

**EMPLOYEE PERCEPTIONS OF TRANSNAMIB HOLDINGS' FINANCIAL
PERFORMANCE AND CORPORATE IMAGE**

**A THESIS SUBMITTED IN PARTIAL FULFILMENT
OF THE REQUIREMENTS FOR THE DEGREE OF
MASTER OF BUSINESS ADMINISTRATION**

OF

THE UNIVERSITY OF NAMIBIA

BY

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March 2014

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ACKNOWLEDGEMENTS

My profound appreciation goes to several individuals who greatly contributed some way or the other to the realization of this thesis. Firstly I shall thank my supervisor professor Heikki Heino who provided me with all the necessary guidance and availed his precious time whenever I needed him most.

Secondly, I am grateful to my good friends Mike Wamunyima and James Sankwasa for proof reading this thesis.

Finally, I thank the employees participating in the survey of TransNamib Holdings Limited, the NATAU union representatives of TransNamib Holdings Limited and the Executives of the Ministry of Works and Transport especially the Permanent Secretary Peter Mwatile, the Under Secretary Transportation Phillip Hamunyela and the Deputy Director Railway Affairs Robert Kalomo who participated in the survey in person.

DEDICATION

I dedicate this thesis to my family, relatives and fellow Otshitutuma villagers for their all-round support during my academic career.

DECLARATION

I Veikko Nekundi hereby declare that this study is a true reflection of my own research and that this work or part thereof has not been submitted for a degree at any other institution of higher education. Wherever contributions of others are involved their contributions is acknowledged with due reference.

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LIST OF ACRONYMS

CEO-----Chief Executive Officer

CI-----Corporate Image

CIMA-----Chartered Institute of Management Accountant

CSR -----Corporate Social Responsibility

CVF-----Computing Value Framework

FP-----Financial performance

ICT-----Information Communication Technology

MBO-----Management by Objectives

MDPD-----Multidimensional Performance Models

MoWT-----Ministry of Works and Transport

NATAU -----Namibian Transport and Allied Union

NIPAM-----Namibia Institute of Public Administration Management

NWR-----Namibia Wildlife Resort

ROIC -----Return on Invested Capital

SCOT -----Strengths, capabilities, opportunities and Threats

SOE-----State Owned Enterprises

SPSS-----Statistical Package of Social sciences

SWOT -----Strengths, Weakness, Opportunities and Threats

ROCE -----Return on capital employed.

TNHL-----TransNamib Holdings limited

ABSTRACT

The overall aim of this study was to assess TransNamib Holdings Limited corporate image and the financial performance results of internal opinion survey. In order to achieve this aim, the following specific objectives were formulated: to determine the relationship between financial performance and corporate image TransNamib Holdings Limited employees have; to recommend relevant strategies that will improve TransNamib Holdings Limited financial performance and subsequently its corporate image.

The findings of the study were as follows: 16.1 % of stakeholders indicated that the poor image is caused by dilapidated infrastructures and demotivated workforce at TransNamib Holdings Limited. This situation has demotivated the productivity levels of the people and posed an operational risk. 50% of the respondents articulated that the poor image is caused by management while 20% of the respondents indicated that it is the board which is not responsive to the situation and 20% of the respondents stated that it is the old infrastructure that is causing the decline in financial performance. The remaining 10% of the respondents articulated that this situation is caused by shareholders. It is recommended that an operational audit is conducted in the various TransNamib Holdings Limited operational units in order to address this kind of identity crisis. Promoting good corporate governance is the first step in rehabilitating the poor corporate image. Conducting performance appraisals

and setting performance targets for TransNamib Holdings Limited operational units is recommended. Finally, recapitalization of operations and restructuring personnel management practices might provide the needed stimulus to turn the losses into financial gains.

CHAPTER ONE

INTRODUCTION

1. Orientation of the study

TransNamib Holdings Limited (TNHL also commonly known as TransNamib) is 100% State Owned Enterprise of the Government of the Republic of Namibia. The company was established in terms of the National Transport Services Holding Company Act, no. 28 of 1998. The company specialises in the transportation of bulk and containerised freight utilising a combination of rail and road transportation. TNHL has the most employees when compared to all other state-owned enterprises in Namibia. TNHL is led by two layers of leadership; the Board of Directors and the Executive Management Committee also known as the EXCO. This two layer structure is meant to ensure that the organization achieves its strategic objectives. The Directorate of Railway Affairs in the Department of Transport of the Ministry of Works and Transport serves as the overseer of the company on behalf of the shareholders.

TNHL's Annual report (2010), states that "the aim of the company is to offer fair returns to its shareholders through the reduction of operational cost whilst increasing the revenue" This recommendation was done after TNHL in 2006, 2007, 2008 and 2009 posted negative financial results. As a result of these losses the company could

not pay dividends to its shareholders. Instead TNHL had to be rescued by shareholders providing bailouts of one hundred million Namibian dollars.

TNHL's Annual Report further states that the mission of the company is to invest, recruit, develop and retain its human capital and reward employees for excellent performance. In contrary to this mission statement, the company continues to experience difficulties in negotiating with its unions about salary increases and as the result of losing money for years operates with unfilled vacancies in essential positions for the company. The company also has experienced multiple strikes, employees receiving below the market salaries thereby causing high labour turnover and unable to easily attract skilled employees. The company encounters non-stop labour disputes emanating from suspensions and dismissals of employees which are largely perceived to be unfair. The Company suspended its and dismissal of Chief Executive Officers, General Managers and Managers whose reasons for suspensions and dismissals at most borders on poor performance or performed actions outside the scope of the company's policies and procedures.

On an annual basis because of deteriorating infrastructure including old railroad tracks and aged locomotives train derailments are taking place. These accidents cause increasing financial loses, even gruesome deaths of employees and fatal injuries. This situation is in conflict with the company's mission to create a safe working environment for all its employees and stakeholders. While the purchasing of low cost Chinese locomotives, yet poor quality remain the order of the day at

TNHL and resulting in unremitting break-downs and poor on time delivery of freight.

The matters above were reported across the local print and electronic media, thereby confirming the findings of Zinkhan et al (2001) published in the paper titled “corporate image: a conceptual framework for strategic planning” by submitting that information from the popular press regarding the activities of the company or its financial health can impact on the corporate image.

Although corporate social responsibility (CSR) programmes are known to have the ability to boost the overall images of corporations as stated by Galbreath (2010), TNHL over the years has not engaged in CSR activities.

1.2 Problem statement

Barney (1991 p.5) says “a company with a negative financial performance is unable attract and retain well trained human resources who ought to be the custodians of effective and efficient performances of the corporation, impotent to invest in modern high technologies that enhance superior performances and create a safe working environment”. Moreover, a company with negative financial performance is unable to undertake social responsibility programmes that boost the image of the company among its stakeholders.

In view of the above, over the years the media and the annual financial reports of TNHL informed the public that the company recorded negative financial

performance. For example in the financial year 2006, the company recorded an operating loss of N\$ 46.7 million and in 2007 a loss of N\$ 253.8 million, while the accumulated financial losses as at 1 April 2009 stood at N\$ 580.8 million.

In the same vein, several negative headline stories on the finance of TNHL hit the local media, such as government bails out TransNamib (The Namibian, 2008.09.30), Haimbili was not fired for N\$ 447 million loss (Namibian Sun, 2012, 05, 18) and troubled institution. TransNamib's shambolic performance by management over the years came to the fore as revelations of huge financial losses were recorded.

Although poor corporate image (CI) can be attributed to a host of factors, the relationship between financial performance (FP) and CI is not clear. Besides, there is no study done in Namibia that links FP and CI, leaving this area credible for research. Therefore, the question is whether there is a relationship between FP and CI?

1.3 Objectives of the study

The main objective of this study was to assess TransNamib Holdings Limited employees' perception regarding the company's corporate image and financial performance. In order to achieve this aim, the following specific objectives were formulated:

- i. To determine the relationship between financial performance and corporate image;

- ii. To determine the perception of the company's internal stakeholders on negative financial performance;
- iii. To recommend relevant strategies that will improve TransNamib financial performance and subsequently its corporate image.

1.4 Hypothesis 1

There is a relationship between financial performance and corporate image of TransNamib. For companies located in countries with strong financial performance $qm \geq 1$ corporate image allows managers to pursue their own goals at the shareholders' expense. Current research has focused on the conflict between managers and shareholders. Where corporate governance is weak managers pay out less in dividends and retain larger fractions of their cash flows to pursue their own goals and this cause's poor corporate performance. The flip side of paying out too little dividends is investing too much. This reason leads us to expect $q \leq 1$ in countries with weak corporate governance systems corporate performance is affected.

Some companies have attractive investment opportunities, good corporate governance, and good corporate image and limited financial resources however both their managers and their shareholders benefit from their achieving high investments rates and rapid growth. For these companies no conflict between managers and shareholders over dividends and investments policies exists.

Hypothesis 2

There is no relationship between financial performance and corporate image of TransNamib. The findings supported by CBI/ Touch Ross 1995 directors' opinions study which suggests that Cadbury recommendations have had no positive impact on their corporate performance. This leads to hypothesis that there no direct correlation between corporate image and financial performance of state owned enterprises.

1.5 Significance of the study

The study is significant because it utilises a correlational research design in order to empirically evaluate the corporate financial performance and corporate image constructs. This is problematic because the accepted definition of corporate identity remains consistent over time. Specifically this research aims to increase our understanding of the types of measuring financial performance employing different variables and finding the correlation which exist with corporate image.

The findings of the study offer corporate policy makers in Namibia and beyond more and new knowledge on the relationship between financial performances and corporate image. The results of the study will assist corporations to plan and develop strategies to enhance positive financial results so that corporations build, improve and maintain favourable images. It is hoped that this study will help corporate

executives realise the need to be more thoughtful in prudent financial management than being deficient in control matters.

As the study is done on a Namibian company, the study will therefore, add to the much needed international insight into the theory of corporate image and financial performance.

1.6 Limitation of the study

Due to the limited time frame and the vastness of Namibia, this study confines itself only to the Head Offices of TransNamib Windhoek and Ministry of Works and Transport in Windhoek. This limitation was precipitated by time and budget. The researcher has wished to carry out the study with all internal and external stakeholders of TNHL. Further the researcher wished to carry out the study on several state-owned companies and in order to make a comprehensive comparison of their financial performances against their respective image. Unfortunately, the study only focused mostly on TNHL, while the respondents were limited mostly to TNHL and the MoWT as the organization's overseer because of resources and time constraints.

1.7 Delimitation of the Research

Although the research seeks to explore the relationship between corporate financial performance and CI at TransNamib Holdings Limited, the study only targets TransNamib Holdings Limited at the Windhoek Head Office. It is important to point

out that only a sample from this Windhoek based executive management and NATAU union representative were targeted, and not the whole country. The sample was drawn from participants within Executive, as well as the NATAU Trade Unions in Windhoek that deals with the finance, sales and marketing, operations, human resources, corporate communications and ICT on a daily basis.

1.8 Definitions of terms

Financial performance: according to Metcalf (1976) in broader sense, financial performance refers to the degree to which financial objectives being or has been accomplished. Financial performance can be positive or negative.

Corporate image: Villanova, Zinkhan and Hyman (1990) in the paper of Zinkhan et al (2001), concluded that corporate image is the overall perception of the company held by different segment of the public. Corporate image can be positive or negative

Internal stakeholders: According to this research internal stakeholder refers to employees of TransNamib Holdings Limited and the Ministry of Works and Transport as the overseers of TNHL on behalf of the shareholder.

