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Nandonde, Felix Adamu; John Liana, Pamela

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Effective Human Resources Management in Small and Medium Enterprises: Global Perspectives

Carolina Machado
University of Minho, Portugal

Pedro Melo
University of Minho, Portugal
Chapter 12

How SMEs in the Car Maintenance Services Industry Recruit Employees from the Dense Forest of Hopeless Unemployed Youths: Case Study of Two Selected Cities in Tanzania

Felix Adamu Nandonde
Aalborg University, Denmark

Pamela John Liana
Open University of Tanzania, Tanzania

ABSTRACT

There is a general consensus among scholars that the HR practices by corporate companies cannot be imitated by Small and Medium Enterprises (SMEs). Even though it is a neglected sector, SMEs in Tanzania are considered to be a major contributor to the national economy in terms of tax payment and job creation. Using a case study, this chapter investigates human resource practices in the recruitment process among the SMEs in a car maintenance sub sector. The nature of doing business is more informal, whereby a customer can bring a car to the garage and the technicians work on the car without bargaining for the cost of the work. Accordingly, there have usually been complaints from customers regarding over charging for the services offered and lack of trust among technicians, especially on matters relating to falsification on spare parts. In addressing this problem, garage owners have to make sure that they employ people with good character; those who cannot temper with customers’ property tarnish the image and reputation of the company.

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INTRODUCTION

The collapse of the central planning system (Ujamaa policy), in which the government was responsible for providing a job ‘for every one’, has created significance employment uncertainty in Tanzania (Bagachwa and Maliyamkono, 1990, Mbwambo 2003). In this regard, small and medium enterprises (SMEs), which mostly constitute the private sector, become even more important in creating new jobs.

Although SMEs have a big role to play in the economy, their management practices are still vague (Bryant and Nguyen, 2004). And even though SMEs create a significant portion of jobs and employment, current research on human resource recruitment (HRR) has focused primarily on large firms that employ fulltime specialised personnel (Annette and Marilyn, 1999, Henneman et al, 2000, Hornsby and Kuratko, 1990). This vacuum compels SMEs to either use human resource practices that were developed for large firms or not to use any practices because of not being appropriate for them.

Unlike the firms in developed countries, SMEs in the emerging economies are operating under weak market infrastructures (Peng, 2001, Mbwambo, 2003, Mbwambo and Tundui, 2003, URT, 2002, Wabwire, 1996). SMEs in developing countries may be familiar with HRR practices used by corporate organisations, but the recruitment practices of SMEs, arguably, may be very different from those in large firms (Bredl, et al 2009). Thus, despite the fact that SMEs in Tanzania play a very important role in economic development and job creation, there is very little knowledge about how they recruit human resource.

The subject of HRR in SMEs has received less attention in developing countries (Bryant and Nguyen, 2004, Aryeetey and Offori, 2011). In Tanzania, research on HR has focused much on local and central government (Bana, 2008, Itika, 2010, Issa, undated). This implies that research in SMEs human resource recruitment is urgently needed in developing economies such as Tanzania. This chapter addresses the need of carrying out research in this area by asking one basic question: “What human resource recruitment practices do Tanzania’s car maintenance SMEs formally exercise?” The answer to this question will provide owners of car maintenance and public policy makers in the country better perspectives of the challenges that SMEs face, instead of relying on what is available in the HRR studies on larger firms and models from developed countries.

Overview of Car Maintenance Business in Tanzania

The definition of SMEs is still subject to debate among scholars. According to Copeland and Weston (1998), the concept lacks universal applicability. This is true because if sales turnover is used as the benchmark, then which currency would you use and what about the impact of exchange rate? Van der Wijst (1989) defines SMEs as a privately owned firm with 1-9 and less than 10-100 employees. Jordan et al (1998), on the other hand, define SMEs as the firm with fewer than 100 employees and with less than € 15 million turnover. It is clear from literature that scholars have not reached consensus on what should constitute SMEs, in terms of as to whether to to use annual turnover, the size of enterprises, ownership of the enterprises, or the value of fixed assets. This study uses a definition based on quantitative dimensions (number of employees and number of revenue). Globally, the concept of SMEs varies from one country to country; in Tanzania, SMEs categorization has been on four tiers as shown in Table 1.

