resources and significantly spend more of their income locally than operators that do. These are medium-sized and large operators. The overall sum-of-six result showed operators that live in the community interact more with their community than those that do not, but this result was significant at the 10 per cent level.
- The form of contract that the bus operator holds (negotiated or tendered). In the three exercises that produced significant differences (discounts, donations and combining resources), operators with negotiated service contracts were found to interact with the community more than operators with tendered contracts. The analysis suggests that form of contract can be considered a predictor of bus operators' community interaction in certain circumstances, with operators having negotiated contracts more likely to contribute than those with tendered contracts.

- Sense of community. The bivariate results suggest that a bus operator's SOC is not a predictor variable of their community interaction. However, the first of two binary logistic regressions (multivariate analysis) found modest, significant support for two of the elements of SOC to be predictors of bus operator community interaction, these being 'people in my neighbourhood share the same values' and 'it is very important to me to live in my particular neighbourhood'. The second binary logistic regression found that one element of SOC - operators that share the same values as people living in their neighbourhood - also found modest, significant support for being a predictor of bus operator community interaction. Qualitative support was also found for SOC to be a predictor variable of a bus operator's community interaction. 160 of the 276 Survey responses answered this question. Of the 160, all but eight (5 per cent) of the responses wrote of their desire for community integration, the fulfilment of needs and shared emotional connection with their community. The remaining ninety-five per cent of responses to this question were in the affirmative and this is a highly suggestive indication that an operator's SOC has a bearing on the extent of their community interaction. Bus operators who reside or operate outside of metropolitan areas were more sensitive to the concept of SOC in this study than metropolitan bus operators. The challenges stemming from the remote locations of many regional and rural communities was an underlying concern for most of the operators who completed the Survey. It is possible that the SCI used in this methodology has not captured the sense of attachment to community as initially thought, and that a scale which measured operators' sense of community responsibility (Nowell and Boyd 2014), had it been developed prior to undertaking this study, may have resulted in a greater synergy between the qualitative and quantitative findings relating to SOC.
- Social capital linkage (involvement and dependence evident between the SBVPA and its member operators.) In addressing RQ4, it was found that the state of Victoria and to a lesser extent, New South Wales, recorded both the highest overall social capital linkage result and the highest mean of sum-of-six community interactions (section 5.8.3). Both results were statistically significant. This correlation did not follow on to all other states. This might be partly explained by the existence of an agreement between the Victorian SBVPA and PTV; an agreement which rests on cooperation and obligates the SBVPA to work as an agent of both operators and government, to achieve strategic objectives.

Anecdotally, the Victorian SBVPA appears more effective than other SBVPA's for several reasons: it is the only SBVPA that has consciously pursued being an agent of two principals; it has sought to achieve the high moral ground on policy, safety and operational matters, rather than make decisions based on cost; and to an extent stay a step ahead of government in policy development, system design/planning, implementation of bus services and harnessing successful global trends that improve triple bottom line societal indicators.

The seven predictor variables that partially explain why bus and coach operators interact with their community were identified and tested in three stages of this study's triangulation approach. No predictor variables were found to be actual predictors of statistical significance across all three types of analysis methods. However, operator type (P2) was found to be an actual predictor in two types of analysis: the bivariate models and the multiple logistic regression models.

In light of the varying levels of support for each predictor variable, it is concluded that the seven predictor variables discussed are not the only variables that account for the extent of an operator's interaction with their community. The results suggest there are other, unknown factors associated with a bus operator's community interaction which, looking at the qualitative evidence, appear to be associated with bonding and bridging social capital. These two determinants of social capital were not measured in this study.

7.3 Contributions to Knowledge

This study makes several contributions to knowledge.

The first and most distinctive contribution to knowledge is the development of a method to measure and/or value social externalities. Scholarly attempts to identify and value social externalities has previously been underappreciated and all but overlooked, despite there being many scholarly endeavours to measure economic and environmental externalities. Measuring externalities of a social kind, that is, those relating to society or its organisation, makes a contribution to knowledge as to the purpose, value and possible methodologies available for identifying and quantifying social externalities and discovering how they can affect an economic outturn.