1.9 Structure of the thesis

The preceding paragraphs have presented the topic for this study, examined the importance of this research on the areas of corporate financial performance and corporate image and stressed the research objectives. The following chapter provides a more detailed review of the literature in the areas of financial corporate

performance and corporate image. While the relationship of financial corporate performance and corporate image theories are highlighted in chapter two. Chapter Three focuses on the research design, measures, sample and methodology. The results of data analysis and discussion were discussed in chapter four. Lastly chapter Five includes a discussion of the study results, implications for researchers and recommendations for future research.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter through the review of multiple literatures presents the findings and opinions of several industry experts, researchers and scholars about financial performance and corporate image and the relationship with each other.

Some argue that there exists no relationship between the two variables; whereas some argue financial performance has a bearing on the corporate image. Some academia concludes the corporate image has a bearing on the financial performance. Therefore, a two dimensional view hypothesis is formed.

2.2 Definition of corporate image

In an article titled “Corporate image: a conceptual framework for strategic planning,” as downloaded on 23/02/2013, Zinkhan et al (2001) argues that “corporate images are selectively understood as psychological pictures of an organization. The total of these supposed characteristics of the corporation is what we reckon as the corporate image.” Noting the existence of various stakeholders, Villanova, Zinkhan and Hyman (1990) in the paper of Zinkhan et al (2001) retrieved on 13/02/2013, concluded that corporate image, used interchangeably in this with organizational image, is “an overall perception of the company held by different

segment of the public.” It is further observed that press reports are one of the major source of information within the external sphere that lay a major role in the corporate image formation process. As such, the impact of the reports on the financial health of the corporation cannot be miscalculated (Zinkhan et al, 2001, retrieved on 13/02/2013).

The importance of corporate image and its impact on organizational performance, inclusive of financial performance, cannot be underrated. As Balmer (1995) argues, sound organizational image “distinguishes a company’s marketing organization, results in consistency in consumer demand, which gives more added values to products, more than financial margins. It further provides protection from competitors and attracts tip top personnel, and has also financial worth.” Zinkhan et al (2001) summarizes that “stakeholders form images of the corporation based on several factors. Some of these factors are directly controlled by the organization while others can be meanderingly inclined companies which can influence and manage their image through appropriate use of the factors that are within their internal sphere of influence such as corporate advertising; corporate identity; brand image; public relations; and employee’s behaviour. A thorough understanding of the various stakeholders group will assist in crafting an effective image campaign”.

What information stakeholders get is an important factor which deserves analysis. In relations to the survey under consideration, there have been various reports on financial related issues. It is for this cause that the discourse is oriented to assess

TransNamib's corporate image and financial performance results of internal opinion survey.

2.3 Definition of corporate performance

CIMA (2011) delineates corporate performance as the area of business intelligence, which involves monitoring and managing organisations' performance, according to key performance indicators such as revenue, return on equity and gearing. Deloitte (2012) states "checking corporate performance is a precarious function of every board. An efficient board monitors the inclusive performance of an organisation, including its operational, strategic and financial objectives." Boards should institute a consistent method for accepting, revising and employing the data received. Boards use voluminous data points to check company performance including financial and non-financial metrics, industry and peer data which can come from board reports, trend analysis, surveys, business statements, industry benchmarks and audit opinions. Knowing which metrics are most efficient in appreciating performance and indicating latent issues can be challenging and yet be beneficial.

March and Sutton (1997) articulate that organisations are commonly viewed as instruments of purpose that are coordinated by intentions and goals. This is shared from the voluntary association of productive assets, including human physical and capital resources. Corporate scholars have struggled to determine if an organisation has a single purpose or if the multiple purposes are reliably consistent. Determining

corporate performance is a complex approach. One dimension of corporate performance that is essential to strategic management is financial performance. Carton and Hofer (2011) define corporate performance as a measure of the financial position of an organisation or the financial results from management decisions and the execution of those decisions by members of the organisation. One of the key reasons why financial performance is central to the field of strategic management is because of the focus the discipline has on for profit entities. The general assumption is that shareholders are considered to have residual claims and will not receive returns until all other resources provided have been satisfied. Therefore, an adequate balance of satisfying and meeting the minimal requirement of key stakeholders is required to maximise the returns to shareholders. Copeland, Koller & Murrin (1996), Freeman (2011) and Stewart (2011) all assert that shareholders attempt to maximise their own value by maximising the value of other claimants. This complicates matter because common stockholders are constantly faced with balancing short term satisfaction against long-term benefits.

2.4 TransNamib Holdings Limited corporate performance

TransNamib Holdings Limited has been under public scrutiny over the years mainly on issues such as corruption, poor financial management, poor management decisions, poor financial performances and unfair dismissal. During 2006, TransNamib Holdings Limited unfairly dismissed four (4) of its managers (Namibia Newspaper of 06 May 2006), as confirmed by the labour court. The company was

ordered to recall the dismissed employees with immediate effect carrying the financial cost of both parties, which indeed further placed a financial burden on the company and subsequent contributed to the loss. Because of the alleged financial mismanagement and several labour disputes, in 2008 the Namibia Transport and Allied Workers Union demanded and alleged that the TransNamib Board of Directors was an “architects of chaos” (Namibian of Friday, 22 September 2008). The government had to bail out TransNamib after a strike in August 2008 (Namibian Newspaper Monday 30 September 2008). The industrial strike of August 2008 saw the TNHL losing about N\$180 million, which negatively affected the financial position of the Company. According to TNHL’s financial statements of 2007 and 2008 the company has failed to pay dividends to the shareholder and withheld the payment of taxes to the fiscus.

Most research undertaken focused on the external stakeholders of the corporations. This implies that corporations are generally more concerned with corporate social responsibilities and corporate perceptions created in the minds of the public or external entities, than corporate image. Gotsi and Wilson (2001) as quoted by Robert, Clive and Paul (2006) state that “reputation develops from the undeviating experiences with the company, any other form of communication and allegory that provides information about the firm’s actions and/or an assessment with the actions of other leading competitors.” This means that an image of a social entity (a person, a group of people, or an organization) is an opinion held about such an entity, typically a result of social evaluation on a set of criteria. They further asserts that

image influence ranges from competitive to cooperative settings such as in organizations and affects phenomena of different magnitude, from everyday life to corporate life. Image may thus be considered as a component of identity as defined by Collins Co-build dictionary which states that identity is about how good or bad something or someone is. It can be correctly argued that someone's or something's image can therefore, be either positive or negative. The continued negative media coverage on TransNamib's financial health undoubtedly creates a negative image of the company. Negative financial standing is not good for business operation and growth, and on this survey, it has a negative impact on the corporate image.

With negative financial results, the ability to make positive business image and hence improved financial returns may prove to be an uphill task. According to Fombrun (1996) this shared impression "is based on a set of collectively held beliefs about a company's ability and willingness to satisfy the interests of various stakeholders." This implies that one's perceptions of an entity will espouse a certain attitude (either negatively and possibly vice versa).

Empirically, perceptions and representations created by negative media publicity against TransNamib's negative financial results can be viewed as feeders for the negative attitude held by the stakeholders and government leadership. Zimbardo, (1991) says "an attitude can be well-defined as a constructive or destructive evaluation of people towards others, objects, events, activities, ideas, or just about anything in their environment". While Saari & Judge (2004) defines an attitude as a point of view one holds of other people, situations, events, objects, places,

phenomena, or beings. It reflects how one thinks, feels and behaves in a given situation. It is indisputable that perceptions formed from various activities and reports inclusive of financial performances are the sources of human attitude.

Fundamentally, there are three instruments of attitude namely, emotional, cognitive, and behavioural. All these mechanisms result in diverse people having different attitudes that may or may not change. It can therefore, be concluded that attitude is sometimes based on personal experiences, knowledge and sometimes it is acquired from other entities. Therefore, a negative perception held by an employee against a company may cause such employee to exit from the company.

There is a mounting body of literature on not only the dangers of negative corporate image but also on the conceptualization of corporate image as outlined by Helm (2007). Gotsi and Wilson (2001), for instance, highlighted numerous viewpoints to be taken into account in the studies of corporate image and this includes the “stakeholder's overall evaluation of a company over time”. Bromley (2002) on the other hand, delineates reputation as a communally shared impression, an unanimity about how a firm will behave in any given state of affairs. Based on this premise, it is therefore, imperative for TransNamib to focus correct measures that will help restore its image in the eyes of the stakeholder. Robert, Clive and Paul (2006) argue that corporate image can substantially be “proffered as a basis for competitive advantage and increased profitability.”

2.5. The strategic Balance scorecard as an instrument for improving corporate performance and measurement

The growth and improvement shows the number of new products and extent of employee empowerment. The Balance scorecard was fashioned because financial measurements had become inadequate for modern-day organizations. Strategies for generating value had moved from managing corporeal assets to knowledge based strategies that formed and deployed a firm's intangible assets. This also embraced customer relationship, innovative products and services, high quality and responsive operating processes, dexterity and knowledge of the staff, networks and linkages to the firm. Many corporations that have employed and deployed the balance scorecard have experienced burst through improvements in performance. Balance scorecard and strategy maps can be effectively be used in partnering with employees, customers, suppliers and with the communities.

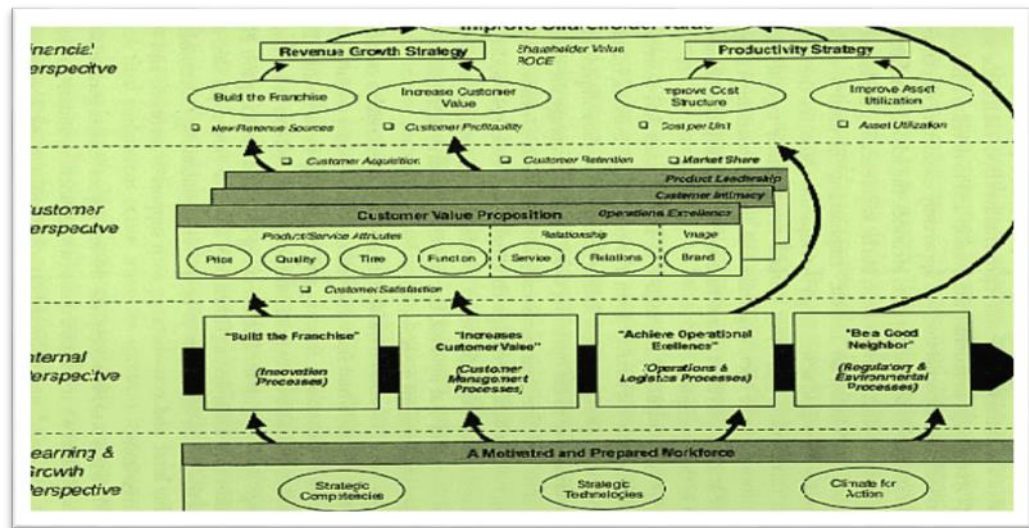


Figure 1: Source Robert S Kaplan and David P Norton (2009) the Balance Scorecard and Strategy Map

Kermally (1997) articulates that the many benefits believed to emanate from the balance scorecard; 1) can be employed as the organization's steering wheel, helping all parts of the organization to move together in the right direction. 2) Provides an internal and external focus. 3) Link short term strategy with long term strategy of the organization. 4) Encourages effective communication. 5) Link corporate objectives with individual objectives. 6) Coordinates all aspects of business. 7) Enables the formulation of various scorecards throughout the corporation. 8) Keep measurement throughout the corporation consistent, alive and what gets measured gets done. Dinesh and Palmer (1998) recommend that the system can be multifaceted, time consuming and the cost of such a procedure may outweigh its benefits. The Balance Scorecard can be equated to the MBO to a larger extent because goal setting can improve performance and enable reviews.