On the other hand, the country has scanty statistics on SMEs (The Guardian, 2010). Tanzania Chambers of Commerce Industries and Agriculture (TCCIA) estimated that there are 1 million entrepreneurs in the country, which contribute 30% of the GDP and employ 40% of the total population (www.tccia.com).
According to the National Bureau of Statistics (NBS) (2011), estimated 12% of the Tanzania population consist of the unemployed people (www.nbs.go.tz). According to Business Times, (2011) report, unemployment rate among the youth in the country stood at 13.4% in 2010. Such a large army of unemployed young and energetic people indeed poses a threat to the country’s future political stability and peace. On the other hand, the government has embarked on various strategies with the aim of absorbing the youth into different formal and informal legal activities that could help them earn a living. One such strategy is the National Strategy for Growth and Reduction of Poverty (2005-2010).

Car maintenance subsector seems to be promising in terms of redressing youth unemployment due to the fact that the number of cars has been increasing in the country. For instance, it is estimated that in the commercial city of Dar-Es-Salaam 1 in every 4 people has a car (Daily News, 2012). Currently, the city has the population of more than 4 million people. This provides a potential market for the SMEs in the car maintenance in the country.

Table 1 shows that SMEs can be categorised based on capital investment as it has been done in certain project. However, this criterion may not work with many of the individuals involved in the private sector. This is because SMEs are not ready to disclose their income and investments; and on the other hand, the data cannot be easily available because the owners operate informally.

### Table 1. Categories of SMEs in Tanzania

<table>
<thead>
<tr>
<th>Category</th>
<th>Employee</th>
<th>Capital Investments (TSHS) Million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Micro enterprise</td>
<td>1-4</td>
<td>Up to 5</td>
</tr>
<tr>
<td>Small enterprises</td>
<td>5-49</td>
<td>Above 5 to 200</td>
</tr>
<tr>
<td>Medium enterprises</td>
<td>50-99</td>
<td>Above 200 to 800</td>
</tr>
<tr>
<td>Large enterprises</td>
<td>100</td>
<td>Above 800</td>
</tr>
</tbody>
</table>

Source: URT, 2002

Research Problem

There is a general consensus among scholars (Deshpande, and Golhar, 1994, Ivy, 1997 and Deshpande and Golhar, 1997) that SMEs are the engine of the economy in the developed and developing countries. However, Tanzania has not benefitted from the full potential of the SMEs due to the following reasons namely; unfavourable legal and regulatory framework (Nkya, 2003, URT, 2002), undeveloped infrastructure (URT, 2002, Mbwambo, 2003), limited access to finance, and poor business development services (Maziku, 2012, Anderson and Ssendi, 2009, URT, 2002).

SMEs in car maintenance in Tanzania work under constraints that threaten their very existence (Leonard and Mfaume, 2004). Firstly, the group is characterised with low revenue per year (Mbwambo, 2003), low level of education (Spring, 2009, Leonard and Mfaume, 2004) and majority do not have any formal training, (Leonard, and Mfaume, 2004, Mwananchi, 2012), they also do not have any permits to work in the areas where they operate, (Leonard and Mfaume, 2004, Nkya, 2004) as they usually use road reserve to undertake their businesses.

To survive in this business environment, trust is very important among workers employees, and customers who bring their cars for services in these garages. The nature of doing this kind of business in Tanzania is highly informal whereby customers can leave a car at the garage without any notification; this is in addition to the reality that the technicians would work on the car without knowing how much he/she was finally going to be paid by the customer. The cost of the services is usually agreed upon after the services.

In most cases conflicts between car owners and technical attendants, are common phenomenon, especially regarding the value of the items replaced in the car during the service. Normally, complaints abound on over charging for the services and on the fact that sometimes used spare parts
are replaced and charged for the prices of new and genuine spare parts by unscrupulous technicians.

To minimise these conflicts the garage owners employ well behaved and trustworthy people who cannot temper with customers’ vehicle parts for fear of damaging the image and reputation of the company. In order to realize the potential of SMEs, issues on how human resource is utilised by the sector deserve a consideration. This study set out to explain how SMEs recruit employees from the community.

