
Innovative Initiatives: A turnaround by Uttar Pradesh State Road Transport Corporation, India

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Abstract: Road transportation has been the largest means of surface transport along-with railways. To facilitate and monitor transportation State Transport Undertakings were formulated in different states. These undertakings were to be economically and financially viable. Over a period of time these State Transport Undertakings faced financial problems, labour unrest and survival problems. In due course of time ways to combat the problems through the path of innovation and transformation have been found. The first to come out with their innovative initiatives was Karnataka State Transport followed by Uttar Pradesh State Roadways. Implementing of innovative initiatives brought remarkable improvement in the performance of both the undertakings. Introduction of technology and effective organizational strategies both for improved customer services, employee satisfaction and designing ways and means for alternate revenue sources, new model of business gave these undertakings improved satisfaction of their stakeholders, resulting in higher performance.

Keywords: UPSRTC, Innovative Initiatives, Organisational strategies, alternate revenue generation initiatives, Turnaround.

Introduction

Transportation has been the one of the strongest pillar whenever any economy thinks of development. One can also say that it is not just the goods and people but economy also runs on the road. From very beginning people used the road transportation whenever they had to go anywhere. The reason was obvious because unlike other means of transportation, road transportation people had many options. Reaching to roads was easier because it was on the same land where people use to stay. Due to lack of demand in terms of technology relating to road construction as in the beginning when there were relatively lesser movement on the road both in terms of people and goods. But in due course of time when both type of movement increased whether it was human movement or the goods movement it was felt that that quality of roads needed to be improved which later put pressure on people to think of different material to use in road. Biggest change in road transportation came with the advent of combustion engine. With The changes came the problems. Different State Road Transportation Corporation attempted many initiatives. Such initiatives proved a turnaround for the undertakings to become profitable and remain in business. U.P. State Road Transport Corporation (UPSRTC) was able to bounce back in the business and won many awards in the last fifteen years. This research paper will attempt to explore the innovative initiatives and systems undertaken by UPSRTC that brought about a successful turnaround.

Literature Review

Innovation is aimed at creation of new ideas in processes, products and services, designing, methods etc. which show promising returns in financial turnovers, productivity, effectiveness and growth. But can Innovation and Invention be replaced with each other-there is a need to differentiate between invention and innovation. When it comes to invention it is generally believed that invention comes from some type of noble ideas. Next assumption here is that there should be some steps which are inventive in nature. Thus an innovative initiative implying the conversion of any idea getting converted in to some kind of product. Moreover the resultant noble product additionally match value as the customers use to develop the perception with regard to product. (Skillicorn, 2016). Innovation may be continuous in nature. This continuity in improvisation results into some distinguishing change (Shapiro, 2016). Innovative openings are bound to be available external the restrictions of spaces inside which others investigate. Foley in the year of 2016 stated that innovation takes place when any idea is executed brilliantly and at the same time proper communication has also been done (Hauser et, al,2004).

Types of Innovations

Scholars working in this domain suggested many types of innovations but it has been found that at times these categorization overlap when we analysed the different type of innovations. Hence pointing the clear difference is becoming difficult. Some of the types of innovation are still worth discussing such as product innovation, process innovation, position innovation etc. It also covers administrative, organizational structure innovation etc. (Rowley J., Baregheh A., & Sambrock S., 2011). Open innovation is publicly supporting or co-creation, an approach to bridge

the thoughts and qualities of individuals outside the association to improve the inside cycles or items. Allowing companies to expand technologies with almost no investment in R&D. Whereas disruptive innovations occurs when a firm explores new markets and discovers new customers. A firm harnesses new technologies, develops new business models and exploits old technologies in new ways. Disruption is a process whereby a smaller company with limited resources may challenge established businesses (Christen, 2015). On the other-hand Reverse innovation is such that innovation which is first got invented in the countries which is widely considered as developing and then it spread in those nations which are termed as developed (Govindarajan and Trimble, 2012). Radical innovation initiates a change in processes, products, or services that transforms existing markets or industries, or creates new ones. It helps a company to stand out from competition, enables rapid growth and creates high return on investment. Product innovation focusses on creation of a goods or service either new, or an improved version of previously offered goods or services. When it comes to Process innovation it means that a new technology is introduced and which helps to improve profitability as well as the productivity.