The Balance scorecard is presently used for partnering with workforce. Employees want to know that they are working for a firm that is adding value to the world that the community benefits from the mission and strategy of their firms. The Balance Scorecard delineates the objectives, targets, measures and initiatives. It is a management system which can be used as the predominant framework for significant managerial process. Most of the motivational based compensation has merits and demerits. In order to overcome the demerits and capitalize on the merits, it is discretionary that corporations design a mix of compensation programmes to satisfy the needs of the particular corporations and its workers. The Balance Scorecard is an approach which provides compensation programmes, it enables companies to track financial results while simultaneously monitoring progress in building capabilities and acquiring intangible assets they would need for future growth (Kaplan and Norton 1996). Strategic objectives and measures can be ingrained in a predominant framework which is called strategy map that harmonize the balance scorecard with a laconic visualization of the hypothesis. The strategy map is essential because it facilitates managers to communicate openly to staff the nature of the firm's business and how the organization intends to do well and outwit its rivals. The strategy map articulates the decisive elements for a firm's growth strategy:

Enterprise Strategy Map: First Commonwealth Financial Corp.

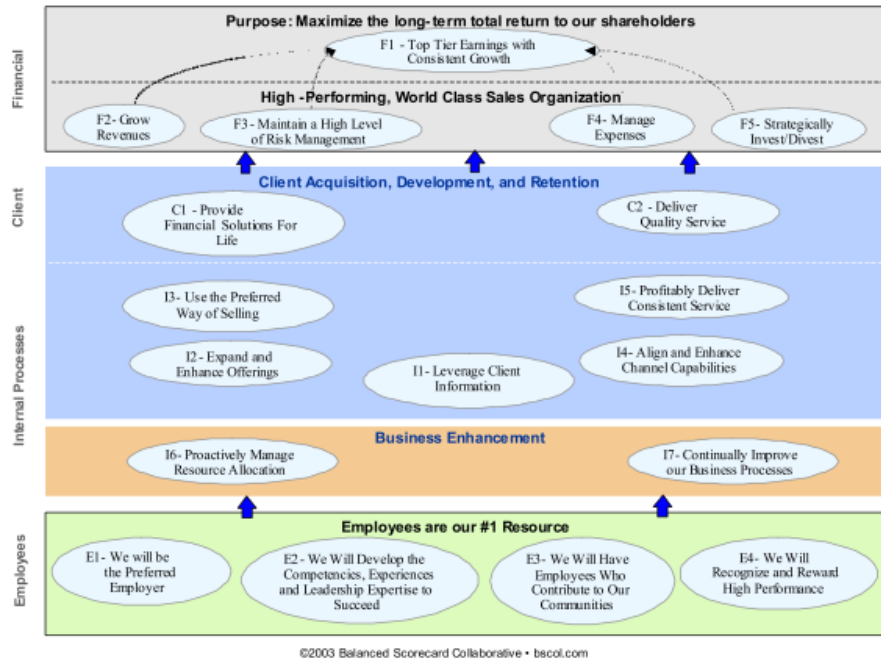


Figure 2: Harvard Business Review (2012:77)

The success of many companies such as Sears, The Limited, Wal-Mart, Game, Shoprite, Pick and Pay Hewlett-Packard, Cisco and Sun Microsystems are incumbent upon having stupendous suppliers and great relationships with their suppliers. Strategic partnership with suppliers takes place when firms chose suppliers that proffer not only low prices, but also reduced costs. Low price suppliers may attract high costs if they deliver in large quantities that need massive storage space, receiving and handling resources. Companies whose operations include environment, health, safety and risks need to act in accordance with legislatures in the nations and communities they operate. For example, Mobil in its Balance score card embrace measures on ecological and safety performance, underscoring the essence of being a good employer and a good citizen in every

community. Strategy maps and Balance Scorecard assists leaders communicate the strategy to perilous constituent's employees, suppliers, customers and the community. The strategic apex scorecard clarifies and measures the strategic contribution. The table below delineates strategic objectives, individual objectives, measures per enterprise balance scorecard, targets and ratings.

2.5.1 Model reputation –financial performance dynamics

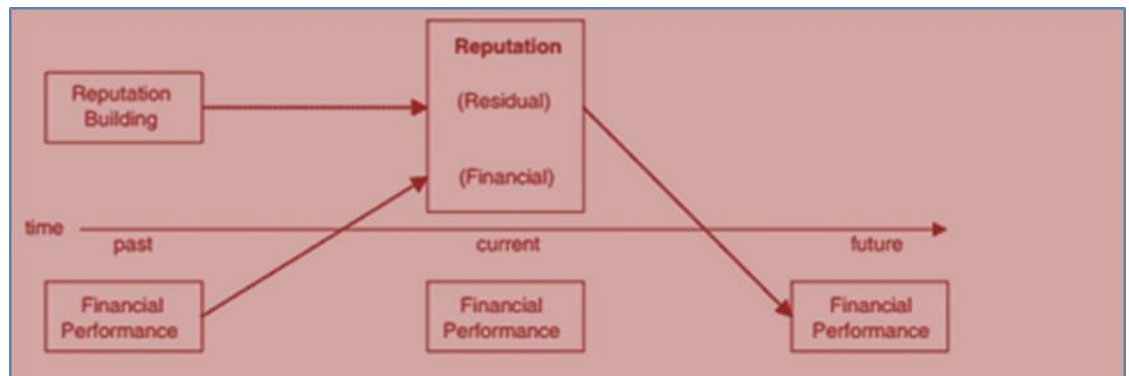


Figure 3: Source Grahame and Roberts. (2010) Model of reputation and financial performance dynamics

Grahame and Roberts (2010) articulate that good corporate reputations are grave because of their latent for value creation, but also their impalpable character makes duplication by competing firms considerably more challenging. Existing empirical research indorses that there is a positive relationship between reputation and financial performance. According to resource based view strategy, firms with assets that are treasured and intermittent possess a competitive advantage and may expect to earn loftier returns. Barney (1991) says “those whose assets are also challenging

to imitate may achieve sustained superior financial performance.” Within this paradigm of reasoning, intangible assets such as good reputations are not only potential for value creation, but also because of their intangible character makes replication by competing firms considerably more difficult.

Good reputation is a valuable asset that permits a firm to attain untiring profitability or sustained superior financial performance. A variety of potential benefits of good reputation provides the rationale for cross-sectional relationship between reputation and financial performance. Both Fombrum (2011) and Podolny (2010) articulate that reputation is valued in its own right, customers value association and transaction with high reputation firms because reputation signify a signal for underlying quality of a firm’s products and services and the consumer may pay a premium for the offering of high reputation. Assuming everything remains *ceteris paribus* a firm with a good reputation may also possess a cost advantage because employees prefer to work for high reputation firms and should therefore; work harder or for low remuneration.

2.5.2 Relationship between corporate reputation and financial performance

Caves and Porter (2010) says that empirical evidence confirms that a favourable reputation causes higher financial performance and strategic advantage such as plummeting competitive rivalry and agility barriers to deter market entry, charging premium prices. Benjamin and Polodny (2011) articulate that creating greater stability in stock prices, reducing operating costs and attracting talent to a company

increases company's reputation. Firms with a good reputation are more likely to attract superior financial performance over a long period of time than those companies with a bad reputation.

Other researchers articulate that reputation has a positive impact on capital gain. According to Jones and Little (2010) in order to remove financial bias from reputation rating one must increase high residual reputation. Dowling (2010) says one has to decompose it into financial reputation, residual reputation and demonstrate that corporate reputation contributes significantly towards profitability. These studies highlight that high residual reputation is an important intangible resource that enhance a company's ability to gain competitive advantage and achieve higher financial performance than average reputation. See figure below:

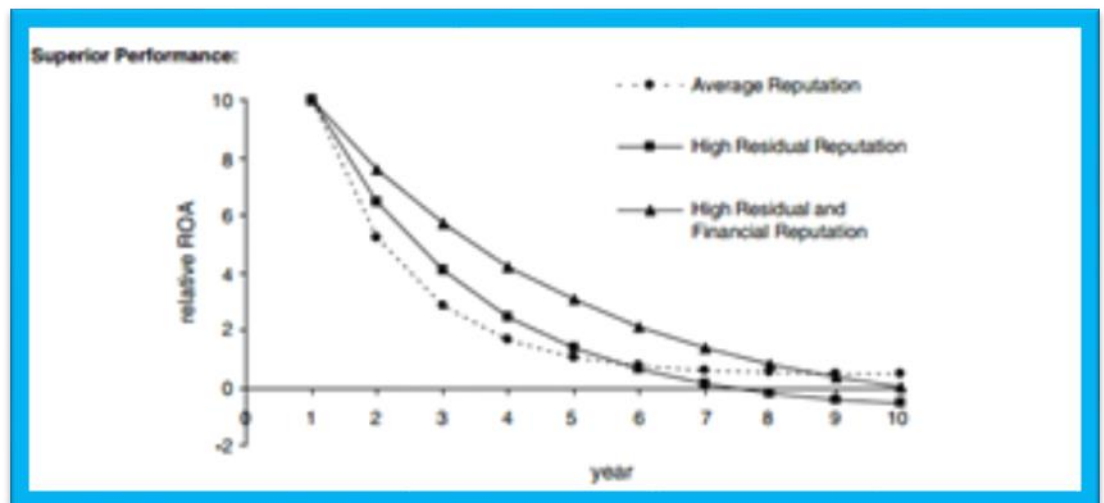


Figure 4: Source Flat and Kowalozyk (2010) Reputation and superior performance

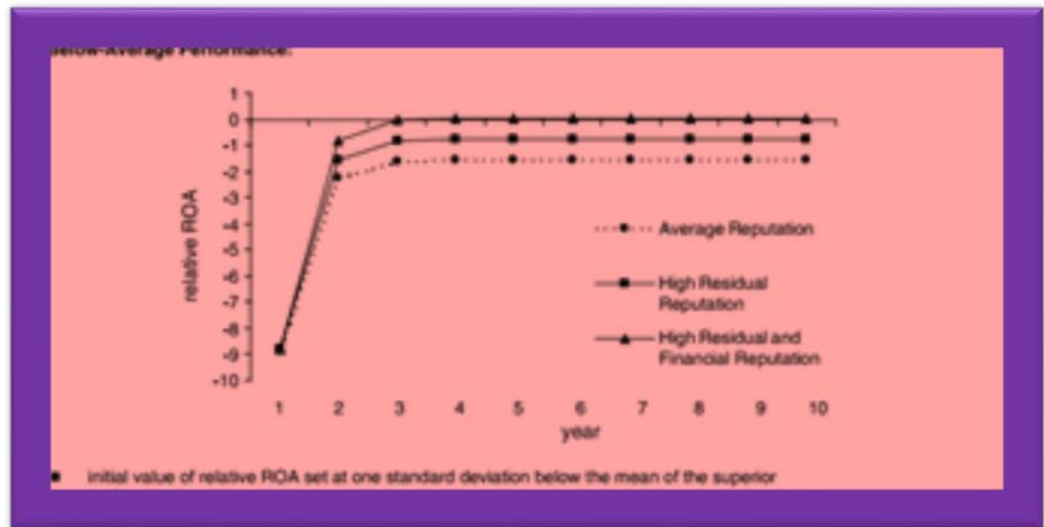


Figure 5: Source Flat and Kowalozyk (2010) Reputation and negative performance

Figure 5 above shows that companies with lower ROA have average reputation and less superior performance than companies with high residual reputation.

Using the significant parameter estimates from the model above we observe that a relative ROA of 10.0 in the year the standard deviation of return is above the mean, superior performance erodes more slowly if the firm in question has better residual reputation. Firms demonstrate greater profit persistence for the first six years as seen in figure 5. If a firm also has an above average financial reputation its superior profit outcomes demonstrate a much slower rate of convergence, than a firm with a high financial reputation.