**LITERATURE REVIEW**

**Theoretical Literature Review**

Recruitment and selection practices are the key factors for success of any organisation (Ongori, 2010). The ultimate goal of recruitment and selection is to have people with similar skills, knowledge, experiences, core competences and preferred attitudes that will enable an organisation to survive in a stiff business competition (Boddy, 2006, Itika, 2012).

According to Armstrong (2009), if an organisation fails to attract skilled and knowledgeable human resource, such an organisation is likely to fail to achieve its objectives. Some of the problems which SMEs face include high labour turnover and organisation conflicts (Aryeetey and Ofori, 2011, Bredl, et al, 2011). To minimise these problems, proper recruitment and selection procedures of employees becomes very crucial.

A system theory which is propounded by Dunlop (1958) considers human resource recruitment as a system that constitutes inputs, process, and output. However, small scale businesses have a shortage of managerial skills (Daniels, and Ngwira, 1993 and Monsted 1989). In addressing this problem among the SMEs Aryeetey and Ofori (2011) suggest three things: (1) developing the managerial skills of the owner (2) employing managerial consultant when problems arise; and (3) recruiting an employee who would perform managerial tasks. SMEs have to make sure that they attract and recruit talented youths. However, this is not what actually happens in the labour market whereby graduate have no jobs and SMEs have no skilled employees (Budhwar, and Saini, 2008).

SMEs in developing countries face many problems ranging from financial related constraints to those related to access to finance (Anderson and Ssendi, 2009, Gagoitseope, and Pansiri, 2012). Such constraints limit SMEs from implementing the three suggestions by Aryeetey and Ofori (2011). On the other hand, corporate organisations fail to absorb all graduates from technical colleges and higher learning institutions.

Another theory is the resource based value theory (RBVT). The theory originated in the economics some times back and propounded in 1990s by Barney (Barney, 1991). Penrose (1958) propounds the idea that firms should be analysed from resource side and only focusing on the product side at the level of industry. The RBVT focus on internal analysis of the differences in resource endowments of the firms (even within industry) and explains how these differences can be a source of sustainable competitive advantage (Armstrong, and Shimizu, 2007, Barney, 1991). As Barney (1991) argues, a firm has the potential of generating sustained competitive advantage from firm resources that are valuable, rare, inimitable and non substitutable. The RBVT was chosen as a conceptual framework because it provides a theoretical bridge between HRM and a firm competitiveness (Friedmann, et al 2010, Dunford, et al 2001). Since its inception, the theory has faced criticism (see Barney, et al, 2011, Barney, 2001, Armstrong and Shimizu, 2001 for detail). Applying the RVBT concept to research has led to discussions of opposing implications among scholars (Dunford, et al 2001). Despite the criticism (Armstrong and Shimizu, 2007, de Kok et al, 2006), the RBVT has become the most applied theory in HRM research. However, scholars have different views on the use of the RBVT and
HRM. As McMahon et al (1994) argue, human resource may lead to competitive advantage, on the other hand, Lado and Wilson (1994) argue that sustainable competitive advantage lies within HR practices. According to Friedmann, et al (2010), and Barney, (1991), HR practices constitute a complex and interdependent system that cannot be copied easily. Exploring the influencing role of HR on the competencies of the firm (Dunford et al, 2011), suggest that HR systems (as opposed to individual practices) can be unique, causality ambiguous and synergistic in how they enhance firm competencies, and thus could be inimitable. This study follows the RBVT to HR practices whereby the value, uniqueness, and unilimitability are argued to enhance efficiency. According to de Kok, et al (2006), the RBVT supports relationship between the firm size and organizational complexity on the one hand and professional HRM practices on the other. In the Tanzania’s business context, this means HRM practices with three features will help SMEs to survive in competitive business environment. But to have employees with these features, a firm has to practice HRM recruitment processes that depend on RBVT. The SMEs dependency on community seems to be an inevitable phenomenon because of the financial constraints that limit them from employing qualified staff and or formalizing of their operations.

