

Original Research Article

Assessing operational efficiency and the use of strategic capabilities in the rail transport industry in Namibia

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ABSTRACT

This paper assessed the operational efficiency as well as the use of valuable resources and strategic capabilities within the rail transport industry/sector in Namibia, with specific reference to TransNamib Holdings Limited. This paper also focusses on the long-term direction of the rail transport sector as well as the causes of poor performance in the sector. The researchers analysed the questionnaires using descriptive statistics. The researchers explored and presented the individual variables to show specific values, highest and lowest values, trends, propositions and distribution values. The major findings from the data collected revealed that available resources and strategic capabilities are effectively utilized to optimize operational efficiency and that the top management does not pay much attention to development of strategic capabilities, customer value, new strategies, corporate governance, risk management, communication, benchmarking, knowledge management etc. It is also evident from that findings that the main causes of poor performance are the lack of strategic direction and long-term objectives, decline in volumes transported, lack of new technologies to create value, lack of funding or financial assistance from the shareholders, lack of performance agreements and measures as well as the aging and poor rail transport infrastructure. It is recommendable that TransNamib Holdings Limited develop strategies to turn around the current situation to transform the company into self-sustaining and profitable organization. The rail transport sector needs restructuring to streamline the business operations, with more focus on core business, secure funding, enhanced customer services, enhance value proposition for road-to-rail strategy, and enhancing stakeholder and shareholder relations.

1. Introduction

This study explores the view that the companies in rail transport sector can only increase its operational efficiency if they effectively utilise strategic capabilities, because even the successful strategies are dependent on the organisation having the strategic capability to perform at the level required for success (Johnson et al, 2017). The rail transport industry of Namibia traced back to 1895 when a first local railway was constructed in 1895 for commercial purposes. After the independence of Namibia in March 1990, the new government established TransNamib Holdings Limited (Pty) to take control of the national rail network.

The company was established in terms of the National Transport Services Holding Company Act, no. 28 of 1998 and specialises in the transportation of bulk and

containerized freight utilizing a combination of rail and road transportation (Integrated Strategic Business Plan, 2018). Hence, the specific focus of this study would be on TransNamib Holdings Limited. In this context, the study aims to assess and analyse the operational efficiency in the rail transport industry in Namibia as well as the use and development of strategic capabilities to optimise operational efficiency in this sector.

The strategic capability is concerned with providing products or services to customers that are valued and whether the organisation has necessary resources, competencies and strategies in place for value creation and effective service delivery (Johnson, Scholes, Wittington, Angwin & Regner, 2017). In this context, the researchers explore and assess the ability of companies in the rail transport industry to harness all its skills,

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capabilities and resources in order to gain competitive advantage, and thus survive and increase its value over time (Brunninge, 2009). The researchers also put emphasis on the causes of poor performance, operational challenges and difficulties experienced in the rail transport industry in Namibia. Furthermore, the researchers opined that communication within any organisation is crucial for building sound relationships among employees and enhancing operational efficiency.

Therefore, this study also explore how TransNamib communicate the underlying and enduring core strategic issues that guides the organisation's strategy and define the way that the organisation should operate (Burt, Kilduff & Tasselli, 2013). A thorough analysis would be conducted on how the strategic capabilities might provide sustainable competitive advantage in terms of VRIO (Valuable, Rarity, Imitability and Organisational support) to the rail transport sector in Namibia (Alon & Herbert, 2009).

The rail transport system in Namibia was developed to accommodate needs far in excess of present-day requirements, but the economic viability and long-term survival of TransNamib is under threat. During the past 20 years, significant structural changes in the mode of transport surfaced, with both the number of commodities and passengers showing a dramatic drop and losing their market share to other modes of traffic. TransNamib Limited's rail transport tonnage declined dramatically. During the financial year ending 31st March 2018 the operating loss of TransNamib LTD rail and road amounted to N\$ 86 million, reflecting the fact that operating expenditure spiralled out of control. Consequently, the rail system is faced with maintenance costs of a large spare capacity which cannot be optimally used.

TransNamib Holding Limited has to continuously adjust to an ever more rapid structure and technological change in the transport sector and as a result of the liberalisation of the market, facing a severe onslaught by the competition of the private road hauliers. In respect of road versus rail, the scales have tipped in favour the right of road, a trend that will accelerate if the top/executive management does not devise and implement the appropriate strategies, with a specific focus on effective utilisation of its strategic capabilities.