2.5.6 Corporate identity connection with performance

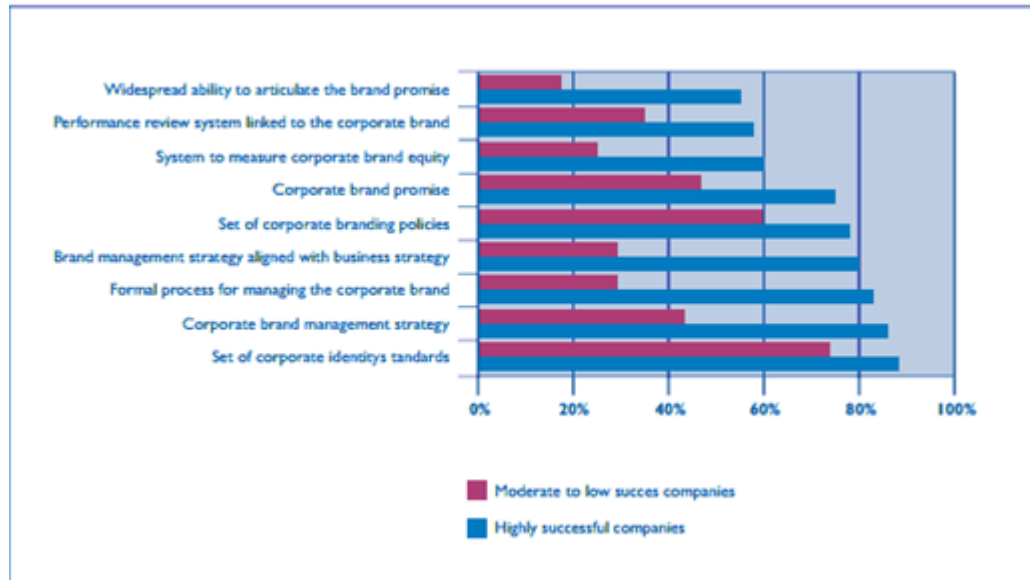


Figure 6: Source Road (2013 p 4) Connection between effective corporate identity and performance

The benefits amalgamate to explain a strong correlation between best practise of managing corporate identity and firm financial performance. In figure 6 above compared a group of low success companies with a matched group of highly successful companies. Though the results of the study does not inform us whether good corporate identity management generated positive financial performance or whether the relationship was the other way around they do not provide specific and measurable elements of good corporate identity management.

2.5.3 Strategies to improve TransNamib financial performance and corporate image

The following elements are mostly ignored in strategic planning, performance management planning, implementation and corporate image building.

2.5.3.1 Value chain management

Corporate value means the value addition of all activities and resources from inputs to outputs which one would recognize in the creation of service or product. Corporate value entails process enhancements, alignments of plans to scorecards, performance objectives and execution of departmental business plans. According to Johnson & Scholes (2012) value chain enhancement is commensurate with corporate performance enhancement. Value chain analysis is required to help corporate performance planning in identifying performance planning, SCOT & SWOT analysis, performance drivers and key focus areas.

2.5.3.2 Fostering a culture of performance and excellent service delivery

The need to create a workplace culture for the provision of excellence service delivery is evidenced across the literature review. Sole (2012) observed that an unresponsive corporate culture together with unclear performance objectives will lead to a decline in appropriate performance and an inaccurate assessment of strategic capabilities.

2.5.3.3 Environment – Values Resources (E-V-R) considerations in strategic and corporations performance management.

Thompson (2011) articulates that a corporation's strategic position is predisposed by environmental factors (E), institutional values V and resources (R). Van Dijk (2011) states "Strategic managers are obliged to ensure E-V-R congruence". E-V-R congruence is employed during the strategic planning exercise in order to match key success factors and core corporation competencies and is well-thought-out as bringing corporate efficiency and effectiveness to operational functions, top management involvement, team work and integrated information systems that drives positive performance outcomes.

2.5.3.4 Public relations and corporate image

Non-profit organizations do not seek for profit from groups, or governments to which their services are directed. However, to operate efficiently, they must get funds and volunteers from the relevant sources. Good public relations can aid a non-profit organisation to get sufficient grants and assistance from the appropriate sources

2.6 Summary

Corporate performance is a measure of the financial position of an organisation or the financial results that result from management decisions and the implementation of those decisions by members of the corporation. With a negative financial

performance, the ability to create positive business image and hence improved financial returns may prove to be an uphill task. Balance scorecards, Innovation and European Excellence model all of them have been applied in the public sector and regarded as performance improvement. There is a difference between state-owned enterprises and private enterprises, state –owned enterprises are affected by government intervention and have to usually engage in social responsibility activities on the contrary private enterprises are voluntary to engage in social responsibility. State-owned Enterprises share an important factor for social responsibilities therefore; ownership, industry and risk are all control variables.

CHAPTER THREE

METHODOLOGY

3.1 Introduction

This chapter provides a framework of study design, populace, sampling approach, study instruments, data collection procedures and data analysis.

3.2 Research design

For the purpose of this research, both primary and secondary data sources were utilised. The researcher used semi-structured questionnaires, and observation for the study. The semi-structured questionnaires were utilised on the primary sources whilst desk research was used on the secondary sources. Therefore, the study used a combination of qualitative and quantitative to gather the data. Qualitative data was obtained from the issue of questionnaires at the two places and the quantitative data was obtained from structured, scaled questions and structured observations made with participants. The findings from the analysis stated in chapter four.

According to Rajasekar (2006), qualitative research can be described as being non-numerical, descriptive, using words and applying reasoning. Saunders, et al (2009) asserted that qualitative research is commonly used to develop theory or explore a topic. It describes the situation and gets the feeling and meaning of the situation.

In contrast to qualitative research, quantitative research on the other hand, focuses on showing causal relationships, testing theory and establishing facts. It is based on the measurement of quantity or amount.

Given the nature of the present study, both qualitative and quantitative approaches were found to be appropriate to capture the needed data. For example, where the respondents' personal perceptions, ideas, feelings and behaviours with regard to work corporate image were explored, qualitative research was most appropriate. Quantitative research was used in assessing the relationship between financial performance and corporate image. It was crucial that this correlation be established, and hence the use of quantitative research.

3.3 Population

The target population of this study is thirty (30) people made up of TNHL's nine (9) Executive Management, five (5) NATAU senior union representatives at TNHL and sixteen (16) management of the MoWT. A convenience population of two institutions were chosen for the study. The generalizability of the study is limited when using a convenience population since the population was not randomly chosen.

3.4 Sample

Saunders et al (2009) “the sample size is the number of data sources that are selected from a total population.” The selection of the sample depended on the positions of the respondents. Made up of thirty (30) respondents the sample composed of TNHL’s nine (9) Executive Management, five (5) TNHL’s NATAU senior union representatives and sixteen (16) management of the MoWT.

The response rate of the sample was 93% of the participants. The response rate is the proportion of people actually included in a sample relative to the number of people that were attempted to be included.

3.4.1 Sampling technique

According to Parker (1994), random selection is the basic principle used to try to avoid bias in sampling. The three standard random sampling techniques commonly used are:

- Simple Random Sampling
- Stratified Random Sampling and
- Cluster Sampling

In simple random sampling, researchers first assign numbers to each member of the population. After performing this enumeration, they generate as many unique random numbers as the size of the required sample and the corresponding members of the

population become the sample. Stratified random sampling takes place when researchers have prior information regarding certain characteristics of the population's composition and they want the selection of sample to reflect this.

Probability sampling refers to sample designs where units are selected by some probability mechanisms, allowing no scope for the influence of subjectivity. Every unit in the population must have a known and non-zero selection probability. The advantages of probability sampling are that it enables the avoidance of selection biases and that it permits the precision of estimates to be assessed using only information that is collected from the selected sample. Furthermore, because precision can be estimated this provides a tool for making informed estimates of the likely effect of changes to the aspects of design.

Non probability sampling is a sampling procedure where the population may or may not be accurately represented. The probability of inclusion is not the same for each element; a person might not be at work during the day of selection.

The major problem with non-probability sampling is that there is no formal procedure to generalize the sample to the population, since the researcher cannot determine sampling error. Non probability samplings have pragmatic advantages saving time and money and its disadvantages can be reduced by working with homogenous populations or enlarging the sample. Non probability samples include convenience, quota, purposive and snowball sampling.

The type of sampling method is called convenience; a convenience sample is simply a group of people which are convenient to access. Convenience sampling is when the researcher chooses those elements that can access easily until the sample. Convenience sampling is also referred to as accidental or availability sampling.

3.5 Data collection Methods

TransNamib Holdings Limited and the Ministry of Works and Transport were chosen as the population for the study. Permissions were received from both TNHL and Ministry of Works and Transport to conduct survey. The two sets of questionnaires had 38 test items on the three objectives formulated. Structured observations were carried out in both institutions. Quantitative open ended questions were used for the purpose of gaining greater insight into the Likert scale responses. Questionnaires were self-administered and the researcher coordinated the return thereof over a period of twelve weeks.

3.6 Choice of data collection method

The mixed method was the choice of data collection method because 1) it provided for both qualitative and quantitative inquiry 2) data obtained from open ended questions and structured observation were verifiable. Qualitative approaches provide more objectively, measurement, analysis and evaluation of the respondent's opinion in relation to phenomenological studies. Bless & Smith (2010) and Marais & Mouton (2010) states "a qualitative approach to research allows for more meaningful interpretation of concepts, constructs and opportunities which brings the research

findings closer to the truth with regard to aspects of social reality.” In a mixed method the validity, reliability and the value of the study is increased.

3.7 Data collection

The data collection period at Ministry of Works was done from 18 April -24 June 2013 and at TransNamib was from 9 May -15 September 2013. Thirty questionnaires were issued and twenty eight were returned giving a response rate of 93% leaving a 7 % non-response rate. Open ended questions were included in the questionnaire. Participants’ observations and follow ups were made on the participants.

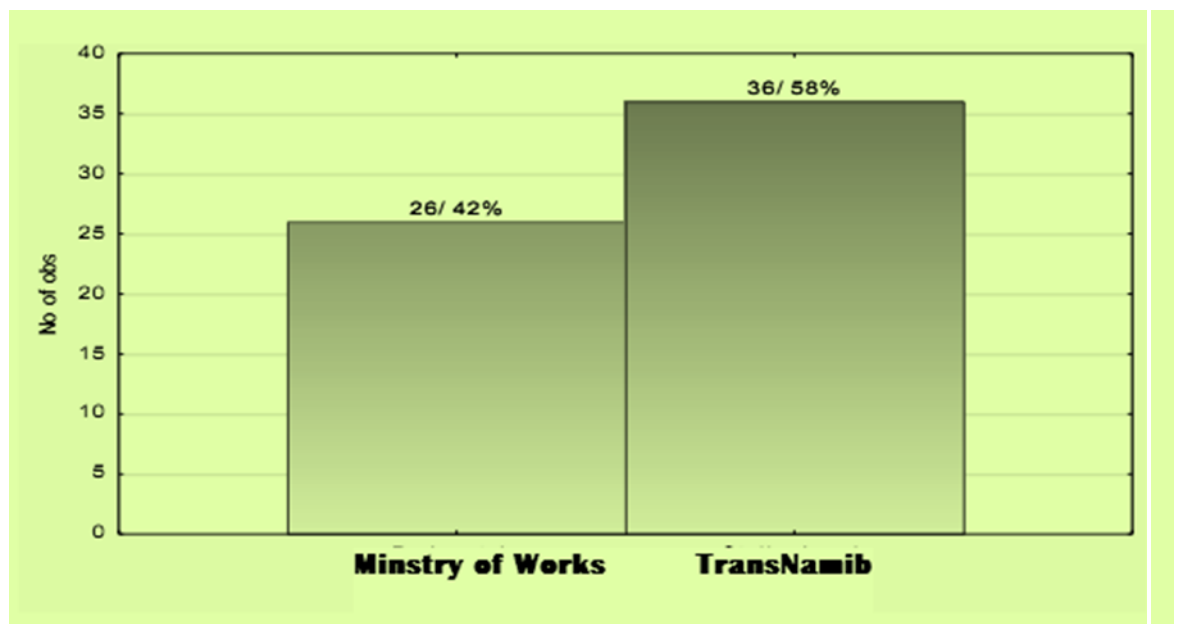


Figure 7: Survey data obtained from both MOWTs and Trans Namib Holdings

Limited on observations

3.8 Strengths and limitations of the data collection process

The strengths of the data collection method were as follows:

The convenience population and size was sufficient for the study. The mixed method research designed increased reliability and validity. The Cronbach report indicated that the statements in the questionnaire were valid. The criteria were 38 test items in the questionnaires.