Second, measuring the value of social externalities could bring a new dimension to state government procurement as it would show how social costs or benefits may be affected when a voluntary buyer/seller exchange is made, and how external costs arise

when private savings are made by the state government in taking the lowest service cost. This knowledge fills a knowledge gap where government procurement and value-for-money impacts the extent of a firm's community interaction and could lead to more socially beneficial government decision making. Some scenarios were modelled which showed the value of operators' community interactions foregone exceeded the value of savings to government as a result of reducing the margin of a school bus operator's service contract. Hence, placing a dollar value on the involuntary affect on third parties (in this study's case, the community) might lessen the propensity of governments to contract with bus operators solely on lowest price. This study produces new knowledge that suggests the 'get big or get out' trend can see government incur costs in one discipline (regional development) that outweigh savings in other discipline (transport) that are not taken into consideration when evaluating benefit-cost ratios.

Third, this study also makes a contribution to the discussion associated with the non-economic performance of family firms and the economic performance of MNE's. It has been found that the notion of firm performance has a broader meaning in terms of a firm's corporate social responsibility.

Fourth, this study also fills a void where there was a lack of knowledge associated with what the actual characteristics or variables of different types of governance models are that influence a firm's propensity to interact with its community. Cennamo et al.'s (2012) discussion on how firms interact with their community is general and brief. This study makes a contribution to knowledge by defining eight ways in which firms interact with their community and identifies some, but not all, factors which influence a firms propensity to display varying levels of corporate social responsibility toward their community. This could serve as a basis for other scholars to better understand the ways and means a firm demonstrates its corporate social responsibility toward its community.

Lastly, this study also makes a contribution to several theories. This study confirms that two theories (agency theory and the stakeholder perspective), two political philosophies (localism and globalisation) and one construct (the family point of view) can be usefully applied to understanding the propensities of various bus operator governance models to encourage certain levels of community interaction.

Agency theory has been discussed in the unique context of there being two principals and a figure has been offered which illustrates the concept. In light of the results associated with the effectiveness of the Victorian SBVPA, other SBVPA's, indeed other not-

for-profit organisations may find it useful to adopt a similar approach to developing the extent of social capital between their members and government.

The qualitative data pursuant to the behaviour of MNE's appears to be underpinned by the stakeholder perspective. It showed that MNE operators' propensity to invest in their communities on a per-staff-member basis was less than smaller, family firm operators because of several factors: their primary obligation to provide a dividend to shareholders; the constraining nature of their service contract; their endeavour to replicate their overseas or home culture (the way of doing things) in order to achieve scale economies; and the degree of unfamiliarity associated with local adaptation. This increases an MNE's propensity to adhere to the stakeholder perspective and keep stakeholders closely involved to honour their contractual obligations and manage the circumstances or tension between international standardisation and local adaptation. Further, globalisation has underpinned the MNE operator's quest for expansion and return to shareholder.

This study also makes a contribution to the 'family point of view' construct as it appears to explain the propensity of a family firm to interact with its community. Critically, this study contributes to Sorenson's (2009) assertion that extensive collaboration within the family was associated with and in the resources available to the family business, including loyal customers and community goodwill.

7.4 Methodology and Theory

Grounded Theory underpinned Stages One and Three of this study and triangulation was the approach adopted for this study. The triangulation method has proved valuable because in some parts, the qualitative data harnessed to an extent countered the quantitative data associated with operator behaviour, and vice versa. Whereas, in some cases, where a quantitative result was inconclusive, the qualitative data pursuant to that point extended and reinforced the direction of the quantitative data. Both types of data have limitations: volume, for quantitative data, and consistency of themes for qualitative data, but generally, a direction leading to a conclusion was able to be identified.

This study's three stage methodology consisted of the following. Stage One consisted of interviews and focus groups with bus operators and transport stakeholders in Australia and overseas. In Stage Two, a Survey of 276 Australian bus and coach operators was undertaken. The qualitative data secured from the Stage Two Survey and the Stage Three focus group with bus operators and interviews with community representatives

revealed that there are additional, indirect and intangible benefits associated with operators' community interactions. These benefits included improved personal and community capacity building, community viability, social cohesion, public safety and reduced social exclusion.

7.5 Policy Implications and Recommendations

The results of this study have shaped the following policy implications and recommendations that aim to harness the knowledge discovered by this study and to contribute towards increasing the value society derives from this knowledge.

7.5.1 Improved Government Procurement Governance

Upon examining various Australian jurisdictions' definitions of value-for-money and whole-of-government, as well as assessing the current requirements of government to consider triple bottom-line imperatives and externalities when evaluating major transactions, it was discovered that: each state's definitions differ; there are more jurisdictions that do not have a requirement to evaluate major transactions through a triple bottom-line lens than jurisdictions that do; and the requirement to consider external factors in the decision-making process is explicitly stated in just one jurisdiction and only implied in others. This is causing net benefits to be foregone. The following ideas would improve the governance associated with government procurement:

- that buyers and sellers amongst Australian jurisdictions adopt a national and consistent definition of value-for-money;
- that governments be obliged to consider triple bottom-line (that is, economic, social, environmental) imperatives, including externalities, when evaluating major transactions; and
- that governments provide complete disclosure of the entire case underpinning their decision-making to ensure transparency.

