

# Crisis Management in Government Parastatals: A Case Study of National Railways of Zimbabwe

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## Abstract

The 2008 economic turmoil has ignited different crises among state business entities in Zimbabwe and to date (2016) many parastatals are struggling and production capacity is low. Financial, technological, and confrontation crises at National Railways of Zimbabwe (NRZ) became prominent following the 2008 economic decline, with seeming less attention and control being devoted. This quantitative research therefore, adopted a descriptive research design to investigate crisis management effectiveness, efficiency, crisis response strategies and factors affecting crisis management at NRZ. A sample of 100 respondents was selected from 135 employees targeted at NRZ- Harare station, using a proportionate systematic sampling technique. Structured questionnaires were used to gather data. Data was analysed using the Statistical Package for Social Science (SPSS) 16.0 into percentages, means and standard deviations, then presented in form of tables. The study established that, crisis management at NRZ is ineffective, with several factors affecting crisis management, in which leadership mandate and support is the major limiting factor. However, crisis management efficiency at NRZ was also found to be moderate, with crisis response strategies such as recapitalisation, restructuring and public-private ownership being used. As a result, the researcher recommended NRZ management to adhere to company procedures and be freed from politics and corruption. Further, the researcher recommended for NRZ to seek inter-parastatal loans, international loans and investors, embark on Crisis Management training, massive infrastructure improvement and stakeholder relationship building. Further researches are recommended to investigate crisis management effectiveness and efficiency on crisis preparedness, crisis prevention, crisis event management and post-crisis management. Future studies should also assess the strength of the impact of crisis management factors on crisis management success.

**Keywords:** Crisis management, Government Parastatals, Crisis Response Strategies, NRZ

## 1. Introduction

The classical definition of crisis by Ulmer (2012), as ‘moments of threats’ has subjected many business individuals and corporations, across the globe, to the ravages of business trauma such as financial failures, accidents, product recalls, and plant closures. The Zimbabwean business has been, and is still struggling in various devastating crises, and among the business structures ailing, government parastatals, including National Railways of Zimbabwe, appear to be more vulnerable victims. National Railways of Zimbabwe (NRZ) is a wholly government owned corporation that was established late in 1897, as Beira and Mashonaland and Rhodesian Railways, to offer efficient, cost effective, convenient and reliable transport service. The brand ‘NRZ’ was then assumed in 1980, when Zimbabwe got independent, and thus became registered under the government of Zimbabwe as a parastatal. A government parastatal is a state corporation, established by a statute, in pursuance of government policy (Mathenge, 2011). NRZ has its stations nationwide, and operates about 3,400 km of railway lines across the country.

Having operated successfully since its incorporation, NRZ is assumed to have fallen on hard times in 2000, exposing some of its depots to the risk of closure, for example, Manyukwe (2012) reported that, NRZ had no adequate number of locomotives to keep workers at its stations busy. More chaotic was the continuous decline in the number of serviceable locomotives and wagons, which was assumed to emanate from the ageing condition of the equipment. Of the 8682 wagons and 168 locomotives that were serviceable in 2009, only 3427 wagons and 71 locomotives were reported to be operational by August 2012. NRZ has also reported decline in tonnage of freight conveyed, from 19 million in 1997 to 1.7million in 2009, with high levels of retrenchment and redundancies shocking at 6000 between 1980 and 1992, 3500 from 1992 to 2012, with a further 3500 that is expected to stabilize the labour force at a projected figure of 5000 by 2016 (NRZ Mailroader, 2012). Complementary to this situation was the reported monthly deficit of \$3 million and annual loss of \$34.6 million in 2009 (NRZ Mailroader, 2012). Aggravated by the ageing infrastructure, incapacity to resuscitate, and high levels of political interferences in the parastatals business affairs, the company ultimately failed to manage its financial commitments, meet employees’ due salaries, handle stakeholders grievances, provide the transport services to the market, and to secure its relationships with various stakeholders. From previous literature, Umezurike (2012) in his investigation of globalization, economic reform and recovery in Nigerian parastatals, has defined the situation of such type as clear signs of financial and confrontation crisis. To this regard, NRZ is assumed to have been hit by financial and technological crisis complemented by confrontation crisis since 2000, though surfaced its peak in 2009.

However, analysts, quoted in Nyandoro (2013), have assumed poor management aligned to corruption, incompetence, lack of transparency combined with conflict of interests in execution of duties by management, to have derailed the company. Since independence, the hand of ruling party has become a major setback on the effectiveness of Zimbabwean parastatals (Zhou, 2000). The management of Zimbabwean parastatals lacks appropriate commercial skills and experience, as most of them got positions on political appointments and they are left to operate without clear guidelines (Zhou, 2000). The adherence to office guidelines and procedures is a messy in the Zimbabwean parastatals, with lack of transparency and accountability being the usual features of Zimbabwean parastatals' corporate governance (Zhou, 2000). To this regard, management "Gurus" has since suggested some response mechanisms, such as commercialisation, privatisation, concessions, recapitalisation and separation of infrastructure and maintenance management from operations management.