3.9 The limitations of the data collection method were:

At the time of the study, the issue of resources was a constraint. There was a varied understanding of TransNamib Holdings Limited challenges and solutions. Generalisation based on the convenience sampling is extremely risky. Bias was detected by the researcher on the managers' approach to TransNamib Holdings Limited's challenges.

3.10 Research instrument

The study relied on both the primary and secondary data sources that are relevant to explore the research questions. Data sources:

- i. Literature: the study made use of published work such as journals, articles and media.
- ii. Documents: TNHL annual reports were studied and interpreted.

- iii. Internet: as a result of limited access to information, the researcher utilised the internet to obtain critical information.
- iv. Questionnaires: the study made use of the semi-structured questionnaires which were used to gather data from the respondents.

3.10.1 Description of research instrument

The researcher employed different types of scales. A scale is a tool or mechanism by which individuals are distinguished as to how they differ from another on the variables of interest to our study. The four main types of scale are nominal scale, ordinal scale, interval scale and ratio scale. The ordinal scale is used to rank the preferences or usage of various brands while the interval scale is used when we know the exact distance between each of observations. The nominal level scale which is general employed to gather personal data for example in the questionnaire for TransNamib s State your sex, Male or Female. In order to measure attitudes the researcher used different scales namely dichotomize scale used in order to solicit Yes or No answers, The Likert scale designed to examine how strongly subjects agree or disagree with statements on a five point scale. The graphic rating scale is employed which helps respondents to indicate on the scale their answers to particular questions. The questionnaires were divided into different sections:

Section A: Demographic Information

The first part of the questionnaire consisted of questions of personal nature. These questions included variables such age, sex and marital status.

Section B: determine the relationship between financial performance and corporate image.

In order to establish the correlation between financial performance and corporate image the following questions were asked. Rate the image of TransNamib; rate the financial performance of TransNamib over the last 10 years. If your answer is yes in question 10, how would you rate the contribution of the poor financial performance to the poor corporate image; use the variable 1 very low, 2 Average, 3 High and 4 Very High.

Section C: Determine the perception of the company's internal stakeholders on negative financial performance.

Question 15 which solicited information on: In short, how does negative financial performance affects the organizational image? This question was asked in order to determine the views of the company stakeholders on negative financial performance. Another question asked was number 18: The negative information published in the media about TransNamib is true having variables of false, not sure and true.

Section D: recommends strategies that will improve TransNamib financial performance and its corporate image.

In order to establish strategies to improve TransNamib financial performance and its corporate image was question 14. Question 14 asked in your view what reform initiatives can assist TransNamib to improve its financial performance.

3.11 Procedure

Data for this study was collected via two sets of questionnaires. The first set was administered to both the executive management and senior union representatives of TNHL. The second set was administered to the management of the MoWT.

3.12 Data analysis

Upon the collection of the data through the use of semi-structured interviews, the researcher thematically analysed the data by means of transcription and coding. Thematic content analysis was done by breaking down the content into manageable themes or concepts. At the end of the analysis, patterns of responses were coded and grouped in terms of relatedness, with conclusions drawn at the end. The researcher employed the statistical package for social sciences (SPSS). The SPSS was used for computing the coefficient cronbach alfa and correlation. The Excel was useful for graphical presentation and data capturing of statistics from respondents. The study employed descriptive statistics, in which the researcher used desk review documents about TransNamib to determine corporate financial performance. Histograms, bar

diagrams and pie charts representing frequencies of the various ranges of scores or values of a quantity were depicted.

3.12.1 Method of Analysis

The descriptive method of data analysis was applied in the study.

Step 1:

The statistics was structured and arranged, by preparing the questionnaires for analysis.

Step 2:

Statistics were read through to attain a general sense of the data and to reflect on its overall meaning. For example; what are the respondents' general ideas? What are their suggestions? What is the respondents' general impression of the overall depth, credibility and use of the information?

Step 3:

A systematic process was applied to generate a description of the setting and the categories for analysis. This analysis is useful in designing detailed descriptions.

Step 4:

This step illustrates how the description and categories were symbolized in order to express the findings of the analysis.

Step 5:

The concluding step in data analysis involved making an interpretation or meaning of the information. All responses received from the different respondents were arranged and carefully compared and analysed.

3.13 Research ethics

To fulfil the study objectives, all information used were obtained from publicly accessible sources or directly from TNHL and the MoWT. To obtain the data, the researcher approached the management of both TNHL and the MoWT using the letter of recommendation from the Namibia Business School. The researcher informed the respondents of their rights toward the study, presented the respondents with the data collection procedures and assured the respondents that the survey was to remain anonymous. Therefore, both the questionnaires and follow-ups were only conducted with voluntarily respondents.

Research ethics provide the moral framework within which a researcher operates when conducting research. According to Cresswell (2011), research ethics are applicable to data collection, analysis, interpretation of findings, reporting and dissemination of the research findings. The following ethical considerations were observed during the study:

3.13.1 Respondents' Consent of Participation

Ruane and Cuff (2010) says "It is crucial to note that respondents in any study have the right to make an informed decision whether to participate or not to participate in the study." "They further asserted that in order to participate fully in the study, participants must be informed on what the study entails, and any risk involved." The following aspects of respondents' consent were considered:

3.13.1.1 Information: Respondents in a research study received all information that may affect their decision to participate.

3.13.1.2 Voluntary Participation: Respondents were free to decide whether they want to take part in the study or not. In other words, there were no repercussions or negative consequences if a respondent choose not to participate in the study. According to Welman and Kruger (2001), the corporate setting of the study can be classified as an institutional setting, therefore, has the potential to infringe upon the concept of voluntarism. It is therefore, crucial that the researcher clearly indicated to the respondents that participation in the study was entirely voluntary and that they are assured of the right to withdraw their consent at any time.

In this study, consent clause was provided in the questionnaire to ensure that all respondents are aware that they should not feel coerced to participate in the study.

3.13.2 Distribution of Results: No results were made available to respondents; however, respondents were at liberty to read the final report of the study.

3.13.3 Confidentiality: The information gathered during the survey was used solely for the purpose of the study. No personal information of the respondents was to be discussed with any third party without the knowledge and consent of the participant. In this research, confidentiality was explicitly stated on the questionnaire.

3.13.4 Anonymity: It should be pointed out that no names of any of the respondents were asked or revealed. All the respondents' identity completely remained anonymous.

3.13.5 Right to Privacy: In this regard the researcher was able to control when and under what situation any other party would have access to the information gathered during the study.

3.14 Validity and reliability

The researcher employed the statistical package for social sciences (SPSS). The first statistical analysis performed was the correlation of coefficient Cronbach's alpha to measure the internal reliability and validity of the instruments. Cronbach's reliabilities of these scales were as follows: overall service quality is 0.953, corporate image and reputation 0.81, customer satisfaction is 0.768

3.15 Summary

This section delivered a thorough description of the research methodology assumed for the study, selected data collection methods, research instruments utilised, the target population, the selected sample, the processes followed, data collection processes and analysis of the data collected. The study examined TransNamib Holdings Limited corporate image and financial performance.

CHAPTER FOUR

ANALYSIS AND DISCUSSION

4.1 Introduction

The preceding chapter focussed on the research design, sampling methods, and research methodology. This chapter discusses the outcomes and conclusions of the study. The chapter first present the basic demographic characteristics of the respondents and thereafter the respondents' views.

4.2 Presentation of findings and Analysis

4.2.1 Demographic physiognomies of respondents

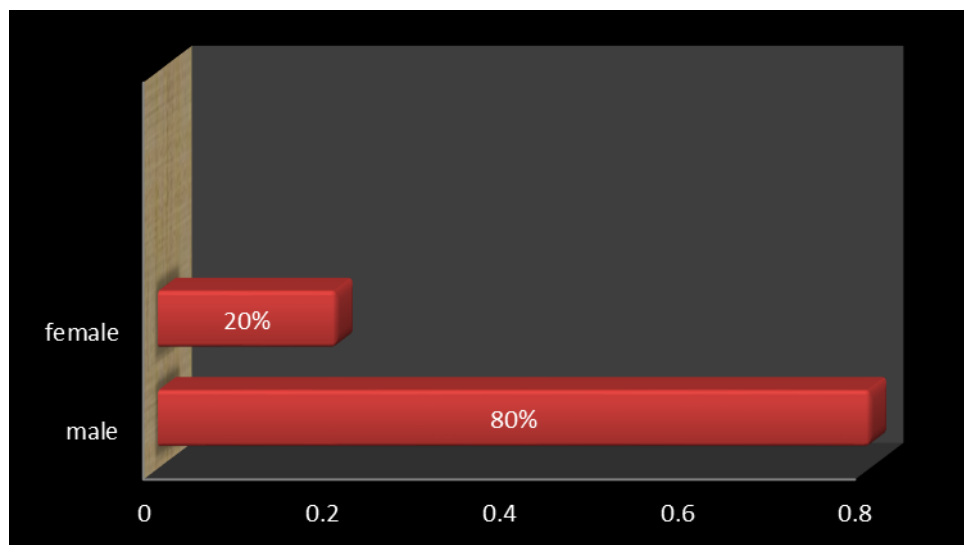


Figure 8: Respondents demographics

The selection of the sample depended on the positions of the respondents thirty (30) people made up of TNHL's nine (9) Executive Management, five (5) senior union representatives at TNHL and sixteen (16) management of the MoWT. The findings were eighty percent (80%) of the respondents were male while twenty percent (20%) of the respondents were female, see the figure 8 above. The response rate of the participant was high which amounted to 93%.