If these policy directions were adopted, it would contribute towards maximising the social benefit of services to our communities by making the achievement of a net benefit – which includes economic, social and environmental imperatives – the primary objective of the transaction. It is recommended that governments engage not just with themselves, but with community and industry stakeholders, to find a more effective method for designing

and implementing major transactions, including bus service procurement regimes, to realise community prosperity and other social objectives.

7.5.2 Recommendation 1: Devolution Trial

This study reveals that community leaders and most bus operators share an appreciation of, and place a high value on, the importance of local knowledge and capability in delivering reliable, effective, safe and socially efficient bus services. This study also demonstrates how combining local knowledge and capability can contribute to improving community viability and connectedness, social cohesion and inclusion, and community prosperity, especially in regional/rural areas. Bus operators and community leaders shared concerns for the inapplicability of metropolitan-centric policies and processes in regional and rural areas. Some participants expressed a desire to have a greater degree of local decision-making authority and showed great concern for possible ramifications associated with user groups not being able to have access to transport. These concerns point to a level of community stakeholder dissatisfaction with current policy frameworks, including service planning (or network/system design.)

In light of this, it is recommended that:

- part of the responsibilities associated with bus service planning and bus-system design be devolved to the local or community level on a trial basis.

Such a trial may draw on the results of this study and contribute to improving the policy framework for the design and provision of local transport services.

7.5.3 Recommendation 2: Further Research

In measuring the level of social capital linkage between the SBVPA and its member operators, some of the bivariate results of this study found that this can be an influencing factor on a bus operator's propensity to interact with the community in which it provides a bus service. However, this was not a consistent finding, thus the second hypothesis (H2) was not supported. In Stage Three, it became evident that themes and sentiments associated with bonding and bridging social capital, two determinants that were not measured in this study, may account for many of the unidentified factors that cause an operator to interact with its community. Therefore, it is recommended that:

- further research be undertaken to investigate the extent of bonding and bridging social capital between bus and coach operators and their community; and

- exploration be undertaken to establish if other businesses or industries in rural or regional settings behave like bus operators do in regards to interacting with their community.

If this recommendation is undertaken, it might result in a higher degree of association being identified than that found by the multivariate analysis presented herein and could possibly assist other studies of links between governance and community prosperity.

7.6 Anchor Firms and the Social Contract

This study could have broader implications for other industries. Trends of larger companies buying out or taking market share from smaller companies in other industries continues which is resulting in fewer family businesses and less opportunity to build social capital within communities and maximise community prosperity. The results of this study suggest that, to progress local economies, an understanding of how the social realm affects the economic realm is required. Such a notion is presently underappreciated as a means of achieving sustainable prosperity for communities.

Carroll et al. (2014) state

The proposition that corporations have responsibilities beyond profitability to a variety of stakeholders (only one set of which are shareholders or owners), became solidified in the 1980s with the explicit development of stakeholder theory (p.381).

The last two decades have seen new societal issues emerge: concerns for national security, government and personal debt levels, inadequate historical infrastructure investment to service current and forecast population growth, environmental disasters, and persistently low levels of economic growth. These are all very good reasons to recalibrate or reformulate the social contract between business, government and society. In moving towards a recalibration of a social contract, it appears unlikely that only top-down ideas and theories will work. For example, a government that decides to competitively tender bus services and award contracts to firms based solely on price will most likely see contracts go to large, non-family firms. As this study has shown, such firms are less likely to interact with a community on a per-staff-member basis than small and medium family firms. Such a prospect could, therefore, run counter to endeavours to improve community prosperity. Further, any financial savings realised by Government transport department's contracting

with a few MNE operator's could be lost in the form of external costs accruing to the departments responsible for community and regional development. Government requirements that metropolitan-centric policies be adopted universally (state-wide) probably will not work either. This study has highlighted the value of community-level knowledge and cited several examples of how a 'one-size-fits-all' policy approach can stifle community prosperity.

To improve community prosperity, both government and industry have responsibilities. Government will need to increase their preparedness to understand the potential ramifications of how policies can adversely affect some communities and positively impact others. The way to do this is to compulsorily and consistently value the external costs/benefits. In regard to responsibilities of industry, some bus and coach operators and their SBVPA's would be well placed to participate in a new social contract and accept some form of contractual responsibility to maintain the extent of external social value they add to the communities in which they live and operate. Making operators contractually bound to this would be consistent with contracting for social values.