Positively reacting to the situation would mean successful Crisis Management, which is then defined by McDonald (2012), as the systematic attempt by the organisation to avert crisis, or effectively manage those that take place. In short, Crisis Management (CM) refers to the strategic planning to prevent, mitigate, respond and recover routine operations during a negative occurrence (Ferguson, Wallace and Chandler, 2012). The situation, as narrated, has therefore raised an alarm for debate to business researchers, analysts and advisors; hence a necessity for this study to investigate crisis management at NRZ. This study therefore seeks to investigate Crisis Management at NRZ, a government parastatals with the following objectives:

- To determine the effectiveness of crisis management at NRZ
- To determine the efficiency of crisis management at NRZ
- To determine Crisis Management response strategies at NRZ
- To identify the factors that affect crisis management effectiveness at NRZ.

## **2. Theoretical and Conceptual framework**

### **2.1 Crisis management (CM)**

McDonald (2012) viewed CM as the systematic attempt by the organisation to avert crises, or effectively manage those that take place or are likely to occur. According to Wang (2009), crisis management refers to the ability of a company to sustain business in a special negative situation/event. The above definitions seemed to be vague on what actually constitutes CM, thus, it is further elucidated as a process that involves planning mainly centered on business continuity and automatic incident responses (disaster recovery systems) (Demaki, 2012). The main thrust of CM is on reducing impact of business adversities and restoring order to the system thus, Coombs and Holladay (1996) and Benoit (1995) elaborated CM as matching crisis responses to the level of crisis responsibility and stakeholders' attributions in attempt to gain legitimacy. This definition explains crisis management in main aspects which are; crisis situation, crisis response and a system for matching crisis response to crisis situation.

### **2.2 Crisis management effectiveness in parastatals**

In today's world, it is no longer a question of if a major crisis will strike, but only when? Hence, there is no option, but to prepare for the unthinkable and unseen, (Kyhn, 2008). However, according to Ulmer (2012), too few organisations and communities especially parastatals, consider worrying about preparing for crisis, that is, leaders in parastatals regularly see crises as abnormal, rare events that are too exceptional to consider preparing for. In most parastatals, the effectiveness of Crisis management, such as crisis management planning and crisis management recovery are disregarded, as the largeness of size, top posts being filled up by politicians who are incompetent, poor funding, politics-aligned leadership and operations, bear a constraining role (Babaita, 2012). Though can vary across business structures, Vagliasindi (2008) and Bawa (2011) concurred that, crisis management effectiveness in government parastatals revolves around transparency, crisis preparedness, response and recovery. According to Vagliasindi (2008), board rules and procedures in state owned enterprises, particularly related to the Board member selection and evaluation process are the house of all politics and lack of transparency. Parastatals' Boards are populated with people chosen for their political allegiance rather than business acumen (Vagliasindi, 2008). More particularly in Africa, the Boards of many State Owned Enterprises are still filled with senior government or military officials who do not possess relevant skills and experience, for example, the Chief Executive Officers of many parastatal are the Retired Generals (Vagliasindi, 2008.; Mwase, 2009). Consequently, many politicians and public officials in parastatals use their positions to acquire properties such as transport, housing, Board membership, and even providing jobs for themselves, relatives and supporters, and in some cases to the extent of enjoying procurement kick-backs (Vagliasindi, 2008). Board procedures have a significant role to guide management on effective delivery of duties. According to Vagliasindi (2008) and Bawa (2011), management of parastatals in developing countries is never issued with such procedures and rules, and where available, these are never observed. To this regard, Vagliasindi (2008) concluded that, state owned enterprises are infected with lack of adherence to formal rules and procedures, catalysed by the rule of politics. Crisis management is about being prepared to handle adversity and minimize impact most effectively, and

facilitating the management process during chaos (Sapriel, 2003). This involves taking preventive activities that seek to reduce known risks. Crisis management should begin with appreciating that, crisis are inevitable and, will occur, hence there must always be unique plans setting out all the resources and procedures to be followed when the crisis hits (Madhekeni, 2012). Effective crisis management involves crafting CM plans, testing the appropriateness of plans, maintaining and amending, while supervising implementation of the plan. CM planning also includes the appointment of a crisis custodian who assesses, plan, and implements comprehensive and professional crisis systems, bringing together key business functions such as operations, human resources, sales and marketing, legal, IT and security (Sapriel, 2003). Effective crisis management should be directed through properly thought crisis management plans (Jacques, 2007). By considering planning and preparing for crises, organisations are better able to consider not only the urgent day to day operations, but also those that are outside of the norm, thus, failure to plan for crisis, is planning to fail (Mathenge, 2011.; Ulmer, 2012). Crisis management should not just be seen as a tactical reactive response when a crisis hits, but as a pro-active discipline embracing interrelated processes ranging from crisis prevention and preparedness, through crisis response, and onto crisis recovery (Boin, 2008, Jacques, 2007). Effective crisis management involves performance management, which is defined as the systematic integration of all individual employee contribution to the overall performance of the organisation (Mashavira, Nyanga, Chifamba and Zirima, 2013). By having the right plan and capabilities in place before a crisis occurs, crisis damage can be minimized, and the time to recover from it can be shortened immensely (Kyhn, 2008).