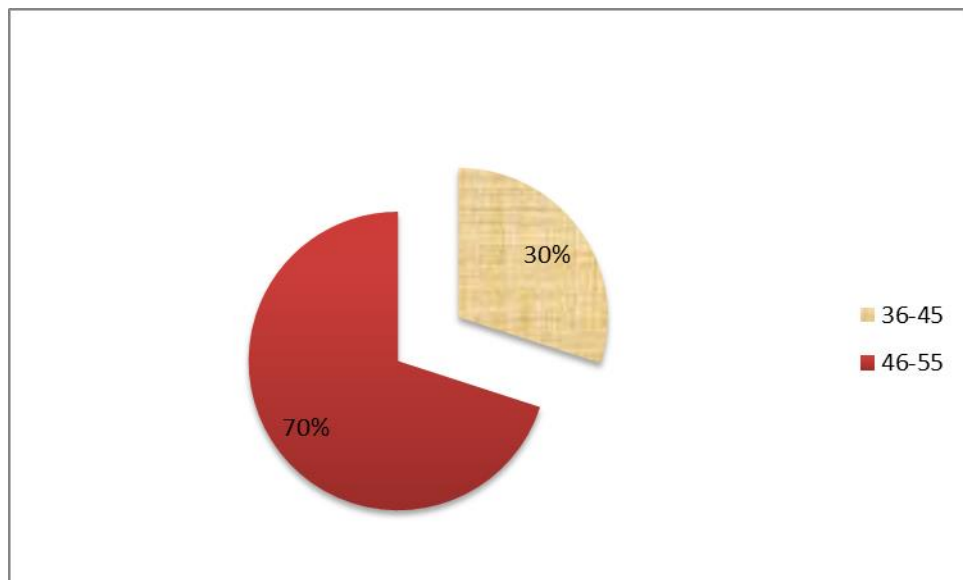


Figure 9: Age category distribution

As illustrated in figure 9 above, the majority of the respondents were between the age-group of 46-55 years who constituted 70% of the sample while the 30% of the respondents were between the age group of 36-45 years.

4.2.2 Analysis of data

The researcher employed the Statistical Package for Social Sciences (SPSS). The SPSS was used for computing, Pearson Correlation Coefficient and Cronbach. The Microsoft Excel was useful for graphical presentation and data capturing of statistics from respondents. The first quantitative analysis to be accomplished was Cronbach's alpha to assess the internal reliability and validity to scan various scales. Reliabilities of these scales were as follows: overall service quality was 0.953, corporate image and reputation 0.81 and customer satisfaction was 0.768. Based on the results of the Chi-Square Analysis the researcher found that all of the variables were reliable.

4.2.3 Research objective 1; to determine the relationship between financial performance and corporate image of TNHL

4.2.3.1 Financial performance

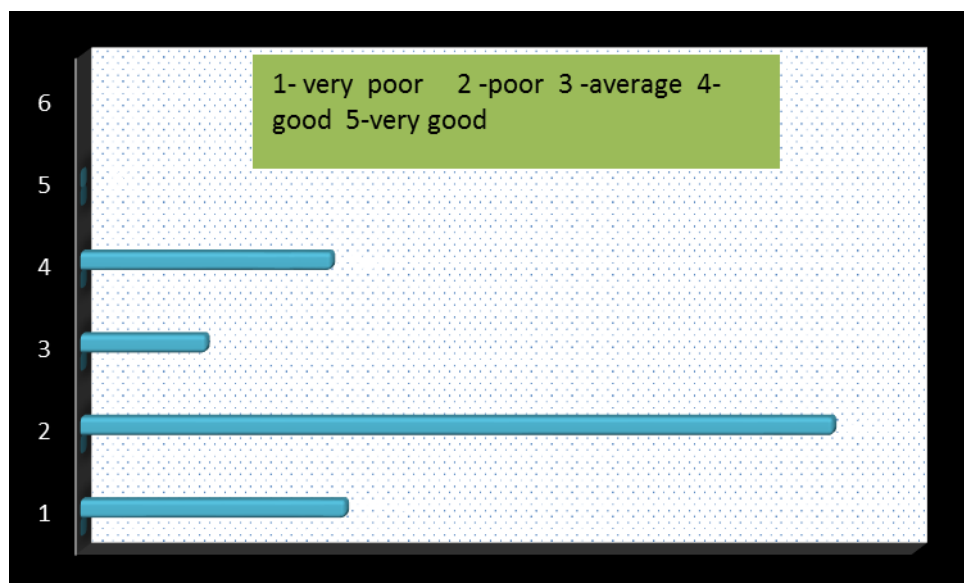


Figure 10: Participants' rating of TNHL's financial performance.

The question on how would you rate the financial performance of TransNamib Holdings Limited over the last 10 years was asked, and the variable ratings were: very poor, poor, average, good and very good. The findings were that fifty four percent (54 %) indicated that the financial performance of TransNamib Holdings Limited was poor, while 19% stated that it was very poor. The minority, 9% stated that the financial performance of TransNamib Holdings was average and 18 % stated it was good. See figure 10 above.

4.2.3.2 Financial performance distribution Return on equity (ROE)

Return on Equity is an assessment of how the capital invested by shareholders is utilized. The ROE for TransNamib for 2010 was 10 ten per cent, 2009 was 8percent. For publicly traded companies, Return on Equity is of principal significance since management must make available a return for the money invested by shareholders. Return on Equity tells us the percent returned for each dollar invested by

shareholders. Return on Equity can be calculated as
$$\frac{\text{Net income}}{\text{Average shareholders' s equity}}$$

Return on Equity is one of the most extensively used ratios for publicly traded institutions. It assesses how much return management was able to generate for the shareholders. The average on return on capital employed reflects negative 6 percent which a tacit indication of the Losses incurred over the period of ten years. ROCE measures the profitability of a company.

The Du Pont Cascade or system of analysis is applied to the firm's financial system to dissect and assess its financial condition. It combines or merges the balance sheet and the income statement and summarizes measures of profitability. Another useful Du Pont analysis could be produced by viewing ROE depends upon return on assets and financial leverage. The breakdown of the relationship can be shown

$ROE = ROA \times FLM$ (*financial leverage multiplier*)

$$= \frac{\text{Net income}}{\text{Sales}} \times \frac{\text{Sales}}{\text{Total Assets}} \times \frac{\text{Total assets}}{\text{Equity}}$$

Where FLM is the ratio of total assets to equity. The use of the financial leverage multiplier shows the impact of leverage on owners' return.

In the calculation of ROE, this study employed the following formulae because it is very easy and generally applicable in most countries. $\frac{\text{Net income}}{\text{equity}}$ is expressed as a percentage. Equity is ordinary share plus reserves. Statistics reveals that in 2005, the return on equity: 1.15%, 2006 1.15%, 2007 -2.1%, 2008 -1.4%, 2009-0.9% and 2010 0, 9%. The King 111 report seems to be performing better on ROE variable than ROCE on average considering the year by year performance. The findings on this research indicate that the higher the value of ROE, the effective the governance mechanism and the better the management's ability to generate returns for shareholders' investment in the firm. In comparison the lower the ROE the lower the governance mechanisms and the greater the management inefficiency to generate shareholders returns. Considering this variable it can be articulated to a greater extent that good corporate governance can result in good corporate performance.

4.2.3.3 Return on capital Employed (ROCE)

In computing ROCE, this study employed the following formulae: $\frac{\text{operating profit}}{\text{capital employed}}$

expressed as a percentage. Capital employed is the shareholders interest plus long

term liabilities. The position of the bank overdraft was taken into cognizance. The return on investment was computed by using total liabilities or total assets and that ROCE, defined as shareholders interest + noncurrent liabilities, which is similar, non-current assets plus net current assets. Operating profit as a percentage of all assets is bound to give us a smaller result than the same profit as a percentage of fixed assets plus net current assets, as it has a larger denominator. The TransNamib Holdings Limited ROCE in 2009 was 20% and 2010 was 11 per cent.

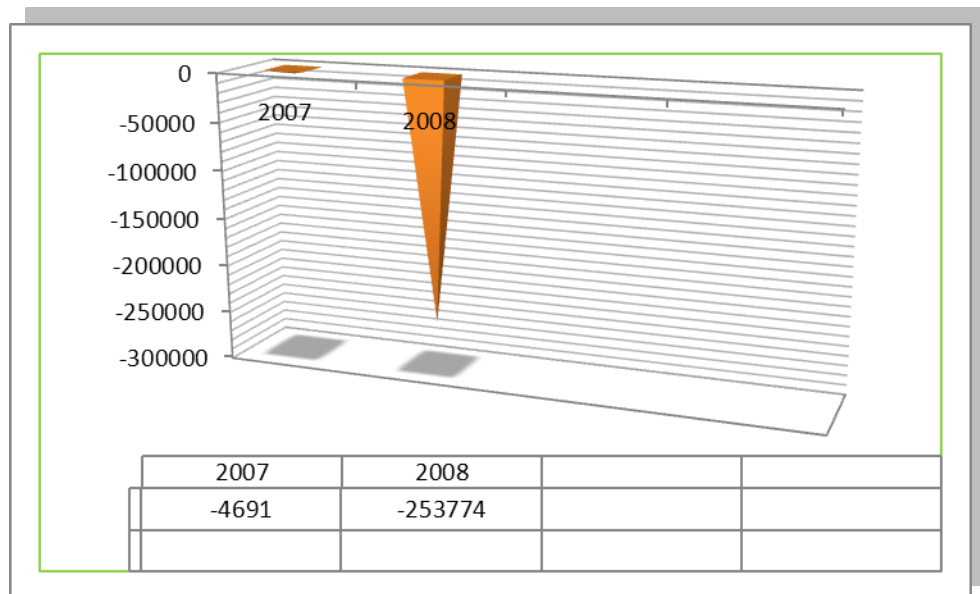


Figure 11: TransNamib Holdings Limited Financial losses for 2007 and 2008

4.2.3.4 Tobin q

Lang (2010) delineates “Tobin q as the ratio of the firm’s market value to its replacement value”. Tobin q is an increasing function of the quality of a firm current and anticipated project under existing management. To some extent it can be argued

from this study that Tobin q is not good measure for corporate performance. The Tobin q for TranNamib was 0.47. This value is not significantly different from zero. This assertion is supported by Dybig and Mitah (2012) in which Tobin Q was found to be ambiguous due to better operating efficiency. The impact of scale decisions on the denominator of Tobin q highlights the endogeneity problem that results in Tobin q being a poor measure of firm performance.

4.2.3.5 TransNamib Holdings Limited's corporate image;

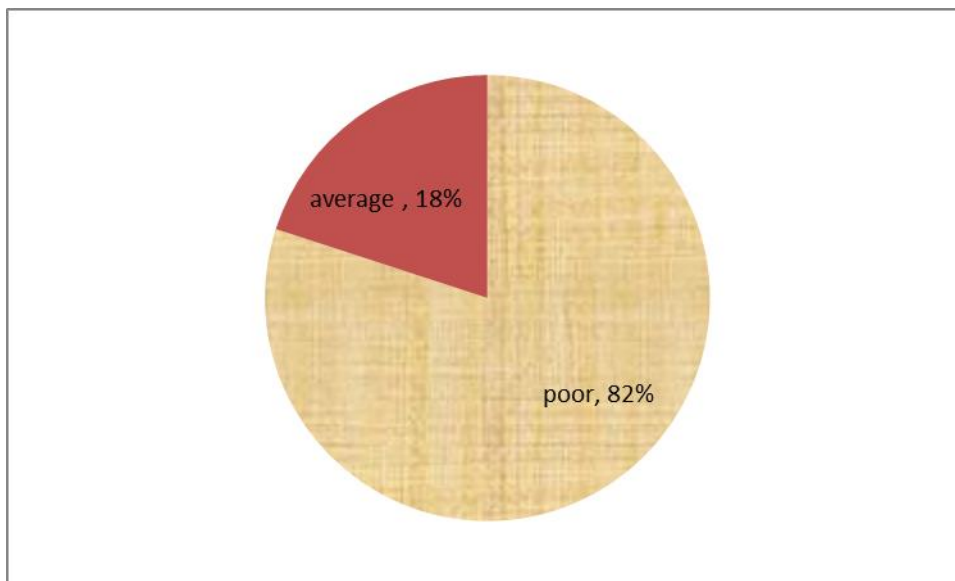


Figure 12: TransNamib Holding Limited Corporate Image Ratings

Corporate image is the net result of the overall knowledge and impressions that people have about a company. It is a combination of several levels, and before one sets out to measure it, one must understand these levels, a combination of which forms corporate image. The product a company produces forms the core of

corporate image. The brand and its communications form the next critical level of corporate image.