The term 'anchor institutions' is commonly used to refer to organisations that have an important presence in a place, usually through a combination of being employers, purchasing goods and services in the locality, controlling areas of land and having relatively fixed assets (Netter Centre, 2008). Although bus operators are not necessarily large firms, in most cases they are one of the largest, if not the largest, firm in many Australian regional/rural communities, and often one of the oldest. Recent operator consolidation has seen many bus operators disappear from many Australian communities. However, local bus and coach operators still exist in many Australian communities where other businesses, such as newsagents, hotels, hardware shops, butchers, bakers, and medical practitioners have disappeared.

As anchor firms, bus operators have a large stake in the local area and, because of the nature of their purpose and their trans-generational tenure, they cannot easily relocate. Operators have a varying degree of influence on their local area pursuant to their history, activities, resources, associations, the political landscape and their community's socio-economic situation. This facilitates a range of ways that they can leverage their assets and revenue to benefit the local area. If bus and coach operators broadened their outlook on their business and/or diversified their business model and incrementally transitioned their business to become total local transport providers, rather than just bus operators, they

would be leveraging their assets to benefit the local community, and quite possibly be adding to the tenure and sustainability of their business. The current 'crunch' (Blume & Randle, 2013) of rising demand on public services and the scarcity of resources to satisfy that demand has created a need for initiatives that will assist government realise their transport objectives in a manner that capitalises on economies of scale, but also ensures the highest standard of public safety and ensures that local stakeholders' money is being invested to maximise social value. It appears one such opportunity is currently before local, state and federal governments, to leverage a local bus and coach operator's community anchor status, leverage the benefits of working with their voluntary professional association, align their objectives and develop an 'anchor network' of one-stop-shop local transport providers who can deliver a diversified range of both scheduled and demand responsive local transport options to perennially facilitate community prosperity, particularly in regional and rural areas.

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Appendix 1: Bus Operators' Community Interaction Survey



Bus Operators' Community Interactions Survey

December 2013

Hello Bus Operators of Australia!

Some of you may know that by day, I run Victoria's State-based bus industry representative body. By night, however, I am a PhD student at Monash University where I am exploring the nature of bus operators' interaction with their community. As part of this multi-year research project, I need to survey Australia's bus operators.

You have received this survey from your State-based bus industry voluntary professional association. We asked that they send you this survey on our behalf, and they have kindly agreed.

We now request that you complete this survey - by Friday 7th March 2014.

This survey aims to form the basis of understanding and measuring the extent of bus operators' community interactions, and what role, if any, the State-based voluntary professional association for bus operators plays in facilitating these community interactions. We hope that the wealth of information collected will help all parties find a link between bus operator governance and performance. We believe unearthing such facts could have positive policy implications for the sustaining of your bus business.

This survey is divided into 5 sections with questions that concern the nature and size of your bus business and the type and frequency of its interactions with the community, your business' sense of community and how the State-based voluntary professional association may be facilitating these community interactions.

We realise that this survey is quite long. Please don't feel that you need to complete this survey in one sitting. The accuracy of your answers is very important, so please, take your time and perhaps approach one section a night.

Participation in this survey is completely voluntary and please rest assured all data remains anonymous and cannot be linked back to your business.

If you have any questions or need assistance in completing this survey, please don't hesitate to contact me:

Chris Lowe
Mobile: 0420 372248
Email: cjlow4@student.monash.edu

Please return your completed survey using the included stamped and addressed envelope to:

Dr Janet Stanley
Chief Research Officer
Monash Sustainability Institute
Building 74, Wellington Road
Monash University
Clayton, VIC, 3800

by Friday 7th March 2014.

Thank you very much.

Office use only:

Date received:

Sequence #:

Data entered date:

Section 1 – Size, ownership and control of your business

- 1 How many people in total work in your bus business, including yourself and any family members that work in the business? *(Fill in numbers in the relevant sections.)*

Number of full-time staff members _____

Number of part-time staff members _____

- 2 What is the legal status of your bus business?

- | | |
|--------------------------------------|---|
| <input type="checkbox"/> Pty Ltd | <input type="checkbox"/> Family Trust |
| <input type="checkbox"/> Partnership | <input type="checkbox"/> Incorporated |
| <input type="checkbox"/> Sole Trader | <input type="checkbox"/> Other (please specify) |

- 3 Who makes the business and governance decisions in your bus business?