Turnaround

A turnaround may be identified when a firm which has not been showing good financial results for a continuous period of time, introduces changes that trigger good financial results. Decisions for Turnaround strategies are undertaken by a business unit on a decline is worth saving (Thompson and Strickland, 1981). Necessary ingredient for a turnaround is to identify problems, consider changes and implement a well- designed strategy in the form of upgrading manufacturing processes, changing management strategies, significantly reducing cost and expenditures, changes in structural processes and introducing new business models. Innovation as a turnaround strategy by firms has resulted in enhanced productivity and profitability. Some examples of turnaround due to innovative initiatives are worth mentioning. General Motors suffered bad times in late 2000 its declining sales and stringent environment regulations led to financial crisis. Being declared bankrupt, its stock was delisted from trading. A decision to restore production led to complete re-organization. Production began, sales of the company increased and stock began trading again. In an another case where in Lego toys was under tremendous pressure in terms of finance and the turn-around took place in the company which had been reported by the study of Robertson and Hjuler (2009). An executive innovative governance group was formed that addressed issues and problems of new products along-with many others. Gupta and Sathye, 2008 states that a remarkable profit has been earned by Indian Railways by different strategies. Balgobin and Pandit in 2001 similarly talks about turnaround of IBM during the timeframe of 1988-1997. A turnaround encounters massive changes testing the firm's ability to plan better and implement changes. Jim Downey, 2009 in this regard states that companies adopting turnaround strategies develop strength in terms of management, operational along with marketing. Jeff Mordock in the year 2017 stated that in a number of organizations it is the R & D department which is responsible for the innovations taking place. Akinyele et.al 2016 came up with innovations in the financial sector where in they said that improvement is happening due to saving both the time and the cost which is the resultant of many initiatives taken among which one initiative is that the staff have been given liberty to work from their choice of place.

Turnaround at UPSRTC

It was in the year of 1972 that UPSRTC was brought to existence to serve the needs of common people. But in due course of time UPSRTC went in huge loss. There were many reasons which resulted into the heavy loss of UPSRTC.

- (a) When the routes were got finalized one important consideration that is of revenue generation was rarely thought of.
- (b) Heavy competition was given by unauthorized buses who snatched away the travelers by running on the same time.
- (c) Staff lacked the ownership and zeal to work for the betterment of UPSRTC.
- (d) Management lacked the objective achievement focus.

Later looking into the crisis new initiatives were taken to make the UPSRTC profitable.

Innovative Initiatives at UPSRTC

Facing the challenge to be economically viable, competition with private service providers and providing good and comfortable services along with downfall of company finances enforced Corporation to rethink and initiate innovative actions. There were various steps that the cooperation undertook. They used the technology which is helpful for consumers, technology application was also helpful in controlling the theft of fuel which was going on a

large scale, technology helped to improve the motivation of employees too. Some of the technological changes adopted are mentioned below.

Intelligent Transport Management System (ITMS) ITMS was very helpful. It brought the whole department of transportation at one place. The software costed Rs. 38.28 crores of which 50% grant was given by Central government and the rest of the amount was funded by department itself.

Electronic Ticketing Machine (ETM) was one of the major change in the system. Since everything related to travel and the traveller use to get generated automatically, making any fraud has become very difficult. It saved the time too. This automated system has resulted curtailing theft of fuel and fares paid, also a lot of clerical work has been reduced leading to increased efficiency of employees in the office.

The facility of Radio-frequency identification (RFID) card readers have also been launched. The passengers were given the options to use it for their convenience. Now passengers were not supposed to carry the currency in the pocket. They can get the card recharged once and can commute for the period till when the card has the money. The same technology helped in the fuelling of the busses too.

To keep a check on the movement of the vehicles the application of Vehicle Tracking System (VTS) and GPS devices were applied. From the point view of customers it helped in giving status of the whereabouts of the bus at any point of time which helped the customers to decide accurately about the journey now. For administrators checking any deviation in the route became easier. For the drivers and conductors also it was very helpful as now in case of any miss happening the help could reach immediately as others knew the location.

All the stores were equipped with computers which had the Store Inventory Software. This specific software helped in keeping the updates of all the inventory relating to the spare parts to be used in busses. In the days when there was no updating taking place, UPSRTC incurred heavy losses due to repetitive purchase of same parts even though they use to be present in the stocks.

Initiatives for Managing workforce

Corporation implementing duty allotment software, salary software, smart cards, Income incentive schemes, quick redressal mechanism.

Duty allotment software :- This software helps in duty allocation of staff and has led to improved efficiency of employees. Initially line staff i.e drivers and conductors resisted the use of the software but accepted it later once they felt the comfort, ease and improvement in quality of performance.