To survive in this situation, SMEs have to depend on the surrounding community for the supply of unskilled labour because they (SMEs) cannot employ skilled labour from universities and technical education institutions. This, in turn, reduces their competitiveness in the provision of services while on the other hand financial institutions encourage SMEs to take loans which however make them unable to attract highly skilled labour. In broad perspective, SMEs in car maintenance depend on the human resource from a pool of poor skills. In addressing the problem unqualified staff, SMEs recruit unemployed individuals as trainees. However, the challenge with regard to this approach revolves around bringing ethical and moral behaviour of new recruits up to the acceptable standards.

SMEs Recruitment Processes

Armstrong (2009) identifies three stages of human resource recruitment and selection procedures, which include (1) defining recruitment (preparing job; evaluating alternative sources of applicants either inside or outside the organisations) (2) attracting candidates; (through advertising the vacancies inside or outside the organisation); and (3) Selecting candidates (through interview, testing, assessing candidates, obtaining references and preparing the job contracts).

The problem many companies in developing countries face is lack of trust among employees (Egbert, 2001). To overcome this problem companies, in most cases, use a network of friends to get employees (Bredl et al, 2011). As Trulsson (1997) observes, business owners in Tanzania rely on friends and other sources when searching for employees. On part of entrepreneurs, this is more challenging because in some situations (Bredl, et al, 2001, Ongori, 2010), they (entrepreneurs) don’t have enough means of screening their workers and do not use formal procedures such as signing of work contracts. In the study conducted in Tanzania, Bredl et al (2009) found out that employers either formalize their human resource operations or not, do otherwise, depending on the size and age of the firm. Furthermore, the same study reveals that Tanzanian-Africans do not formalize their human resource recruitment unlike their counterparts Tanzanian-Asians.

In a study conducted in Tanga, Tanzania, Egbert (2001) found that SMEs owners use two criteria, namely; trust and qualifications in the recruitment of employees. Lack of trust is the biggest problem in the world of business today, and it is very rampant in the SMEs because they (SMEs) don’t have a good mechanism of screening new recruits and thus these SMEs recruit workers without formal skills (Ongori, 2010, Bredl et al, 2011).
In another study, Huselid, (1995), Adams and Reid (2001) found that firms that use comprehensive employee recruitment selection procedures, extensive employee involvement and training, and formal performance appraisal approach linked to incentives are likely to enhance corporate financial performance. However, training is normally faced with setbacks in many organisations due to financial difficulties (Dunford, et al., 2001). The situation is even worse with SMEs because they face with financial constraints, and researchers have found that training is not one of the components that are taken into consideration more serious. However in most cases, SMEs carry out informal training following the nature of their organisation that jobs are a routine and there is no specialisation (de Kok and Kok, 1999). Aldrich and Langton (1997), found a negative relationship between the number of family members who work in a firm and the formal HRM practices. Furthermore (de Kok et al., 2006, Adams and Reid, 2001) found that family firms rarely consider experience and level of education in making decisions on promotion. In a study conducted in Ireland, Adams and Reid (2001), found that SMEs were not implementing professional HRM practices.

**Study Area**

The respondents of the study were recruited based on the agreement that the researchers would treat the information provided with the highest level of confidentiality and would conceal the identity of the respondents. The problem was that SMEs were sceptical from participating in the research for fear that the government and its agencies would investigate their operations. For that matter hypothetical names such as garage A, B, C, and D.

The study data were collected in Morogoro and Dar-Es-Salaam using a random sampling technique. The researchers approached the organisation and introduced the study and upon agreement, the date for the interview and time were agreed upon. Eight SMEs were approached to participate in the study, four refused for fear that their business secrets would be revealed. Snow bowling technique was used to get other four SMEs with reference to the first one. Two respondents were garage owners who operated in both cities and whose car maintenance services were also used by the researchers. The technique is biased, but, it was reliable because the person suggested by someone (who is also in the sample) is likely to share similar characteristics with the first person (Zikmund, 2009, pp.384).

**Data Collection**

Unstructured questionnaire was used for data collection. The questionnaire was developed after consulting literature such as Bredl et al., (2011), Egbert, (2001) and Trulsson, (1997). The questionnaire contain questions such as: When did you start this business operation? Was your business registered? Where is the source of your employees? How do you recruit trained mechanics? Do your use interview in recruitment? What methods do you use in the selection process of the employees? Do you consider gender balance in your recruitments? Does your company face labour turnover? If yes what are you doing to retain those talents?