As illustrated in figure 12 above, eighty two percent (82%) of the respondents stated that TransNamib Holdings Limited has a poor corporate image while the remaining eighteen percent (18%) articulated that the corporations has good image.

Corporate image and reputation is reckoned to be a grave factor in the global evaluation of any corporation as stated by Bitner (2010), Gronoroos (2011), Gummesson and Langsen (2010), and Sarsted et al (2012). Because of the strength that lies in the customer's perception and mind when hearing the name of the corporation. Therefore, continuous research on corporate image and reputation is a must for corporations that want to be differentiated in their positioning in the market. Kandampully (2011) stated "the corporate image consisted of two main components the first is the tangible components and secondly is the emotions such as feelings, attitude and beliefs". He further asserted that these are emotional components, which clients accumulated over a period of time.

4.2.3.7 Hypothesis Testing to establish the relationship between financial performance and corporate image.

The following variables of corporate image and reputation, overall service quality, customer satisfaction and customer loyalty as depicted in the Table 1 below were used by researcher to calculate the correlation coefficient between corporate image

and reputation. The correlation is significant at the 0.01 level on 2 tailed test. $r=0.210$

$p < 0.1$ and between corporate image and reputation and

overall service quality $r = 0.774, p$

< 0.1 and between corporate image and reputation and

customer satisfaction $r = 0.774, p$

< 0.1 and between corporate image and reputation and customer

Loyalty $r=0.175$ $p < 0.1$ this implies that there is a very strong correlation

Correlation analysis					
S	Variables	1	2	3	4
1	Corporate image and reputation	1			
2	Overall service quality	0.210**	1		
3	Customer satisfaction	0.774**	0.200**	1	
4	Customer loyalty	0.175**	0.209**	0.159**	1
Table (1) correlation coefficient between corporate image and reputation, overall service quality, customer satisfaction and customer loyalty.					
Source: the researcher, based on data analysis					
**. Correlation is significant at the 0.01 level (2-tailed).					
*. Correlation is significant at the 0.05 level (2-tailed).					

Table 1: Correlation coefficients

The researcher employed the Statistical Package for Social Sciences (SPSS). The first quantitative analysis to be accomplished was coefficient Cronbach's alpha to

assess the internal reliability and validity to scan various scales. Reliabilities of these scales were as follows overall service quality is 0.953, corporate image and reputation 0.81, customer satisfaction is 0.768. Founded on the outcomes of the Chi-Square Analysis the researcher found that all of the variables were reliable. Evidence from the above table shows that there exist a significant positive relationship between corporate image and corporate reputation and overall service quality.

4.2.3.8 Respondent's views on who is responsible for the poor image of THNL

Corporate identity crisis is the same kind of crisis played out through the company's culture and branding rather than personality and self-image. TransNamib Holdings Limited has an identity crisis to a greater extent this how the corporation perceives itself and promotes itself in times of conflict. The corporation is aware of the crisis but does not perceive it as an obstacle. The main conflict is inside out conflict were the brand that the company promotes to the world is incongruent or vastly different from its internal culture.

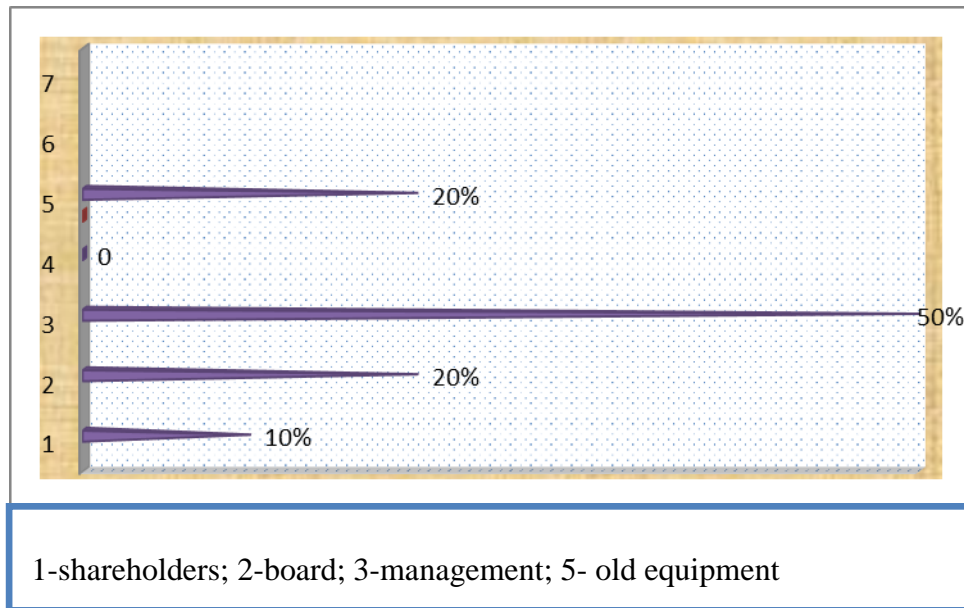


Figure 13: Respondents view on who is responsible for the poor image at TransNamib Holdings Limited

As depicted in figure 13 above, 50% of the respondents indicated that the poor image is being caused by management, 20% of the respondents indicated that it is the board, 20% of the respondents stated that it is the old infrastructure and the remaining 10% of the respondents are of the opinion that it is caused by shareholders.

CIMA (2011) articulates “the reputation of an organisation is the historic and cultural dimension of that image the social memory of the stakeholders which acts as a platform for expectation.” Reputation is an asset well certainly isn’t a fixed asset or depreciable. The researcher observed that the reputation for TransNamib Holdings Limited is an asset for the state-owned enterprise it is vital to the success of the corporation. Both members and employers recognise the standard set by

TransNamib Holdings Limited and its assurance of quality and integrity. CIMA (2011) where reputation is considered as a liability then the objective should be to contain or reduce the threat of damage. This leads to protection policy and turnaround of the institution. Then reputation can be seen as an asset for the corporation.

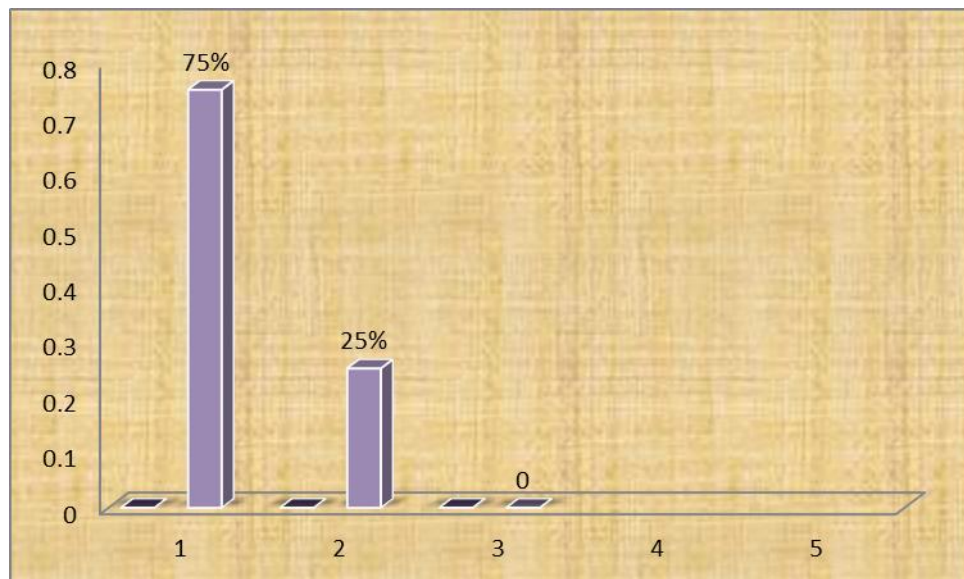


Figure 14: Respondents view of poor financial performance and poor corporate image

According to the respondents of the survey, seventy five percent (75%) are sure that poor financial performance leads to poor corporate image while twenty five percent (25%) of the respondents articulated that maybe poor financial performance may lead to poor corporate image. See figure 14 above.

4.2.5 Research objective 2: To determine the perception of the company's internal stakeholders on negative financial performance;

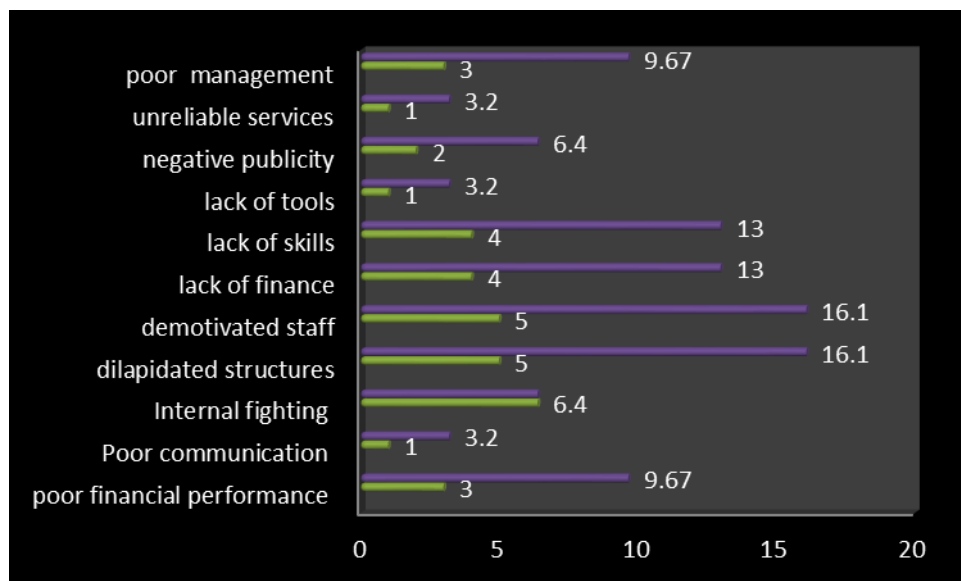


Figure 15: Respondents' opinion on negative performance

Sixteen percent (16.1%) of the respondents indicated that TNHL's poor image is as a result of dilapidated structures and demotivated workforce at TransNamib Holdings Limited. The dilapidated infrastructure is very old with all the servers and some desktops dating back 2003. This has placed a constraint on the productivity levels of the people but it also poses a risk in case of failure. The TransNamib Holdings Limited network capacity to remote offices is not adequate as the bandwidth is small. Equally internet access to the internet for research purpose is very slow. Thirteen 13% of the respondents articulated that lack of skills and lack of finance are the contributors to poor image. Kangombe (2010) cited in the

TransNamib Holdings Limited 2010 financial report stated that the total staff compliment in the ICT department stood at six; which indicates that there was a lack of competence and skills in the ICT department. Consequently the company relies heavily on external parties for support. Ten per cent (10) of the stakeholders articulated that poor image was precipitated by poor management and poor financial performance.

Public sector bodies, agencies and government departments are specimens of not-for-profit organizations. The conservative governments' pronouncements in the 1980s to privatize some nationalized industries were grounded on the conception that profit-driven organization could be proficient. Numerous local governments' services were privatized, and much public expenditure became cash flow limited rather than open-ended. Even though, value for money and less waste was sought, in many concrete cases such precincts meant poor services. Production by state sometimes doesn't vintage revenue. Merit goods such as healthcare and education are vended at zero prices and cripplingly subsidized.

However, the business of business is business meaning that the sole purpose of an organization to exist must make profits and if it continues to make losses it should close. It can be contended that the foremost motive of any company is to make or capitalize on profits. The profit maximization postulation is pedestalled on two premises: First those proprietors who are in control of the unremarkable management of the firm. Secondly, that the craving for possessors is for the highest conceivable profit. This is well-thought-out a self-evident truth of human nature in

that people favour more or less. The strategic decision that a firm in a perfect competitive market or perfectly competitive firm creates is in the short –run, the firm realizes profit maximization by determining the quantity to produce.