### **2.3 Crisis response strategies**

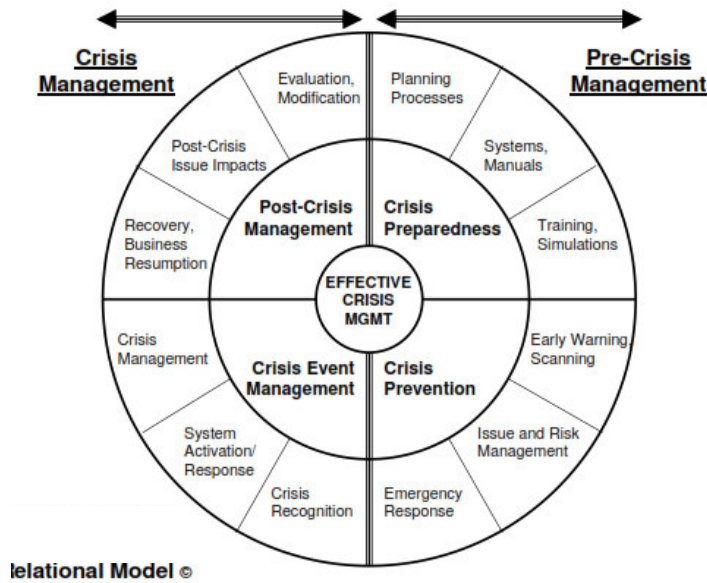
This is what crisis managers actually do in reaction to the crisis event. Effective crisis management should have speed reaction to adversity in both information dissemination and physical action so as to yield harmony timely (Ferguson et.al, 2012; Anne, 2010; Ulmer, 2012). Crisis response should include an appropriate mix of communication form and communication content. According to Ferguson et.al (2012), crisis management should maximize the use of language, persuasive messages and symbolic actions as instruments for company's image maintenance and repair. Ferguson et.al (2012) and Anne (2010) concurred that; the rate of reaction is anchored on the selection and execution of the best crisis communication responses for the crisis. Anne (2010) therefore defined crisis communication response strategies as accommodative or defensive crisis strategies. Accommodative crisis communication strategies accept the responsibility and impact of a crisis, hence seeks to restore order by means of corrective actions, apologizing, reimbursement and reinstatement. However defensive containment strategies focus on shifting the blame onto the third party, through excusing, justifying and denying.

Effective crisis management in state owned should involve reform leadership and creative destruction by management, since public interest and services need to be kept in motion (Boin, 2008). Management should be able to restore confidence to the entire system, while de-institutionalize old structures and policies to new less cost, adaptive programs, for instance, failing leaders should be replaced with new competent ones (Boin, 2008). Post the peak of the crisis, management should be involved in long term planning, supporting the restoration of the situation to normalcy (Sapriel, 2003). This implies utilizing the lessons learnt from the crisis in preparation for future adversities (Madhekeni, 2012). To appreciate the crisis management effectiveness of crisis management in parastatals, Gilpin and Murphy (1996) postulated the chaos theory, while Jacques adopted the relational model of crisis management.

#### **2.3.1 Chaos Theory**

The theory asserts that, crises are characterized by multi-dimensional causality, and lack of predictability, that is, though all systems have an underlying order, a small change within the system can cause very complex behaviours or outcomes (Gilpin and Murphy, 1996). The theory reiterates on elimination of systematic failure during CM, thus encouraging crisis management planning where management should desist from viewing crises as simple events which follow an ideally defined order, and that can be easily managed through a well defined set of phases (Gilpin and Murphy, 1996). However, the theory is blamed for being short sighted (Jacques, 2007), as it focus only on quickly attaining the short term goals of CM, ignoring that, the CM is process to involve several stages and longer time frames. To counter this, the relational model explains effective CM in parastatals through four management phases which are crisis preparation, crisis prevention, event management and post-crisis management.