However, Bach & Allen (2010) acknowledge that strategic capabilities are difficult to manage and develop as it arises from everyday tasks of the organisation's employees, and are often the unquestioned ways of carrying out the job activities, which distinguishes the organisation by providing better customer services than their competitors. From the Resource-based view (RBV) of Winter (2015), it is clear that the uniqueness of the organisation's resources and capabilities are not sufficient to sustain

its competitive advantage in a profitable manner, because it is the way resources are configured that is the source of competitive advantage (Barney, 2016).

Therefore, the purpose of this study is to focus on the operational efficiency of TransNamib Holdings Limited, which is the measure of how much costs are incurred by the company during a given economic or financial activity, where lower costs equals greater efficiency. The researchers will also explore the use of resources and strategic capabilities to achieve its basic objective of delivering quality goods and services to its customers in the most cost-effective and timely manner, and by doing so increase its revenue base.

This study also focus on the long-term direction of TransNamib Holdings Limited as a State owned enterprise solely responsible for the provision of rail transport services in Namibia and analysis of the causes of problems and poor performance within the rail transport sector. The extent to which TransNamib Holdings Limited strengthen or complements its strategy for greater benefits and improvement of operational efficiency is a crucial aspect of this research.

2. Methodology

This research focusses on the logical sequence that connects the empirical data to the research questions on assessing the use of strategic capabilities to improve operational efficiency in the rail transport industry. Hence, in considering an appropriate design and methodology, a quantitative approach best fit the purpose of this research. A number of variables and constructs were identified in this research and operationalised. The research was done in number of stages as the first stage dealt with an intensive literature review as this research is also rooted in deductive logic given the abundance of literature available in this area of the study.

The second stage focuses on the creation of a quantitative study questionnaire addressing the research questions, research problem and the purpose of this study. The last stage was based on the administration of the questionnaire in the wider sample of 60 employees ranging from executive management to the employees at the lower levels within TransNamib Holdings Limited as an in-depth analysis of a single case. The quantitative method of data collection applied in this research involved the objective measurement of data followed by numerical analysis of data through the use of SPSS to infer results to the larger population of employees at the TransNamib Holdings Limited and to generalise findings. Hence, the methodology in this research aims to describe and analyse quantitative method, throwing light on its limitations and sources, clarifying its suppositions and consequences, relating its

potentialities to twilight zone at the frontiers of knowledge (Witt & Redding, 2013).

2.1 Research methods

TransNamib Holdings Limited, as a rail transport sector, employs 1770 people in Namibia, but the focus of this paper was on the employees at the Head Office in

Windhoek, which employs 500 people. There are 9 Executives, 23 middle management staff, 58, specialised/supervisory staff, 118, skilled and 99 unskilled staff members. The researchers used stratified random sampling method to selected participants from various departments as indicated on Table 1.

Table 1: Departments and number of participants form each department

Departments and number of participants from each department					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Engineering & Technical Services	10	16.7	16.7	16.7
	Operations	5	8.3	8.3	25.0
	Human Capital	5	8.3	8.3	33.3
	Finance	5	8.3	8.3	41.7
	Properties	5	8.3	8.3	50.0
	Innovation & Technology	7	11.7	11.7	61.7
	Corporate Services	7	11.7	11.7	73.3
	Commercial & Marketing	16	26.7	26.7	100.0
	Total	60	100.0	100.0	

Source: Authors' computation

The strata of employees selected are only from the first four categories namely executive/senior management, middle management, Specialised/senior supervisory and skilled workers due to their knowledge and understanding in strategic issues within the company, which are 208 in total Five (5) executives, fifteen (15) middle managers, thirty-five (35) specialist/senior supervisors and five (5) skilled employees or officers completed questionnaires. (See Table 1).

2.2 Ethical considerations

Ethical considerations were considered during exploration of secondary data collection as well as analysis and interpretation, given its sensitivity. All participation was voluntary and participants could withdraw at any stage. This voluntary process did not infringe on the rights of any respondents.