- | | |
|--|---|
| <input type="checkbox"/> Family Owner(s)/Director | <input type="checkbox"/> Senior Executive |
| <input type="checkbox"/> Non-Family Director | <input type="checkbox"/> Manager |
| <input type="checkbox"/> Remunerated CEO / General Manager | |

- 4 What is your role in the business?

- | | |
|--|---|
| <input type="checkbox"/> Family Owner(s)/Director | <input type="checkbox"/> Senior Executive |
| <input type="checkbox"/> Non Family Director | <input type="checkbox"/> Manager |
| <input type="checkbox"/> Remunerated CEO / General Manager | <input type="checkbox"/> Other (please specify) |

- 5 What is your bus business' annual turnover in your primary State?

(If you are unsure, please just write an estimate. Remember, all answers are anonymous.) \$ _____ per year

- 6 What is your business' primary State of operation in Australia? *(i.e. Where do you conduct the majority of your bus business?)*

- | | |
|------------------------------|------------------------------|
| <input type="checkbox"/> VIC | <input type="checkbox"/> SA |
| <input type="checkbox"/> NSW | <input type="checkbox"/> WA |
| <input type="checkbox"/> QLD | <input type="checkbox"/> NT |
| <input type="checkbox"/> TAS | <input type="checkbox"/> ACT |

7 Is your bus business in your **primary** State of operation:

- ☐ Metropolitan area based ☐ Regional and/or rurally based

8 Within your fleet in your primary State, how many buses do you have in each of the following categories?

	Number of buses
Dedicated Government public route buses	_____
Dedicated Government school buses (<i>morning/afternoon, not school charter</i>)	_____
Dedicated School contracted buses (<i>morning/afternoon, not school charter</i>)	_____
Dedicated Government contracted Special School buses	_____
Primarily scheduled rail replacement services (train/tram)	_____
Primarily charter and short distance tour buses	_____
Primarily long distance tour buses	_____
Primarily school excursion buses	_____
Primarily regular timetabled private contract buses (e.g. mining contracts)	_____
Multipurpose/mixed-use buses	_____
Hire & drive minibuses	_____
Other _____	_____

9a What percentage of your total revenue comes from **Government** contracted services in your primary State? _____ %

9b What percentage of your total revenue comes from **non-Government** (formal or verbal) contracted services? (e.g. direct with school or mining company etc.) in your primary State? _____ %

10a How was your firm initially allocated the rights to operate your **government** contracted bus service(s) in your primary State?

- ☐ The family firm started the service with Government authorisation
☐ Won a tender
☐ Purchased the right from another operator
☐ Other (please specify) _____

10b How long ago did your firm initially receive the rights to operate this service?
(Give an approximate answer if you're unsure.) _____ years

11a In your primary State, have any of your existing government contracts even been renewed via a negotiated process?

☐ Yes ☐ No – Move on to question 12a

11b How many times has this has been done? _____ times

11c Do you expect to renew any of your current contracts in your primary State via negotiation closer to their expiry?

☐ Yes ☐ No

11d Why?

Section 2 – Community Interactions

Discounted Services

Bus operators sometimes interact with their community by providing a bus, a driver and fuel at discounted prices or free of charge to organisations and individuals at times.

12a Does your firm ever provide discounted services?

- ☐ Yes ☐ No – Move on to question 13a

12b Where are these organisations/individuals located to whom you provide these discounted services? *(Tick all that apply.)*

- ☐ Within your local area
☐ Nearby areas
☐ Within your State
☐ Interstate
☐ Overseas

12c How many times a year would your firm provide a bus, driver and fuel at a discounted price or free of charge to an organisation or individual? *(Please write a number.)*

_____ per year

12d On average, how much revenue would your firm forego each time it provides a bus, driver and fuel at a discounted price or free of charge? *(The discount is the difference between your normal commercial price and the price charged.)*

\$ _____

12e Without disclosing their identity, can you indicate the types of organisations or individuals for whom your firm provides discounted services? *(Tick all that apply.)*

- ☐ Schools
☐ Apex, rotary and/or lions clubs
☐ Sporting clubs
☐ Charities
☐ Civic organisations
☐ Other (please specify)

Financial and non-financial donations

- 13a Does your firm make financial or other non-financial donations (eg. utility bills, food, clothes, general goods or services) to organisations and individuals?

☐ Yes ☐ No – Move on to question 14a

- 13b Where are the organisations and/or individuals to which your firm donates located?
(Tick all that apply.)