### 2.3.2 Relational Model of Crisis Management



**Fig 2.1: Relational Crisis Management model**

The relational model of crisis management emphasizes crisis prevention, crisis preparedness, and post crisis activities as interconnected components of a strategic crisis management system (Jacques, 2007). It might be a question of which comes first, the egg or the chicken, as the holistic CM approach claim that, crisis prevention and crisis preparedness can also rely on post crisis evaluations, that is, the end of crisis signals the beginning of another, hence, post crisis analysis should pave way for possible future crises. To solve this question, the model outlines four distinct components of effective crisis management in their sequential order as; crisis preparedness, crisis prevention, crisis event management, and post crisis management.

#### **Crisis preparedness**

This includes planning processes, systems, manuals, training and simulations. The model claims that, effective crisis management includes having proper crisis management plan with clear outline and assignment of roles and responsibilities. According to Jacques (2007), being prepared for crisis shortens the crisis life cycle, hence, the time span the company will spend in a crisis. Effective crisis management must include systems and manuals which outline crisis management infrastructure and equipment, training of crisis management staff, familiarization programs and plan testing, and live simulations.

#### **Crisis prevention**

This entails early warning scanning, issue and risk management, and emergency response. Crisis management must involve environmental scanning; media analysis, public opinion surveys, conference attendances, legislative trend analysis aimed at detecting early signals of crisis. Crisis managers needs to do issue and risk management that is, identification of possible crises/threats, prioritization of activities, strategy development and implementation. Effective crisis prevention should also consider emergency response since most crises in crisis management literature are triggered by emergencies (Jacques, 2007).

#### **Crisis Incident Recognition**

This phase involves crisis recognition, crisis management, and post crisis issue impacts. This includes recognizing the onset of a crisis/ potential threat, or any transition from emergence, since these are the clearest signs of a crisis. Once a crisis is recognized, response systems must then be instituted; proper strategy formulation and implementation, stakeholder management, media response and damage mitigation (Jacques, 2007)

#### **Post crisis management**

This constitutes the conclusion of an effective crisis management programme. The end of a crisis signifies the start of a new one hence the ‘after events’ of a crisis need to be analysed and utilized in preparation of future crises (Jacques, 2007, Coombs, 2007, Wright, 2009). Post crisis management involves recovery and business resumption; operational recovery, market retention and business momentum. This includes media scrutiny, process review, root cause analysis, management analysis, and change implementation so that mistakes of the past will not be repeated. Furthermore, the theory also denotes the major causes of crises as, poor planning,

human error, poor maintenance, unethical or dishonest behaviours, unresponsive culture, leadership failure or poor judgment (Jacques, 2007, Ulmer, 2012). As a result, part of crisis responders' task is to minimize the causes of crises through transparency, proper planning and programming, that is, effective crisis management planning reduces the intensity of threat that a crisis can inflict onto the organisation.

#### 2.4 Crisis management efficiency in parastatals

Documentary searches and field researches have revealed that, most national economic crises, such as the Asian Economic crisis in the late 1990s are an outcome of lack of efficiency in public sector management (Babaita, 2012). This implies poor cooperation and coordination between departments, excessive centralization of policy analysis and evaluation, and insufficient professional and skilled personnel (Madhekeni, 2012). Though generally defined as, doing things right, for this study, Madhekeni (2012), explains efficiency as entailing value for money from usage of limited resources, result oriented performance, outcome and impact evaluation. According to Boin (2008), efficient crisis management involves crisis managers' capabilities through minimization and elimination of systemic failure. Demaki (2012) therefore postulated that, crisis management efficiency in government parastatals can be measured on operational efficiency and reduction of systematic failure. This entail properly determined combinations of certain company' variables, which Demaki (2012) defined as, business portfolios, markets, products, prices, expenditure, labour, capital and partnerships. According to Demaki (2012), crisis management during recessions can only be efficient if corrective modifications on these variables are implemented, as provided on table 2.1.

**Table2.1: strategies for CM efficiency in the face of a crisis.**

<b>Business variable</b>	<b>Recommended action as planning/ in the face of a crisis</b>
Business portfolio	-Downsizing unprofitable business and growing or acquiring new business portfolio-sticking/focusing to what matters in your business
Markets	-Selective responses to customers or market by exiting unprofitable customers and invest to drive leadership position to select markets
Products	-Discontinue and liquidate marginal product to stop bleeding firm and focus on new product development after evaluating which product create or destroy value.
infrastructure	-institute adequate operational equipment supported with up to date Information and Technology (IT) systems
Expenditure	-Scrutinize and cut expenditure, focus on enhancing operational performance and reduce unnecessary complexity
Labour	-Right-size the workforce and protect the high performer -human capital with desired competence should be targeted and appropriate incentives designed to motivate and retain them
Capital	-Capital restructuring to maintain liquidity and optimize capital, and re-examining the companies treasury, financing, funding.
Partnership	-Renegotiate with partners and strengthen relationship, and explore new business partners

Source: Demaki (2012)