3. Research results and findings

The data collected revealed that forty three (43) (71.7%) males completed the questionnaires compared to seventeen (17) (28.3%) of their female counterparts. A vast majority (25) (41.7%) of respondents have honours degrees, nineteen (19) (31.7%) have bachelor's degrees, eleven (11) (18.3%) have master's degrees, two (2) (3.3%) have diplomas, two (2) (3.3%) have certificates and the remaining one (1) (1.7%) has grade 12. It is evident from the data collected that most of the respondents (18) (30%) have 6-10 years of working experience in the rail industry of TransNamib Holdings Limited. Fifteen (25%) have 11-

15 years of working experience, fourteen (23.3%) have 2-5 years of working experience, seven (11.7%) have over 21 years of working experience and the remaining six (10%) have 16-20 years of working experience in the rail transport industry.

3.1 Managing strategic capabilities

Strategic capabilities could be considered strenuously by investing in training and developing employees, and by encouraging employees to upgrade their skills and knowledge (Eisenhardt and Martin, 2018). This focuses on managing capabilities, which also involves conducting capability audits, evaluating and building employees to create intangible value, managing their competencies by motivating and retaining competent and committed employees. In Table 2, the data collected revealed that a vast majority (81.6%) (49) of respondents disagree that the top management understand the importance of Resource Based View (RBV) for the rail infrastructure. The same number of participants (46) also disagree that the development of strategic capabilities take place and is considered as one of the priorities. Developing strategic capabilities for the organization involves expanding operations by relying on developing own internal resources and capabilities internally through assessing organization's core competencies and by determining and exploiting the strength of its current resources with the aid of VIRO (value, inimitability, rarely and organization support) framework (Johnson, Scholes, Wittington, Angwin, & Regner, 2017). External capability development is also crucial, which focus more on

putting in place external growth strategies to increase output with the aid of resources and capabilities that are not internally developed such as merger with or acquisition or partnership with other companies. Hence, it is vital to leverage and stretch capabilities in the rail transport sector. It is much inferential from the

data collected (83.3%) that customer value in terms of products and services needed and provided is not well understood. Only 8.3% of the participants agree that there is understanding of customer value in the rail transport sector in Namibia. See Table 2.

Table 2: Summary of respondents’ perception on the use of strategic capabilities

Strategic capabilities	Strongly disagree	Disagree	Do not know	Agree	Total
	Percent (Frequency)	Percent (Frequency)	Percent (Frequency)	Percent (Frequency)	Percent (Frequency)
Resource Based View (RBV) for the rail infrastructure	53.3% (32)	28.3% (17)	10.0% (6)	8.3% (5)	100.0% (60)
Development of strategic capabilities as a priority	28.3% (17)	53.3% (32)	10.0% (6)	8.3% (5)	100.0% (60)
Customers value in terms of products and services	43.3% (26)	40.0% (24)	8.3% (5)	8.3% (5)	100.0% (60)
Strategic capabilities and competitive advantage	68.3% (41)	15.0% (9)	8.3% (5)	8.3% (5)	100.0% (60)
Data on challenges and limitations of rail transport	46.7% (28)	8.3% (5)	0 (0)	45.0% (27)	100.0% (60)
New strategies to address and meet the challenges	16.7% (10)	33.3% (20)	0 (0)	50.0% (30)	100.0% (60)
Good corporate governance and risk management	35.0% (21)	38.3% (23)	0 (0)	26.7% (16)	100.0% (60)

Source: Authors’ computation

Employees have to build enduring relationship of trust with the customers through customer connection, exposure to and interaction with customers. Even from the resource-based view (RBV), the top management has to consider whether the organization has strategic capabilities to achieve competitive advantage. It means considering to which extent it has capabilities that are value strategies, rare, animatable, and organizational support and organising the company around these capabilities and resources to achieve competitive advantage. The findings revealed that a vast majority of respondents (83.3%) disagree that strategic capabilities are regarded as source of competitive advantage in rail infrastructure. Competitive strategy is about being different, which means deliberately choosing a different set of activities to deliver unique mix of value (Ferrari, Bonaccorso, Falko, Novoselov, Roche, Boggild & Borini, 2015). In competitive environments, an organization needs to better than others seeking the same goal and increase its capability to be superior to other rival companies. It is clear from the data collected that most of participants (55%) disagree that employees are always informed about the challenges and limitations of rail transport, whereas the remaining 45% agree that employees are always informed about the challenges. The responses indicates that 50% of participants disagreed that the top management devise new strategies to address and meet the challenges of the

rail transport, whereas the remaining 50% agree. Table 2 also revealed that a vast majority of respondents (73.3%) (43) disagreed that good corporate governance is practiced improving the corporate image and risk management. However, corporate governance is concerned with the structures and systems of control by which managers are held accountable to those who have a legitimate stake in an organisation (Barney & Feline, 2013). Hence, connecting stakeholder interests with management action is a vital part of strategy. Barney & Felin (2013) maintain that failures in corporate governance may result in calamitous strategic choices in many leading companies, even resulting in complete destruction of companies.