☐ Within your local area
☐ Nearby areas
☐ Within your State
☐ Interstate
☐ Overseas

- 13c How many times per year would your firm make financial or non-financial donations to organisations or individuals? (Please write a number.)

_____ per year

- 13d If you added up the value of all the various financial and non-financial donations your firm made in one year, approximately how much would this be?

\$ _____
per year

Sponsorships

14a Does your firm sponsor organisations and/or individuals?

- ☐ Yes ☐ No – Move on to question 15a

14b Where are the organisations and/or individuals that your firm sponsors located? *(Tick all that apply.)*

- ☐ Within your local area
☐ Nearby areas
☐ Within your State
☐ Interstate
☐ Overseas

14c How many organisations/individuals would your firm sponsor in a year? *(Please write a number.)*

_____ per year

14d How often would your firm sponsor each of these organisations/individuals?

_____ per year

14e On average, approximately how much in total would your firm spend sponsoring organisations/individuals?

\$ _____
per year

14f Without revealing their identity or location, can you indicate the types of organisations or individuals that your firm sponsors?

- ☐ Schools
☐ Students
☐ Apex, rotary and/or lions clubs
☐ Local sporting clubs
☐ Local charities
☐ International charities
☐ Other (please specify) _____

Time Contributions

15a Does your firm support its employees (i.e. owners and employees) volunteering their time on local boards and committees, charities and philanthropic organisations? *(Not including being a volunteer driver.)*

☐ Yes ☐ No – Move on to question 16a

15b Where do owners and employees of your firm volunteer their time? *(Tick all that apply.)*

- ☐ Within your local area
- ☐ Nearby areas
- ☐ Within your State
- ☐ Interstate
- ☐ Overseas

15c How many hours per month would owners and employees of your firm volunteer their time to these committees, boards and charities? *(Please write a number.)*

_____ hours per month

Safety and Security Contributions

- 16a At times does your firm go 'over and above' for your passengers or your passengers' families? That is, not just do what is expected, but provide an extra level of service that has given you, the passenger and/or the passengers family the peace of mind that the passenger is safe?

☐ Yes ☐ No – Move on to question 17a

- 16b How often would your firm do this each year? *(Please write a number.)*

_____ per year

- 16c Can you give an example(s) of going 'over and above' what your firm is contracted to do in terms of providing service to passengers you know and how it might impact the families of passengers you know?

- 16d Can you outline any real scenarios where your firm delivered a very high level of service which had the potential to prevent or did prevent an unfortunate occurrence?

Purchasing Behaviour

17a What approximate percentage of your firms contract value is spent on purchases:

Locally _____ %

Regionally _____ %

Outside your region _____ %

17b What are your preferred qualities in a supplier? *(Please number the following from 1 to 4 where 1 is your most preferred option.)*

- ☐ Suppliers that are local and with discounted pricing
- ☐ Suppliers that are non-local with discounted pricing
- ☐ Suppliers that are local and have non discounted but competitive pricing
- ☐ Suppliers that are non-local and non discounted but competitive pricing

17c Do any of the following factors influence the amount you spend locally? *(Tick all that apply.)*

- ☐ Locked into contracts
- ☐ Scarcity of suppliers
- ☐ I rarely think about spending my money locally
- ☐ Other (please specify) _____

17d Would your business ever consider purchasing fuel (either at a pump or in bulk storage) outside of your local area?

- ☐ Yes ☐ No – Move on to question 17f

17e (i) What price discount would you need, for you to consider purchasing non-local fuel: _____ %

(ii) What price discount would you need, for you to definitely purchase non-local fuel: _____ %

17f (i) Does your firm make an effort to buy locally?

- ☐ Yes ☐ No – Move on to question 18a

(ii) Why does your firm do this?

Sharing Resources

- 18a (i) Does your firm share its resources (buses, drivers, other assets) with other bus operators from time to time at no charge? (e.g. replacement for breakdowns.)

☐ Yes☐ No – Move on to question 19a

- (ii) Why does your firm do this?

- 18b How often would your firm share its resources with other operators per month? (Please write a number.)

_____ times per month

- 18c On average, what market value would you place on the revenue your firm foregoes when it shares its resources with other operators? (e.g. loaning a bus for a day might see your firm forego \$400 in income.) \$ _____ per month

- 18d What are the impacts of your firm sharing its resources with other operators?

Combining resources

- 19a (i) Do you work with other operators and pool resources to deliver larger projects? (*Organised between bus operators, not organised by another entity.*)

☐ Yes☐ No – Move on to question 20a

- (ii) Why does your firm do this?