##### 2.4.1 Relational theory of crisis management

The theory assume the major causes of crises in government parastatal as, poor planning, human error, poor maintenance, unethical or dishonest behaviours, unresponsive culture, leadership failure or poor judgment (Jacques, 2007). Further, the theory asserts that, management has the role to combine all other variables efficiently, for the continuity of the company. Management's failure to exercise professional, independent decision making, and implement appropriate changes in the system when necessary, increases the vulnerability of a company to the threatening effects of a crisis. The theory assumes management to be the steward of all other organizational variables, and have the capacity to determine the best combinations of these variables (Jacques, 2007). By pointing some major causes, the theory encourages management to take note of issues such as turf wars, which happens to be major obstacles to efficient crisis management. Variables such as labour, capital and management are the most underpinning factors on the efficiency of crisis management, thus crisis managers should always review the sustainability of inter-working relationships between all organizational variables. The theory emphasises coordination, and cooperation among all organizational variable. Management should view crisis management holistically, in which all organizational components are integrated in more economic combinations. This theory suits well with the situation at NRZ.

#### 2.5 Crisis response strategies in Government Parastatals

Crisis management has never been easy and the modern crises seem to be increasingly complex such that, even effective and efficient managers can still be victims of crises (Boin, 2008). Several modernisation processes,

globalisation, deregulation, information and communication and technology advances are all nurturing a modern complex crisis that is extremely outpacing the reaction of government parastatals. The turbulence therefore requests managers to consider crisis management, part of their responsibilities (Boin, 2008). According to Boin (2008), modernisation processes promote a closely knit world that is nonetheless susceptible to be hit by any crisis, and this ultimately require well articulated preparedness and prevention frameworks to be set by management.

The need to restore confidence in the wake of crises requires crisis managers to come up with plans and strategies that markedly differ from the ordinary activities. Particularly in government parastatals, this entails seeking inter-parastatal loans for recapitalisation, strategic partnerships and concessions, restructuring, and asset purchase programs (Derina, 2010, Demaki, 2012). According to Kunt and Serven (2009), most government parastatals were privatised, restructured, and recapitalised in response to the 2008 world economic turmoil. To shed more light on this topic, the study incorporates the contingency theory.

Crisis communication raises greater need to consider the organizational values seriously when responding to a crisis. According to Adrot and Moriceau (2012), crisis communication should be open, honest, and timely, yet in ordinary business, most companies are guided by deception, secrecy and values of upholding an organization. To this regard, conflicting values need to be noted in tandem, as this becomes the prominent hurdle in realizing effective crisis management. It is of significance to value the situational analysis as proposed by the SCCT that, crisis containment strategies should be designed in accordance with the existing situation, so that organizational values are not ruined, while averting the crisis.

### **2.5.1 Contingency theory**

This theory is centered on the strategic intent and complexity (complicatedness) of crises (Cancel et.al, 1997). They claims that, crises are, by their nature, are unplanned. Further, the theory is grounded on strategic management of crises. The theory expresses strategies to handle crises as accommodative and defensive responses. The theory reiterates that, if the cause for the crisis is external, such as national economic downturns, management should adopt more of defensive response strategies which are; privatisation, recapitalisation, public-private ownerships, commercialisation and concessions, while internal driven crises such as confrontation strikes calls for accommodative strategies which are restructuring, leadership change, asset purchase programmes and imposition of costs on responsible persons (Cancel et.al, 1997). With the strategic management, the theory guides management on safeguarding the corporate reputation, from both internal and external threats, proactively and reactively.

## **2.6 Factors affecting crisis management efforts in government parastatals**

Whilst crises are increasingly becoming inevitable in the modern dynamic environment, the success of crisis management function in parastatals is stifled by several accounts, and the numerous studies in crisis management literature emphasized the process of crisis management, whilst leaving those determinants of success or failure of the CM unhandled (Adrot and Moriceau 2012). The few studies that took note of the factors affecting crisis management had focused on information transmission only. According to Adrot and Moriceau (2012), several researches have outlined the importance of optimizing access to information, and supporting sense-making in public sector enterprises. Supported by the Neo-institutional theory, this research therefore, goes further of information technologies to identify other factors challenging the success of crisis management in government parastatals. These include ability and creativity of crisis responders to devise appropriate containment strategies, organizational values, leadership mandate and support, available budget, stakeholders' relationships, stakeholder perceptions and media.