3.2 Strategic planning initiatives

As indicated in Table 3, the data collected revealed that there is a strategic plan in place to provide the future direction for the rail transport in Namibia. However, most of the respondents (66.6%) denied that there are any other additional plans in place to make TransNamib self-sustaining and profitable in the long run. The findings also revealed that the top management does not share the operational and financial challenges experienced with the shareholder and other stakeholders (See Table 3).

Table 3: Summary of respondents’ perception on strategic planning within the company

Strategic planning	Definitely not	No	Uncertain	Yes	Yes definitely	Total
	Percent (Frequency)	Percent (Frequency)	Percent (Frequency)	Percent (Frequency)	Percent (Frequency)	Percent (Frequency)
Strategic plan in place	3.3% (2)	3.3% (2)	5.0% (3)	45.0% (27)	43.3% (26)	100.0% (60)
Any additional plans in place	58.3% (35)	8.3% (5)	1.7% (1)	16.7% (10)	15.0% (9)	100.0% (60)
Operational and financial problem	45.0% (27)	20.0% (12)	21.7% (13)	5.0% (3)	8.3% (5)	100.0% (60)
Financially assistance	26.7% (16)	40.0% (24)	23.3% (14)	5.0% (3)	5.0% (3)	100.0% (60)
Performance measurement	35.0% (21)	43.3% (26)	10.0% (6)	3.3% (2)	8.3% (5)	100.0% (60)
Competitive advantage	31.7% (19)	33.3% (20)	3.3% (2)	16.7% (10)	15.0% (9)	100.0% (60)
Organisational structure	36.7% (22)	25.0% (15)	10.0% (6)	13.3% (8)	15.0% (9)	100.0% (60)

Source: Authors’ computation

It is assumed that it could be the reason why most of respondents (66.7%) denied the government does not do anything to financially assist the operations and projects in rail infrastructure. It is evident from the data collected that a vast majority of respondents (78.3%) (47) denied that there are any performance measurement systems in place to address organisational and employee performance issues. There is no belief that TransNamib will achieve competitive advantage in the near future. Most of the respondents (61.7%) (37) also feel that TransNamib does not have an appropriate organisational structure in place to optimise operational efficiency (See Table 3).

3.3 Cost, new technologies and process failures

According to the [Integrated Strategic Business Plan \(2018\)](#), TransNamib Holdings Limited is technically insolvent and is incurring ±N\$30 million loses per month. This situation was mainly caused by a steady decrease in volumes transported from 3.9 ton in

1980’s to 1.52 ton since 2016 as well as increasing operational costs. The rail transport sector also experienced a lack of funding for the maintenance of assets such as rolling stock and railway infrastructure throughout the years.

In this context, the data collected revealed that there are plans in place to reduce costs and improve revenue generation process in the rail transport industry in Namibia, whereas 33.3% of the participants denied that there are any plans in place. However, the findings revealed that 50% of the participants denied that there are any new technologies in place to address costs, process failures and operational deficiencies, whereas 36.7% agreed. 50% of the respondents indicated that the financial statements are not regularly presented to the government and other stakeholders, whereas 12%agreed and the remaining 30% are not sure. It is evident from the data collected (76.7%) (46) that there are no adequate resources and core competencies for value creation and provision of necessary services to meet customer needs. See Table 4.