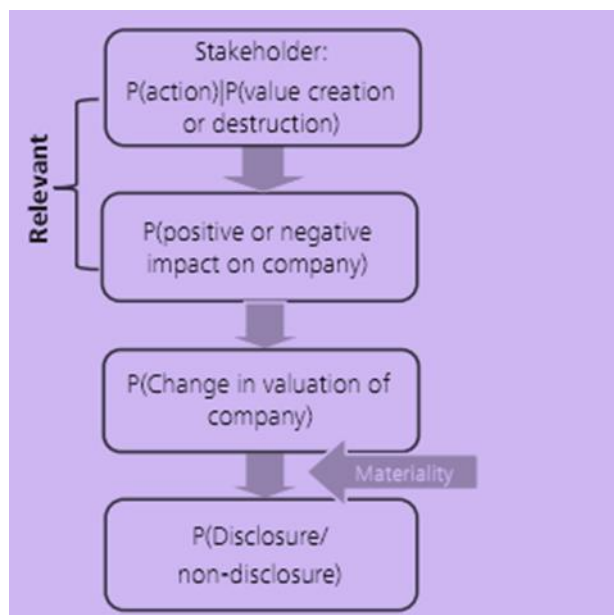


Figure 16: Stakeholder Opinion on the corporate image

Freeman's definition implies that fundamentally anyone and anything can distress or be affected by the resolutions and actions of a company. The probability (p) of stakeholder action is a condition on whether the stakeholders recognise a company as either constructing or annulling what they value $P(\text{action})/p$ (Value creation or destruction. See figure 16 above. Figure 17 below outlines those actions having a material influence on the corporation and its appraisal in a given time frame should

be articulated. Beyond the likelihood of financial impacts due to business interruption, consumer boycotts, poor management can also be reputational or brand impacts. These pose a direct threat to company's cash flows but may affect enterprise value, even if these impacts are below the material frontier.

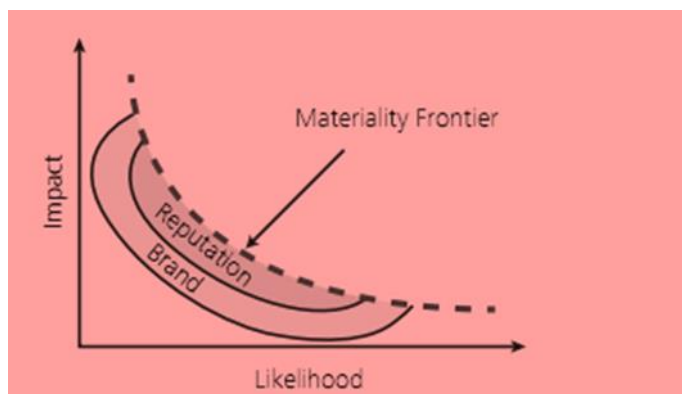


Figure 17: Likelihood of financial impact on corporate image

4.2.4 Research objective 3: Strategies for improving Trans Namibia financial performance and subsequently its corporate image.

4.2.4.1 Lack of adequate control

Deficiency of adequate control means there are insufficient mechanisms to deter corporate fraud and wastage of resources. This lack of adequate control hinders effective corporate governance and efficient management of resources. An obvious weakness would be a lack of control on the operating expenses which leads to excess corporate expenditure.

According to the financial statements of 2008 and 2010 the operating expenses for TransNamib Holdings Limited were N\$ 588 108 and N\$ 408 596 respectively. Subsequently in 2008 the annual financial statement revealed that TNHL recorded losses of \$N 253 774.

4.3 Summary

According to TNHL annual financial report of 2009 the company showed improvement in losses compared to the 2008 financial report. Despite the recorded improvement, TransNamib Holdings Limited is still not achieving its ultimate objectives of showing net profits. The survey further revealed that eighty two percent (82%) of the respondents are of the opinion that TransNamib Holdings Limited has a poor corporate image while the remaining 18% regard the corporation's image as good. The dilapidated infrastructure is very old with all the servers and some desktops dating back to 2003. This does not only place a constraint on the productivity level of the workforce, but it also poses a risk in case of failure.

CHAPTER FIVE

CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

As this study aimed to investigate the relationship between the financial performance and corporate image of TransNamib Holdings Limited, in this chapter the conclusions and recommendations are presented.

5.2 Summary of research objectives

In order to accomplish this objective, the following specific objectives were formulated: To determine the relationship between financial performance and corporate image; to determine the perception of the company's internal stakeholders on negative financial performance; to recommend relevant strategies that will improve TransNamib Holdings Limited's financial performance and subsequently its corporate image.

5.3 Conclusions

The study has successfully undertaken to assess the relationship between TransNamib Holdings Limited's financial performance and corporate image. A solutions oriented answer to the research problem and study objectives were attained in a comprehensive and integrative manner. The study concluded that poor image is

being caused by management, board, old infrastructure and shareholders. The study using Pearson correlation test concluded that there is relationship between financial performance and corporate image. This resulted in the acceptance of the hypothesis that there is a relationship between financial performance and corporate image. The study further concluded that poor financial performance leads to poor corporate image. The study has consequently succeeded in the determination of TransNamib Holdings Limited's corporate image and financial performance in terms of the three research objectives.

5.4 Recommendations

In order to improve TNHL's financial performance and subsequently its corporate image, the study recommends the following strategies:

That the corporation carry out a corporate therapy exercise. This exercise entails the implementation of the following public relations activities: A strong employee brand that can help shape the recruitment campaigns. Enhance employee engagement in critical leadership scorecard of TransNamib Holdings Limited as this will break the bad habits. Re-engineer the corporation's name, logos, commercial characters elements such as improvement in total customer service delivery, and outlook of the company's equipment and its infrastructures as its overall corporate identity.

Re-design the corporation's corporate philosophy, corporate behaviour, vision and mission as well as corporate identity programmes on media platforms.

Using the Replacement and Innovation Strategy, TNHL's aged equipment and machinery must be overhauled in order to be competitive in the market and derive cost benefit from new technologies. Further, the study recommends re-empowering of the older locomotives with cleaner and efficient engines. Therefore, it is recommended that a proper feasibility studies be done before projects commences.

Acquisition and development human capital, the study recommends that TNHL acquire the right industry expertise and roll-out updated training programmes for its workforce. Further, the study recommend that TNHL invest in performance development, performance improvement and performance management programmes. These exercises should entail the elements of strategic management, business process re-engineering, total quality management, human resource management, value management, knowledge management, innovation, customer focus, balance scorecards as they are core of performance improvement methodologies.

It is recommended that TNHL board and management re-engineer the commercial viability of the corporations with clear commercial targets and that the shareholder injects the needed capital.

The study recommends that the corporation invest in modern internal control systems in order to achieve efficiency, mitigates fraud and arrest corruption.

Area of further research

This study concluded that there exist a correlation between financial performance and corporate image. The sample was restricted to executive management of TransNamib Holdings Limited, NATAU senior representatives at TNHL and the management of the MoWT as the overseer of TransNamib Holdings Limited on behalf of the shareholder.

Consequently, further research should be conducted to determine which of the variables between financial performance and corporate image affect the other. The study should as much as possible encapsulate the views of all internal and external stakeholders.

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APPENDICES**Research questionnaire****On the****“TransNamib corporate image and financial performance: Results of internal opinion survey”.****Introduction**

I would like to thank you for taking the time to participate in this survey. This survey is part of my master’s research programme which I am completing with the UNAM. This survey will approximately take you 15 minutes to complete.

Purpose of this study: TransNamib’s corporate image and financial performance results of internal opinion survey.

Confidentiality: Be assured that your responses will not be distributed to third parties and no names will be used in the report.

Deadline: 10 August 2013

For any further clarifications or questions, kindly do not hesitate to contact the researcher,

On 264811226712

THANK YOU FOR YOUR KIND COOPERATION

Please indicate your consent to participating in this research study by checking (X) the box below.

1. Are you an employee of TransNamib?

Yes

No

2. Age category; younger than 25 years; 26-35; 36-45; 46-55; 56-and above

3. What is your level of employment:

Executive Management Shop steward

4. What is your gender:

Male female

5. How long are you in your current employment:

0-5 year 6-10 years 11-15 years 16-20 years

21 and above

6. For how long were you employed by TransNamib?

0-3 years 4-6 years 7 and above

7. Rate the image of TransNamib:

Poor Average Good

8. Rate the financial performance of TransNamib over the last 10 years:

Poor Average Good

9. If the answers in 7 and 8 are poor would you say the poor financial performances contribute to the company's poor image?

No Do not know Yes

10. If your answer is yes in question 9, how would you rate the contribution of the poor financial performance to the poor company image; Use the variable 1 very low 2 Average 3 High 4 Very High

	1) Very low	2) Average	3) High	4) Very High
Corporate image				
Overall service quality				
Customer satisfaction				
Customer loyalty				

11. If your answer is very low, low or average in question 10, what factors would you say highly or very highly contribute to the negative company image;

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12. In your view what reform initiatives can assist TransNamib to improve its image

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13. In your view what reform initiatives can assist TransNamib to improve its financial performance

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14. In short how does negative financial performance affects the corporate image

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15. In short how does positive financial performance affects the corporate image

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16. How do media publications affects the image of TransNamib;

Negative; No idea Positive

17. The negative information published in the media about TransNamib are true;

False Not sure True

18. What expertise does TransNamib board of directors have?

Management; financial; marketing; operations;
transportation

19. Would you say the expertise of TransNamib board can assist the company to
improve its financial performance;

Of course; No idea; Not at all

The End; Thank You!!!!!!

Research questionnaire**On the****“Transmib corporate Image and financial performance an internal
opinion survey****(Please kindly mark your answers with a cross (X) in the appropriate box)**

1. Are you responsible for the supervision over TransNamib?

Yes No

2 In which age category do you fall?

Younger than 25 years 26-35 36-45 46-55
56-and above

3 What is your level of employment?

Executive Management Management

4 What is your gender?

Male female

5 How long have you been a supervisor over TransNamib?

0-5 years 6-10 years 11-15 years
16-20 years 21 and above

6 Do you have any knowledge of the financial status of TransNamib?

Yes Not sure No

7 How would you rate the financial performance of TransNamib over the last 10 years:

Poor Average Good

8 How would you rate the image of TransNamib:

Poor Average Good

9 In your opinion what is the cause of the company's poor image?

Board Executive Management Management

Unions I don't know

10. How would you rate the contribution of the poor financial performance to the poor company image; Use the variable 1 very low 2 Average 3 High 4

Very High

	5) Very low	6) Average	7) High	8) Very High
Corporate image				
Overall service quality				
Customer Satisfaction				
Customer loyalty				

11. Negative financial information published in the media about TransNamib are true;

False I don't know True

12. If the image of TransNamib is poor, in your opinion has the board of directors attempted to address the poor company image?

Yes No I don't know

13. Would you say the expertise of TransNamib board can assist the company to improve its financial performance;

Of course; No idea; Not at all

14. If your answer is VERY LOW, LOW OR AVERAGE in question 10, what factors would you say highly or very highly contribute to the negative company image?

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15. In your view what reform initiatives can assist TransNamib to improve its image?

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16. In your view what reform initiatives can assist TransNamib to improve its financial performance?

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17. How would you say negative financial performance affects the corporate image?

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18. How would you describe the relationship between poor financial performance and negative corporate image?

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The End; Thank You!!!!!!