### **2.6.1 Neo-institutional theory**

This theory proposed by Grunig and Hunt (1984), posits that, the company's actions and strategies are constrained by its institutional environment comprising of stakeholders' expectations, resource budgets, social values and norms, rules and laws (Grunig and Hunt, 1984). It emphasizes on the legitimacy of public enterprises, which is a product of the organisation's interactions with the environment, for example, meeting stakeholders' expectations, acting consistently to social values and norms awards the entity with positive legitimacy. Therefore, state enterprises should also consider legitimacy management, which is defined by Kyhn (2008) as, a cultural process by which organisations attempts to build, maintain, and in some cases, regain stakeholder support. This means that, only managers who can effectively adapt to their contextual environments, and deliver reliable services to meet or exceed stakeholders' expectations can survive in the wake of adversities such as economic downturns.

### **Gap analysis**

Though most of the previous researches acknowledged in this study have covered crisis management, from the researches such as the Chinese response to 2008 financial turmoil by Giles et.al (2010), the Swedish parastatal lawsuit (1997-1998) by Svensson (2009), and the USA and European response to 2008 financial crisis by Kunt and Serven (2009), it is to no objection that, most researches concentrated on developed economies. This

research therefore corroborated Mwase (2009), Mathenge (2011) and Bawa (2011) who investigated Crisis Management in South Africa, Kenya and Zambia respectively, by investigating CM in Zimbabwe, thus intending to introduce future researches into objectively bridging the two economies. In addition, the numerous studies in the subject of crisis management have generalized the studies. This has therefore strengthened the need to direct this research to government parastatals. More-so, several researches were done on crisis management planning, implementations, challenges, and benefits, but less has been done to document the capabilities of crisis managers (efficiency and effectiveness of crisis managers). This study has therefore tried to integrate the previous studies and seal that gap by echoing Vagliasindi (2008) on her investigation of effectiveness of BODs in SOEs, by investigating crisis management efficiency and effectiveness in government parastatals, paying particular attention to elements such as the influence of politics, corruption, incompetence, ministries and nepotism on crisis management and adherence to industry and company policies.

### 3. Methodology

This research used a descriptive research design. According to Zikmund (2011) a descriptive research design is adopted when focusing on describing characteristics of a population or phenomenon without explaining the relationship between the parameters, therefore this research followed a descriptive research design to describe crisis management effectiveness, efficiency, response strategies and factors of crisis management at NRZ. The target populations for this study were 135 employees at NRZ Harare station, who comprised of 29 managers and 106 shop-floor employees. The study targeted both management and employees so as to minimize subjectivity of the responses, by reconciling the responses from all levels of the company. A sample size of hundred (100) participants was used for the study. The study used probability sampling technique which means that, every individual in the sampling frame had an equal chance of being selected (Bambale; 2014). Particularly, proportionate stratified sampling was used. The respondents were therefore grouped into strata as defined by their positions in the company, which are; top management, middle management, lower management, and employees. The respondents were systematically chosen in proportion of the percentage of each stratum to the target population. The study used structured questionnaires to collect the data from respondents. The questionnaire had five sections which are demographics, crisis management effectiveness at NRZ, crisis management efficiency at NRZ, crisis response strategies at NRZ, and factors affecting CM at NRZ. A pilot study was done to a pilot sample of respondents randomly selected from the target population, in which 15 questionnaires were distributed to the pilot sample, so as to assess the appropriateness of the questionnaire towards achievement of the research objectives. Data was analyzed into percentages, means, and standard deviations (SD) using the Statistical Package for Social Sciences (SPSS 16.0).

### 4. Findings and Discussions

#### 4.1 Effectiveness of crisis management at NRZ

**Table 4.1 Shows the overall crisis management effectiveness at NRZ (n=100).**

	No extent at all	Small extent	Moderate Extent	Large Extent	Very Large Extent	MEAN	SD
Media usage	25	20	16	28	11	2.79	0.3
Response criterion and development	23	22	23	20	12	2.1	0.6
CM plan development and implementation	54	26	11	6	3	1.76	0.06
Crisis communication	29	26	20	11	14	2.35	0.3
Procedures adherence	26	35	16	15	8	1.72	0.4
Transparency	52	18	13	10	7	1.10	0.4
<b>Overall</b>	25	24	18	17	16	<b>1.97</b>	<b>0.4</b>

The overall analysis on table 4.9 shows that, crisis management at NRZ is ineffective as shown, by a mean score of 1.97 and a lower standard deviation of 0.4. In this case, the mean score reflects that, Crisis Management effectiveness at NRZ is at a small extent, and the low standard deviation score of 0.4 implies insignificant variation from the mean, that is, most responses (around 99% of responses) confirm that, effectiveness at NRZ is at a small extent. The findings are in line with Vagliasindi (2008), who investigated the Effectiveness of BODs in State Owned Enterprises of developing economies and concluded that; crisis management in government parastatals is ineffective due to high alignment of management to petty politics, and lack of respect to rules and procedures. This is also supported by Bawa (2011) in his study of water provision in Johannesburg, that, crisis management in parastatals is ineffective, as the stewards of such entities are found guilty of corruption and petty politics.