Salary management with the help of software:- One important morale booster was the use of salary management software. This saved the staff members from the biasness of human hand. One important advantage of software is timely dispensation of the salary.

Provision of unique/Smart cards for the staff members – The department of HR now had been the favorite of the employees as now everything became transparent. Any one could have seen the status of CL, EL related information any time.

For Employee Motivation :-

Income Incentive Schemes – The HR department came up with some attractive schemes where in the staff members were allowed to get benefitted for their extra time if and when they gave it to the service.

Multiple Revenue Generation Schemes- Corporation introduced certain innovative ideas for generating funds.

Public Private Partnership (PPP) scheme was implemented to enhance capital assets. This Scheme was launched for bus stations specifically. Under this scheme reconstructing and renovating of the place where the busses use to stay widely known as bus stands were planned to be given on lease basis. This lease was meant for a specified time. This scheme had to also pass through the initial hiccups. Employees perceived as if the whole system of transportation is going to be privatized but after a lot of discussion matters were resolved. Top management and the government took a lot of pain to make the staff understand the fact. This PPP model brought in new finance too and the resultant was inclusion of High end buses like Platinum line and Royal cruiser Volvo buses and Scania. These were luxurious buses which gave more option to the passengers which earlier no one could have thought.

UPSRTC came up with bottled water in the brand name Parivahan Neer, generated annual revenue collection of approximately Rs 6 crores. Parcel services were launched which enabled the Corporation to generate extra income. Other good source of income developed in last few years was advertising on buses and at bus stations, revenue was generated by leasing out the side panels of the buses and hoarding space lying idle at the bus stations. E-tendering and publication of advertisements on departmental web site led to a wide publicity and invited participation across the country. Revenue collection increased manifold from the previous years.

Innovations introduced by UPSRTC has definitely increased the revenues of the Corporation(Ref. fig.1) thereby improving the financial returns retaining the economical viability of the firm. Satisfaction levels of both passengers

and the employees has improved significantly. Pilferages and theft of fuel considerably reduced improving mileage per liter of fuel, efficiency in terms of bus travel time, upkeep and maintenance of buses and bus stands improved.

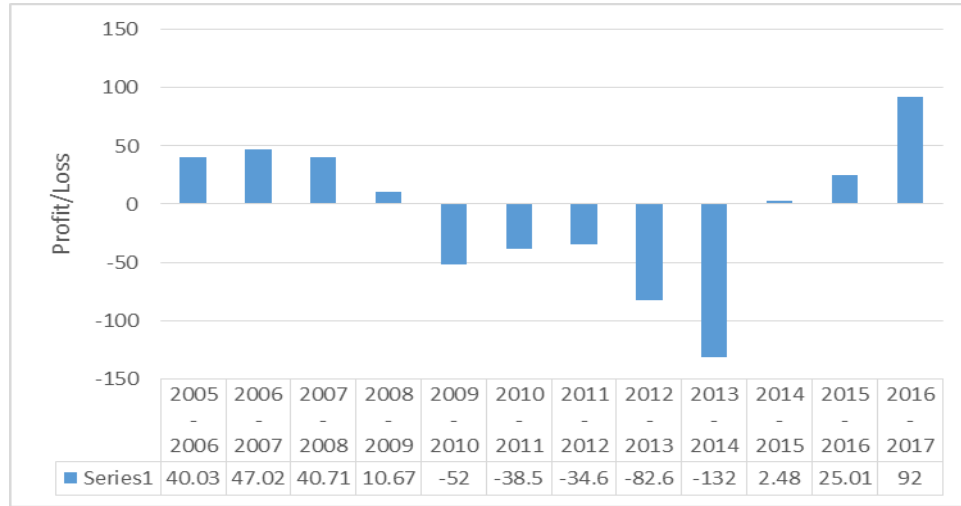


Fig.1 The profit/loss of UPSRTC during 2005-2017

Wi-fi facility at bus stations has been made available to commuters. The success of UPSRTC earned it many awards.

Conclusion

The result of multiple innovative ways adopted by UPSRTC was the turn around. The corporation which was making heavy losses started giving profit. The corporation which was about to be closed and resulted into losses of job to many people have now been giving the heavy profit every year and creating the job opportunities too. Now the corporation win many award due to outstanding performance. To name a few awards such as Skoch Governance Award 2015, and Skoch Governance (silver) Award 2016. It also won a award for its innovative ideas of advertisements on its busses in the year of 2017.

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