The researchers shared with the respondents, the objectives of the study and tools that were to be used in the data collections. The interviews were all tape recorded to allow the researchers to concentrate on the conversations during the interviews. However, for ethical reasons, the interviewees were informed about the tape recording and its purpose; that is, allowing the researcher to keep a record for data analysis. Upon agreeing on the procedures by both parties, then the interviews began. All interviews lasted for 30 to 45 minutes depending on how busy the respondent was. The researchers visited the respondents’ premises for convenience and for verifying some of the things cited. The interviews were conducted from June to August in 2012 in the cities of Morogoro and Dar-Es-Salaam.
Case Selections

Yin (2009) defines case study research method as an empirical inquiry that investigates a contemporary phenomenon in its real life context, and when the boundaries between the phenomenon and the context are not clearly evident; and in which multiple sources of evidence can be used. A multiple case study design was used in this study whereby four cases were studied as a unit of analysis. In selecting the SMEs three criteria developed by Nkya (2002) were used in the study as follows.

- The enterprises must have operated for at least five years.
- The enterprises must not at the time of the study be employing more than a hundred people.
- The enterprises management should be willing to provide the necessary information.

Data Analysis

The collected qualitative data from interviews with the owners of car service stations were analysed using critical discourse analysis (CDA). The transcribing of the data was conducted before the analysis of the data. The CDA looks at the linkages between the language used by the person such as (voice, intonation and body language), and the social context during the interview (Winstanley, 2009). The transcribing started on the same day after the interview while information from the respondents was fresh in the memories of the researchers, the context and analysis of the case also started almost immediately.

Findings

Four companies, two from Dar-es-Salaam and two from Morogoro were included in the study (see Table 2). The company names were A and B from Morogoro and C and D from Dar-Es-Salaam.

SMEs RECRUITMENT PROCESS

Recruitment Sources

SMEs use two sources of recruitment, internal and external. However, the internal one is very strong because when trainees (for the purpose of this study trainee is the one who did not attend any formal mechanical training but has received training at the car services centre based on the skills and experiences) graduate from the company, they decide to remain with the company because of a long relationship they have had with the organisation. The external sources are not a major source, even though they generate a good number of recruits. However, in most cases, these recruits do not stay with the company for a long time due to low pay and harsh working conditions. Similar findings are reported by Johnson (1993), who shows that SMEs see graduates as a product of the academic world. One owner said:

Some of the technicians from colleges do not have good practical training but they are good in theory, while here we don’t need theory. So they find this as not being the right place for them.

<table>
<thead>
<tr>
<th>No</th>
<th>Name of the Company</th>
<th>Number of Employees</th>
<th>Year Started</th>
<th>Legal Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>A</td>
<td>18</td>
<td>1992</td>
<td>Valid</td>
</tr>
<tr>
<td>2</td>
<td>B</td>
<td>7</td>
<td>2005</td>
<td>Not valid</td>
</tr>
<tr>
<td>3</td>
<td>C</td>
<td>12</td>
<td>1990</td>
<td>Valid</td>
</tr>
<tr>
<td>4</td>
<td>D</td>
<td>11</td>
<td>2000</td>
<td>Valid</td>
</tr>
</tbody>
</table>

Note: the name of the companies have been hidden for confidentiality
RECRUITMENT METHODS

Indirect Methods

The study found SMEs not advertising vacancies in the local media and neither do have job descriptions. Interesting findings were on the source of human resource, that SMEs depend do not use formal sources such as vocational training and colleges; but they use relatives, family friends and own family members as their major source of labour supply. One garage owner said:

_You have seen that I have seven employees who are working here one is a young boy; his mother is working in the next door, the other one is a child of the owner of the auto spare parts shop and two are my relatives; this helps us to protect property of our customers._

The findings of this case study reveal further those SMEs in a car maintenance industry use more informal and unstructured means of recruitment. The findings correlate with the ones in a study by Bartram _et al_ (1995) who found that recruitment in small businesses is unlike that in SMEs.