#### 4.2 Crisis management efficiency at NRZ

**Table 4.2 shows crisis management efficiency at NRZ (n=100).**

	Business portfolio changes	Infrastructure change	market change	product changes	expenditure changes	labour change	capital change	partnership changes	Overall
N Valid	100	100	100	100	100	100	100	100	<b>100</b>
Mean	3.04	2.28	2.80	3.00	3.52	3.00	3.00	2.52	<b>2.895</b>
Std. Deviation	.875	1.155	.985	1.101	1.105	1.271	.943	1.306	<b>1.093</b>

The table above shows that, expenditure, business portfolio, labour, products and capital were changed to a large extent, as shown by mean values of 3.52, 3.04, 3.00, 3.00, 3.00 and 3.00 respectively. The variations among the responses is thus indicated by lower standard deviations of 1.105, 0.875, 1.271, 1.101 and 0.94 respectively, which mean that, there were little deviations among the responses given. Markets and partnership were also moderately changed, as indicated by a mean score of 2.80 and 2.52 respectively. Infrastructure was confirmed the least moderately changed, shown by a mean score of 2.28. The overall mean score of 2.895 was achieved, indicating that, CM at NRZ is moderately efficient, supported by a standard deviation of 1.093, which implies that, most responses (about 68%) concurred that, CM efficiency at NRZ is moderate.' The overall result argues with Mwase (2009) who investigated the business trends in transport parastatals of Sub-Saharan Africa and concluded that crisis management in government parastatals is absolutely inefficient. However, that overall finding on changes on organisational mix also supports Demaki (2012) and Babaita (2012) that, management pursue to achieve efficient crisis management by revising products, markets, labour, expenditure, partnerships and business portfolios. In this line, Mathenge (2011) further explained, in his investigation of adoption and implementation of BC and DR systems in Class 'A' parastatals in Kenya that, public sector changes on organisational mix in response to recessions are still at introductory changes. To this regard, efficiency can thus be confirmed to be gaining ground shown by the transition from conclusions of Mwase (2009) to Demaki (2012) and Babaita (2012), and the current results, and this can be attributed to the increasing awareness of crisis management among management of parastatals.

#### 4.3 Crisis management response strategies at NRZ

**Table 4.3 Shows the extent to which the NRZ instituted the following response programmes (n=100).**

	No extent at all	Small extent	Moderate extent	Large extent	Very large extent	MEAN	SD
Recapitalisation	2	14	4	23	57	4.19	0.4
Restructuring	2	4	15	72	7	3.78	0.2
Asset purchase programs	74	14	2	10	0	1.48	0.1
Leadership change	1	2	23	67	7	3.77	0.3
Public-private ownership	6	4	18	70	12	4.08	0.5
Concessions	9	28	55	4	4	2.66	0.4
Privatisation	4	65	22	5	4	2.4	0.3
Commercialisation	15	35	45	5	0	2.4	0.3
Imposition of costs on responsible persons	64	26	10	0	0	1.46	0.2
Overall	20	21	22	27	10	<b>2.91</b>	<b>0.3</b>

Majority of respondents confirmed the use of recapitalisation strategy to a very large extent, indicated by a mean of 4.19, followed by public-private ownership, also used to very large extent as shown by a mean of 4.08. Restructuring and leadership changes were also considered as alternative strategies, to a large extent as supported by a mean of 3.78 and 3.77 respectively. Concessions were considered to a moderate extent, as shown by a mean of 2.66, while privatisation and commercialisation were also used at a moderate extent, as shown by a mean of 2.4. The least considered programs were asset purchase programs and imposition of costs on responsible staff, as shown by mean, 1.48 and 1.46 respectively. The overall mean of 2.91 shows that, crisis responsiveness at NRZ is moderate and the overall standard deviation score of 0.3 means that, almost 99% of the responses concurred on the crisis response strategies used at NRZ and agreed that, NRZ crisis responsiveness is moderate. These findings therefore ascribe to the results of Kunt and Serven (2009) in a study of USA and UK's responses to the 2007-2008 world financial turmoil, Cumming (2009) on the response by East Asian and Latin American governments to the 2008 economic meltdown, and Mwase (2009) on the response by Zambian Airways to the 1990s persistent losses, that, programmes implemented in each included recapitalisation, commercialisation, concessions, leadership changes, deregulation, restructuring and privatisation of the parastatals. To this regard,



NRZ is moderately responsive to crises, using strategies such as recapitalisation, restructuring, leaderships changes that were also used in other parastatals mentioned in the literature reviewed.