Table 4: Respondents perception on costs, new technologies and process failures

Costs, new technology and process failures	No	Uncertain	Yes	Total
	Percent Frequency	Percent Frequency	Percent Frequency	Percent Frequency
Any plans in place to reduce costs and improve revenue generation?	33.3% (20)	25.0% (15)	41.7% (25)	100.0% (60)
Any new technologies in place to address costs, process failures and operational deficiencies?	50.0% (30)	13.3% (8)	36.7% (22)	100.0% (60)
Financial statements presented regularly to the government and other stakeholders?	50.0% (30)	30.0% (18)	20.0% (12)	100.0% (60)
Adequate resources and core competencies for value creation and provision of services	46.7% (28)	30.0% (18)	23.3% (14)	100.0% (60)

Source: Authors’ computation

Analysis indicated that there are deficiencies in operational and governance controls, poor management of internal and external strategic capabilities as well as limited action taken to reduce operating costs.

3.4 Best practices to enhance operational efficiency

According to [Ryall \(2013\)](#), the top management should develop communication strategies to ensure that the information they provide aligns with the project goals,

organisational objectives as well as their visions and missions. However, the data collected indicates the executives do not always communicate new system with the fellow employees (See Table 5). It was also found that the employees are never (35%) or rarely (20%) encouraged and assisted to upgrade their skills and knowledge in rail transport. The data collected revealed that TransNamib does never (30%) or rarely (28.3%) benchmark its operations and practices with rail industry leaders globally. See Table 5.

Table 5: Summary of respondents’ opinions on best practices

Best practices	Never	Rarely	Sometimes	Often	Always	Total
	Percent Frequency	Percent Frequency	Percent Frequency	Percent Frequency	Percent Frequency	Percent Frequency
Communication	40.0% (24)	11.7% (7)	16.7% (10)	16.7% (10)	15.0% (9)	100.0% (60)
Upgrade their skills/knowledge	35.0% (21)	20.0% (12)	13.3% (8)	18.3% (11)	13.3% (8)	100.0% (60)
Benchmarking of operations	30.0% (18)	28.3% (17)	21.7% (13)	18.3% (11)	1.7% (1)	100.0% (60)
Knowledge and knowledge management	40.0% (24)	20.0% (12)	8.3% (5)	15.0% (9)	16.7% (10)	100.0% (60)
Corrective actions taken	58.3% (35)	31.7% (19)	5.0% (3)	3.3% (2)	1.7% (1)	100.0% (60)

Source: Authors’ computation

In this regard, [Dobusch & Schussler \(2013\)](#) cited that benchmarking will help any organisation to develop capabilities and create value in the same way as the other companies globally in the industry and those offering best-in-class performance. [Dobusch & Schussler \(2013\)](#) maintain that during benchmarking, organisational capabilities are take into account to achieve a threshold level and competitive parity, but still the organisation has to move further and develop its own distinctive resources and capabilities. Skills can also be managed by generating new ideas through benchmarking. The findings also revealed that the importance of knowledge and knowledge management are never addressed within the rail transport industry. [Gomes, Angwin & Melahi \(2012\)](#) contend that the most important point is that the employees must be grounded in tacit knowledge,

which ensures that they are not easily documented, imitated by and transferred between competitors.

3.5 The causes of problems and poor performance in the rail transport sector in Namibia

The poor performance of the rail transport sector also requires the determination of long-term goals and objectives as well as adaptation of courses of action and allocation of resources necessary for optimizing operational efficiency ([Witcher & Chau, 2018](#)). In contrast, the findings revealed that a vast majority (91.7%) of respondents strongly agree that the lack of strategic direction and long-term objectives detrimentally affect the operational efficiency and performance of the rail transport sector in Namibia (See Table 6).

Table 6: Lack of strategic direction and long-term objectives to achieve operational efficiency

Lack of strategic direction and long-term objectives to enhance and achieve operational efficiency					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	55	91.7	91.7	91.7
	Agree	4	6.7	6.7	98.3
	Do not know	1	1.7	1.7	100.0
	Total	60	100.0	100.0	

Source: Authors’ computation

A vast majority (90%) of the respondents agreed that the decline in transported volumes and the lack of

operational efficiency creates problems and affect the profitability of the rail transport sector (See Table 7).

Table 7: Decline in transported volumes and lack of operational efficiency

Decline in transported volumes and lack of operational efficiency					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	54	90.0	90.0	90.0
	Do not know	3	5.0	5.0	95.0
	Disagree	3	5.0	5.0	100.0
	Total	60	100.0	100.0	

Source: Authors' computation

The [Integrated Strategic Business Plan \(2018\)](#) also confirmed that after independence, Namibia suffered a decline in volumes transported from South Africa due to the changes in import and rail transport legislation.