- 19b How often would your firm combine its resources with other operators per year? (*Please write a number.*)

_____ times per year

- 19c On average, what income would your firm secure **each time** it combines resources with other operators? (*e.g. securing a day's revenue for a bus and a driver might generate your firm \$700.*)

\$ _____
each time

Reasoning behind chosen community interactions

20a Does your firm interact with the community in any of the ways mentioned earlier in this section?

☐ Yes

☐ No

20b Why does your firm choose to act in the way that it does with regard to community interactions as described in the previous questions in this section?

If your firm does not interact in any of the ways mentioned, please explain why.

(Give as much detail as possible as this will be very helpful to our research. Attach other pages if necessary.)

If you answered 'No' to question 20a at the top of this page, please move on to question 23.

- 21 Say the margin (profit) component of your firms contract(s) in your primary State was 15% of the total contract value. If your margin was to be cut, what value of margin cut might cause your firm to stop interacting with its community in the manner outlined in questions 12 - 19?

- ☐ Cut margin by one third
- ☐ Cut margin by two thirds
- ☐ Cut margin completely to zero

- 22 If you were to review your firm's community interactions, in what order would you reduce these interactions? (Please number the top 3 in order where 1 would be the first interaction to be reduced.)

- ☐ Offering discounted services
- ☐ Making financial and non financial donations
- ☐ Providing sponsorships
- ☐ Volunteering time
- ☐ Providing high levels of safety and security
- ☐ Purchasing locally
- ☐ Sharing resources with other operators
- ☐ Combining resources with other operators

- 23 a If your contracted bus services ceased, what would your firm do with regards to your existing community interactions of the types described previously?

- ☐ Reduce the extent of your community interactions
- ☐ Cease your community interactions
- ☐ Continue your community interactions with no alteration – Go on to question 24

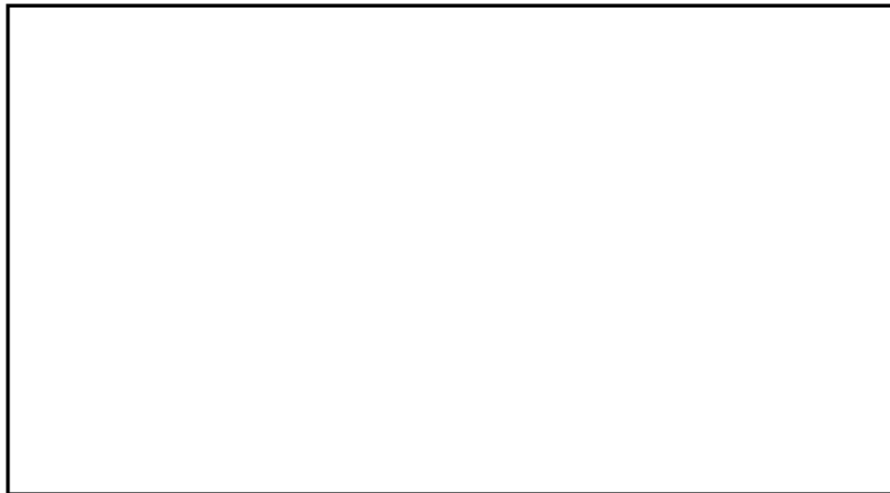
- 23b If your firm did reduce or cease its current community interactions, do you believe your community would be

- ☐ Somewhat worse off
- ☐ Significantly worse off
- ☐ Continue unaffected

23c Why do you believe your answer to 23b would occur?



24 In relation to your firm's interactions with your local community, do you have any further comments?



Section 3

The Role of the State-Based Bus Industry Voluntary Professional Association

- 25 What impact does membership of your State-based voluntary professional association have on your ability to run your business? *(Please tick one box.)*

- ☐ Very positive impact
☐ Generally positive impact
☐ Neither negative nor positive impact
☐ Generally negative impact
☐ Very negative impact

- 26 To measure your views of the State-based voluntary professional association in your primary State, please read the statements below and circle one response.

		Strongly Agree	Agree	Don't Agree or Disagree	Disagree	Strongly Disagree
A	My State-based voluntary professional association gives my firm access to buying power that helps my firm compete	1	2	3	4	5
B	My State-based voluntary professional association helps my firm secure better contract terms and conditions	1	2	3	4	5
C	The work my State-based voluntary professional association does enhances my firm's ability to interact with my community in the ways detailed in Section 2	1	2	3	4	5
D	My State-based voluntary professional association is a forum for operators to network, share knowledge, build trust and resolve operating environment issues with other operators	1	2	3	4	5
E	I don't believe that my State-based voluntary professional association fosters good relationships with Government and Opposition	1	2	3	4	5

Section 4 – Ingredients of successful bus businesses

This section aims to discover which area you believe are most important in achieving success in the bus industry.