#### 4.4 Factors affecting Crisis Management at NRZ

Table 4.4 shows the findings on crisis management factors considered by NRZ

Factor	No extent at all	Small extent	Moderate extent	Large extent	Very large extent	MEAN	SD
Financial constraints	0	8	8	61	23	4.03	0.6
Ability, creativity and managers emotional state	35	42	18	5	0	1.93	0.8
Stakeholders' attribution of responsibility	5	11	23	42	19	3.59	0.1
Leadership mandate and support	2	5	15	43	35	4.04	0.2
Organizational values	8	8	8	42	34	3.91	0.6
Stakeholders' prior relations	3	9	29	44	15	3.59	0.4
Crisis history	8	42	35	8	7	2.69	0.2
Media	8	8	45	35	4	3.19	0.2

The findings above claim that, leadership mandate and support affect crisis management to a very large extent as indicated by a mean of 4.04 and a standard deviation of 0.2, closely followed by financial resources with a mean of 4.03, and a standard deviation of 0.6. The respondents also confirmed that, organizational values also affect CM to a large extent, as shown by a mean of 3.91 and a standard deviation of 0.6. Stakeholders' perceptions and attributions of crisis responsibility have the same large impact on CM, as stakeholders' prior relations; indicated by mean of 3.59 on each, and standard deviations of 0.1 and 0.4 respectively. Media also affect CM at a large extent, as shown by a mean of 3.19 and a standard deviation of 0.2, followed by crisis history with a mean of 2.69 and a standard deviation of 0.2. Compared to other factors, ability, creativity and crisis responders' emotional state affects CM at a small extent, indicated by a mean value of 1.93 and standard deviation 0.8. The standard deviations for all factors are lower than 1.0, meaning that, there were insignificant variations among responses given, that is, at least 95% of the responses concurred on these factors affecting CM at NRZ. These findings corroborates the findings of Atuahene (2011) on his investigation of Sub-Saharan Universities' pursuit of higher education research that, most of the Sub-Sahara African developments are plagued with lack of leadership support and mandate. The findings are also in line with Gumbo and Geyer (2011) in an investigation of the 2005 'Operation Murambatsvina' in Zimbabwe who also found that, financial shortage was one of the critical factors that affected the program's success. Therefore, all factors assumed to affect crisis management in parastatals were positively confirmed at NRZ.

#### 5. Conclusions

The researcher concluded that, Crisis Management effectiveness at NRZ is at a smaller extent indicated by a mean score of 1.97. The managers are confirmed to be highly involved in petty politics and corruption, while undertaking crisis management planning at small extent, with adherence to procedures such as procurement and remuneration being very poor. The study also concluded that crisis management efficiency at NRZ is moderate, as indicated by several changes being implemented on organizational variables such as business portfolios, products, markets, partnerships, expenditure, labour and capital, with only infrastructure not have seriously adapted so far. NRZ has multiple response strategies which are recapitalisation, public-private ownership, restructuring, leadership changes and concessions. Finally, the major factors which militate against crisis management at NRZ are leadership support and mandate, financial resources and stakeholders' perceptions, prior relations, media, crisis history, organisational values and ability, creativity and manger's emotional state.

#### 6. Recommendations

Firstly, it is highly recommended that, the management of parastatals should be freed from politics, for example, the appointment of top management such as the Chief Executive Officers (CEO) must be based on merit, not political grounds. This can help counter the high levels of political interferences within the operations of the parastatal. The appointment of qualified competent leadership can achieve effective crisis management planning, crisis communication and adherence to policies, which will yield effective crisis management. In addition, the researcher recommends that NRZ should embark on crisis management training. This study found that, crisis management planning and implementation is still taken at a smaller extent, and this could be due to the lack of knowledge and training on how to plan for crises and implementation of such plans. Poor leadership support and mandate was also confirmed to be undermining the success of CM. Therefore, training programs can help alleviate such mal-performances among management. Furthermore, to increase efficiency, NRZ management

should focus more on equipment change as this is the most devastating element towards the company's recovery into normal operations. The findings revealed that, equipment was moderately changed, yet the nature of wagons and locomotives owned by NRZ are obsolete, to the extent of loosing competitiveness even in the local business. Therefore, resuscitations such as acquiring electrified wagons and locomotives can make the service more attractive and palatable to customers and business partners. NRZ should also introduce massive infrastructure development programs such as, Built Own Operate Transfer (BOOT) programmes to enhance independent investors to recapitalise and develop the rail equipment. This will attract investors into introducing their funds into the business. NRZ should also seek inter-parastatal loans, international loans and investors to rescue the company from the financial break down. This study described the overall effectiveness and efficiency of crisis management in parastatals; hence there is still need for further studies to investigate crisis management effectiveness and efficiency on the components of crisis management process which are crisis preparedness, crisis prevention, crisis event management and post-crisis management. This study was descriptive, and has just described the factors critical for crisis management, without actually ascertaining the nature and strength of relationship between each factor and CM, therefore, further causal studies are recommended to establish the nature and strength relationships between the identified factors and CM.

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