When asked why they do not advertise vacancies in local media to enable them attract skilled staff, SMEs gave several reasons; for example one owner of a car service centre had this to say:

_People come to our offices to ask for jobs, but we don’t have enough places for them, why advertise?_

Another respondent made this remark:

_Due to the nature of this business, you don’t need to incur more cost; also employees are very mobile so you don’t need to advertise._

This shows that the problem with SMEs in car maintenance industry is not getting skilled labour; rather it is how to retain the skilled staff. This is unlike in large firms where employees get good pay and work under good working condition. Large firms can therefore, afford to retain their staff quite easily.

SMEs AND SELECTIONS OF THE EMPLOYEES

Interviews

The study found two techniques being used in selecting new recruits. One involves indirect methods (to get trainees), whereby companies conduct informal interview to candidates accompanied with members of the families. A family member can either be a parent or guardian and who has to provide reference for candidate and be answerable for any wrong doing committed by the candidate. The owner of the garage will ask for a verbal commitment from the parent/guardian to assure the company that the trainee would not display an unacceptable behaviour. Also, the family member has to provide pocket money to the candidate during the first few days of the training sustain him or her at the garage. One of the owners has this to say:

_We will question the parents on the commitments of the youth that (he/she) will behave and not steal other people’s properties._

The agreement is made between the parent and the owner of the garage and not the child. This means the parent would be responsible for any loss resulting from the candidate’s misbehaviour. One garage supervisor commented,

_We don’t have any alternatives but to protect ourselves, otherwise we will pay a lot of money for mistakes which are not ours._

To avoid recruiting children with bad behaviour, the company would usually recruit technicians from next of kin. Such a procedure saves the
owners from the hassles of searching for detailed information of the trainee in terms of whether or not the candidate is of good character.

**Personality and Ability Test**

A recruitment process of candidate from vocational training institutions and colleges is different from that of those who have not attended formal training. As for the former, there is usually, a small test on the field on the use of various mechanical tools. As one garage owner says:

*In 2008 there came one guy claiming to have graduated from a vocational centre and has skills on metal welding. I gave him a small test of setting the gas cylinder and valve cylinder but he failed.*

Furthermore, personality and ability tests are used to evaluate the physical nature of the candidate to see if he/she can work in a particular field. The personality test, which can be carried out to either a trainee or a graduate, corresponding with the nature of the job (Boddy, 2005) as one car services centre observes.

*What we do at the very first time is to look for the physical strength of the candidate one and then we advice him or her where to go and work, we also look at the ability of the trainee in capturing technical things; these are very important for selection.*

To test for the ability, normally a small assignment can be given to the recruit in the early days of training. Such an assignment may look at things like how fast can the candidate identify the size of a spanner, car parts or spares. The results of the test are then used for placement purposes, whereby one can be assigned to work either in a car wiring section, panel beating, engine mechanics, or in other related section. It was observed that SMEs reward is related to the quantity of the output as this garage owner reports:

*We don’t work for high income people or corporate organisations because we don’t have modern technologies which our competitors have; due to this our payment is quite low and in most cases we first do the job and request for payment later. Car owners usually start bargaining while the job is already done. Such trends have severe consequences on our revenue collection.*

SMEs do not sign job contracts with their employees. Perhaps this is the reason why many graduates do not work with them. In a study conducted in Ghana Aryeetey and Ofori (2011) found out that the SMEs face great challenges in retaining graduates.

**Thirst for Being Independent**

In most cases, a garage receives a number of trainees in a day, however in many cases; it is only a few who get retained at the organisation. When trainees become knowledgeable most of them run away without even saying goodbye.

*I had two boys last year who were working under my supervision and could sometimes receive job when customers call in; but both of them have left without even sending a text message to me that they were quitting. I heard from my friend that my trainees are in Mbeya and have opened their office there.*

SMEs in a car maintenance industry lose a lot of skilled personnel because of high rate of labour turnover among the young talented personnel due to poor pay. There are two main reasons as to why young talented trainees quit jobs without even saying bye. First, because trainees detest working at the garage with their trainer, this is because a
SMEs in Car Maintenance Industry Recruit Employees from the Forest of Hopeless Unemployed Youths

Trainee will not get new customers because as all customers who visit the garage would want to see the supervisors, even though the trainees are the ones who would do the job. Second, is the fact that payment for the any job done is made to the supervisors; the trainees get paid in accordance with the business trend of that day.