27a	How important do you believe the following areas to be in helping your firm achieve success in the bus industry?	Unimportant					Some importance					Neither important nor unimportant					Important					Very important				
		1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5
	Simple organisational structure where the owner(s) also run the business	1	2	3	4	5																				
	Staying in touch with your customers needs and wants	1	2	3	4	5																				
	Innovate and apply new knowledge to the business often and quickly	1	2	3	4	5																				
	Being intimately involved in your firms immediate community	1	2	3	4	5																				
	Positive relationships with employees and a large degree of teamwork	1	2	3	4	5																				

- 27b In case some of the above ideas seem overly 'textbook', what other factors do you think have helped your business succeed in the bus industry?

Section 5 – Sense of Community

28 This section aims to find out how you feel about the community where your primary bus business is based.

Please read the statements below and circle one response to show your level of agreement.

		Strongly Agree	Agree	Don't Agree or Disagree	Disagree	Strongly Disagree
A	I expect to live in my neighbourhood for a long time	1	2	3	4	5
B	I think my neighbourhood is a good place for me to live	1	2	3	4	5
C	People in my neighbourhood do not share the same values	1	2	3	4	5
D	My neighbours and I want the same things from the neighbourhood	1	2	3	4	5
E	I can recognise most of the people who live in my neighbourhood	1	2	3	4	5
F	I feel at home in my neighbourhood	1	2	3	4	5
G	Very few of my neighbours know me	1	2	3	4	5
H	I care about what my neighbours think of me	1	2	3	4	5
I	I have no influence over what my neighbourhood is like	1	2	3	4	5
J	If there is a problem in my neighbourhood people who live there can get it solved	1	2	3	4	5
K	It is very important to me to live in my particular neighbourhood	1	2	3	4	5
L	People in my neighbourhood generally don't get along with each other	1	2	3	4	5

29 Is the community in which you live also the community in which your primary bus business operates?

☐ Yes ☐ No

THANK YOU FOR COMPLETING THIS SURVEY!

We appreciate the effort spent filling in this survey and are very grateful to you for taking the time to do so.

Thank you again,
Chris Lowe.

Appendix 2: Glossary

Bonding Social Capital	The value assigned to social networks between homogeneous groups such as family, relatives, kinship and other close, dense relationships.
Bridging Social Capital	The social networks between socially heterogeneous groups of people who are not close and differ from the family—which facilitate access to multiple networks, resources and opportunities.
Community	A two dimensional term: territorial and relational. The territorial dimension concerns a geographic area, such as a neighbourhood, town or municipality. The relational dimension concerns the nature and quality, or depth and breadth, of a relationship, including a ‘community of interest’.
Community Prosperity	An overarching term that describes the state of economic, environmental and social flourishing, thriving, good fortune and success of both a geographic community and a relational community of interest.
Cost Benefit Analysis	A method for organising information to aid decisions about the allocation of resources. Its power as an analytical tool rests in two main features: costs and benefits are expressed as far as possible in money terms and hence are directly comparable with one another; and costs and benefits are valued in terms of the claims they make on and the gains they provide to the community as a whole.
Externality	An uncompensated benefit or cost incurred by an incidental party as a result of an activity.

Family Business	A family business is comprised of two or more members of the same family involved in the business with one or more related members having a controlling interest.
Governance	Governance encompasses the system by which an organisation is controlled and operates, and the mechanisms by which it, and its people, are held to account. Ethics, risk management, compliance and administration are all elements of governance.
Linking Social Capital (and social capital linkage)	The connection between individuals and groups in different social settings in a hierarchy where status and wealth are accessed, including the capacity to leverage resources, ideas and information from formal institutions beyond the community, such as a bus operators' state-based voluntary professional association.
Multinational Enterprise	A firm established in more than one country and so linked that they may co-ordinate their operations in various ways.
Social Capital	The development of reciprocity, social networks and trust between people.
Tactical	Tactical planning is about making decisions on acquiring means that can help reaching the general aims, and to how to use those means, most efficiently (van de Velde, 1999, p. 149.) The actual design of the service takes place at this level: definition of the routes, timetable, vehicles, fares.
Voluntary Professional Association	A group of individuals who enter into an agreement as volunteers to form an organization to accomplish a purpose.