The data collected revealed that there is a lack of government funding, capital investment or financial assistance to the rail transport sector, which affects the performance of the sector (See Table 8).

Table 8: Lack of government funding, capital investment or financial assistance

Lack of government funding, capital investment or financial assistance to the rail transport sector					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	53	88.3	88.3	88.3
	Agree	7	11.7	11.7	100.0
	Total	60	100.0	100.0	

Source: Authors' computation

Table 9 indicates that a vast majority (83.3%) of the respondents strongly agree that there is a leadership crisis and a lack of leadership vision at TransNamib Holdings Limited. The [Integrated Strategic Business](#)

[Plan \(2018\)](#) also confirmed that the uncoordinated interaction between the shareholder, the board and management has detrimental impact on the operations and performance of the company.

Table 9: Leadership crisis and lack of leadership vision

Leadership crisis and lack of leadership vision					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	50	83.3	83.3	83.3
	Agree	7	11.7	11.7	95.0
	Do not know	2	3.3	3.3	98.3
	Disagree	1	1.7	1.7	100.0
	Total	60	100.0	100.0	

Source: Authors' computation

A vast majority (90%) of respondents strongly agree that rail infrastructure is aging and poor and that there is also poor skills management and development within the sector (see Table 10). TransNamib Holdings Limited was created as a state-owned enterprise responsible for rail transport services in Namibia but has inherited old and dilapidated railway infrastructure without sufficient funding from the government to

maintain and upgrade the rail infrastructure ([Integrated Strategic Business Plan, 2018](#)). Hence, the lack of refurbishment of the old railway infrastructure is affecting the operations, resulting in frequent derailment of trains and mandatory speed restrictions along significant sections of the railway lines. See Table 10.

Table 10: Aging and poor rail infrastructure as well as poor skills management and development

Aging and poor rail infrastructure as well as poor skills management and development					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	54	90.0	90.0	90.0
	Agree	5	8.3	8.3	98.3
	Do not know	1	1.7	1.7	100.0
	Total	60	100.0	100.0	

Source: Authors' computation

The rolling stock in terms of train and the railway are aging and have already passed its economic life. The systems, technology and equipment are archaic, needing considerable investment for upgrading to modern standards (Integrated Strategic Business Plan, 2018). TransNamib must focus on providing quality reliable freight and passenger rail services, maintaining, replacing and modernising its rolling stock and infrastructure through the engineering business

divisions and managing properties profitably (Witcher & Chau, 2018). This will require capital, which will be partially funded through recapitalisation of debt into equity, the sale of non-core assets, loans, Government subsidies and potential PPP agreements.

However, the data collected revealed that a vast majority (86.7%) of the participants strongly agree that there is a lack of value creation for customers as well as poor customer services delivery (See Table 11).

Table 11: Lack of value creation for customers and poor customer service delivery

Lack of value creation for customers and poor customer service delivery					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	52	86.7	86.7	86.7
	Agree	4	6.7	6.7	93.3
	Do not know	1	1.7	1.7	95.0
	Disagree	2	3.3	3.3	98.3
	33.00	1	1.7	1.7	100.0
Total		60	100.0	100.0	

Source: Authors' computation

Oliver (2018) contends that the value chain and value systems could be created and strengthened through the use and development of valuable resources and strategic capabilities to turn rail transport sector in a profitable industry in Namibia. Oliver (2018) maintains that this put more emphasis on analysing various categories of activities within the organisation, which create best customer services delivery and set of inter-

organisational links and relationships that are more fundamental and crucial aspects of customer services.

A lack of effective utilization and development of internal and external strategic capabilities was also identified as one of the causes of problems within the rail transport sector in Namibia by a vast majority of respondents (88.3%) (See Table 12).

Table 12: Lack of effective utilization/development of internal and external strategic capabilities

Lack of effective utilization and development of internal and external strategic capabilities					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	53	88.3	88.3	88.3
	Agree	6	10.0	10.0	98.3
	Disagree	1	1.7	1.7	100.0
	Total	60	100.0	100.0	

Source: Authors' computation

Burt, Kilduff & Tasselli (2013) argue that the available resources, skills and capabilities must be utilised effectively, which also includes assets management,

information, human and financial resources. They maintain that this is one of the best strategies to achieve competitive advantage in the sector.

Table 13: Lack of proper communication between management and employees about performance improvements, agreements and measures.

Lack of proper communication between management and employees about performance improvements, agreements and measures					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	47	78.3	78.3	78.3
	Agree	7	11.7	11.7	90.0
	Do not know	4	6.7	6.7	96.7
	Disagree	2	3.3	3.3	100.0
	Total	60	100.0	100.0	

Source: Authors' computation

It was found that there is a lack of proper communication between management and employees about performance improvements, agreements and measures (See Table 13). Sytch, Tatarynowicz & Gulati (2012) argue that effective communication is vital for the success of any organization. Hence, there is a need for proper communication between

management and employees about performance management systems.

It is inferential from the findings that a lack of performance agreements between the shareholder, Board of Directors and the top management is also one of the main causes of poor performance in the rail transport sector (see Table 14).

Table 14: Lack of performance agreements between the shareholder, Board of Directors and top management.

Lack of performance agreements between the shareholder, Board of Directors and top management					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	58	96.7	96.7	96.7
	Do not know	2	3.3	3.3	100.0
	Total	60	100.0	100.0	

Source: Authors' computation

According to the Integrated Strategic Business Plan (2018), this situation created serious performance problems, commitment and leadership crisis within the organization, which manifested and culminated in the lack of strategic direction, goal implementation, and performance monitoring within the company.

4. Conclusion and recommendations

In conclusion, this research assessed and analysed the operational efficiency in the rail transport industry in Namibia as well as the use and development of strategic capabilities to optimise operational efficiency in this sector. It is important to stress or reiterate that the strategic capability is concerned with providing products or services to customers that are valued and whether the organisation has necessary resources, competencies and strategies in place for value creation and effective service delivery (Johnson, Scholes, Wittington, Angwin & Regner, 2017).

The major findings of this research revealed that the strategic capabilities are not utilised and developed effectively within the rail transport industry in Namibia, especially at TransNamib Holdings Limited, which is solely responsible for delivery of rail transport services in Namibia as a state-owned enterprise. Although TransNamib Holdings Limited has developed few initiatives and put in place some plans to improve operational efficiency and increase profitability, it is evident from the data collected that the main cause of problems is never addressed by the top management. Very little has been done to turn around the current situation and to transform it into self-sustaining and profitable organization. This situation obviously requires additional strategies and plans to create a clear long-term objectives and competitive strategy for the company.

Therefore, it is recommendable that the strategic objectives should aim at restructuring and streamlining the business with a specific focus on core business,

secure funding, enhanced customer services, enhance value proposition for road-to-rail strategy, and enhancing stakeholder and shareholder relations. It is also recommended that TransNamib Holdings Limited must prioritize alignment of logistics services and operational processes to customer needs as well as expanding, upgrading and maintenance of rail infrastructure as part of its objectives. Other critical areas for focus are improvement of asset management, transformation of corporate image, enhanced operational safety, enhanced corporate governance and risk management as well as introduction of fit-for-purpose technology, systems and equipment. TransNamib must also consider creating a customer centric culture served by empowered, motivated and productive employees who are willing and committed to contribute towards development of performance-oriented and achievement-oriented culture within the company (Bach & Allen, 2010).

The rail transport sector in Namibia must concentrate on creating and providing value for its customers through improved rail transport services at the cost that would allow the organization to make acceptable returns. Furthermore, TransNamib will execute on a road-to-rail strategy, where a focused approach will be taken to enhance TransNamib's value proposition with respect to price, service and overall experience to best compete against road service providers.

This paper also proposes that TransNamib will have to change the culture and mind-sets of its executive management team and employees to a high-performance efficient railway business. This will require extensive change management, total business re-engineering of all its processes and an effective performance management system. This will be accompanied by a revamp of governance and risk management protocols as well as a skills development programme.

Lastly TransNamib will rebrand the company's image to an organisation which provides excellent and reliable rail services. SWOT analysis could be conducted to assist in providing useful information about how the strengths and weaknesses are explored in an analysis of resources and capabilities as well as the opportunities and threats explored in the analysis

of environment (Oliver, 2018). Benchmarking would assist at comparing organisation's performance or capabilities against best-in-class performance of other organisations in the rail transport industry. It may also help to challenge mindset of some managers that acceptable improvement in performance will result from incremental changes in resources or capabilities.

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