**Gender Balance in Recruitment**

Researchers asked garage owners if they take into consideration gender issues during recruitment of the trainee or employees. From the results, it was noted that the nature of the job limits participation of women in the garage business because the SMEs use low level of technologies and most of the activities depend on the use of muscles. Accordingly, this sub-sector is usually gender–imbalance. However, some girls still continue to join the sub-sector, which is growing in the country due to importation of used cars from Japan, Indonesia, South Africa, and Singapore, as well as Europe especially in the United Kingdom. Usually, women who participate in the garage activities are engaged in the welding, car painting and wiring as this garage car owner observes:

*Two women were employed in our organisation but, both of them have been engaged without the notice of our customers. If you are not keen customers can turn you into a father of the young lady. So we are trying to observe gender balance, however we face great challenges in engaging female apprentices in a garage business. This is mainly because ladies often fall in love with customers and vice versa; such love relations sometimes end up in taking each other’s hand in marriage. When our lady apprentices get married, their husbands no longer allow their wives to come to the garage again and meet a forest of men.*

Men in Africa are considered to be bread winner, heads of the family and political leaders (Tarimo, 2004). It is therefore assumed that men in Africa can decide the future of their spouse after marriage. One garage owner reported that he had engaged three girls the year before, but only one of them stayed behind and was still working at the garage. According to Nkamnebe et al (2010), the perception of African community is that women’s place in the kitchen. This explains it is difficult to retain young women to work as mechanics in the car maintenance centres because one has to fight against the customers’ mentality that these young girls are here to be befriended.

**Retention of the Talented Youths**

SMEs at the car maintenance sub-sector also face a challenge of retaining talented youth due to a number of reasons. First, the entry barriers to the sub-sector are quite low; anyone can start his garage provided he/she has the basic knowledge on how to repair a car. One supervisor commented:

*Nowadays there are no technicians because the spare parts are easily available especially for Japanese cars.*

This simplistic nature of starting ones’ own garage leaves old garages without talented workforce; because the youths can afford to operate their own garage. Also, most garages operate without following proper procedures of running a garage business. For example, one of the garages which even the author of this article sends his car for service operates illegally. The garage is in the open space where young people with skills and spanners can meet and assist car owners to get service at more affordable prices that the ones charged by registered companies that are required to pay taxes.

On the other hand, registered garages provide car maintenance services to well off people, government officials, and private companies or organisations. Informal SMEs offer similar services to low income earners who pay less; and this in turn, constrain these SMEs from retain-
ing talented people, because they do not regular rewards for them to salaries, rather they can only afford to pay wages on daily basis.

**FUTURE RESEARCH**

Due to globalisation pressures, the local market is flooded with highly skilled labour from Asia and Europe. These people provide services which were once been provided by local people. However, this trend looks favourable to consumers, because they (consumers) can now get services using modern technologies. On the other hand, there is a growing tension among the locals who were once depending on the field.

However, the interesting part is the understanding of how different cultures organise and work together. How Tanzanians perceive techniques of handling human resource issues that are found in a car services sub sector of owners from other countries.

This study used qualitative method which limits generalisation, although the business environments in African countries are similar. Accordingly therefore, the findings need to be interpreted with caution. Further research can use quantitative analysis method to allow generalisations of the concepts for broader applicability.

**CONCLUSION**

Bohlander and Snell (2007) see recruitment as a process of encouraging and evaluating people who apply for current and anticipated job opportunities; and selection as a process of choosing individuals who have relevant qualifications to fill the current and anticipated job openings. However, the study has revealed that SMEs in a car maintenance sub sector are not using recruitment tools such as advertising through the radio or televisions, the print media, or the internet. This implies that it is difficult for these SMEs to get qualified staff. On the other hand, the demand for jobs gives these SMEs the opportunity of having a pool of potential employees in the labour market.

The interesting finding is with regards to the use of family members to provide references for candidates vying for recruitment in the car maintenance industry. This innovation gives those (SMEs) a chance to build a strong team of good behaving, positive attitude, and trustworthy individuals. Such attributes are very critical in the car maintenance industry because car owners usually complain of having their car parts been replaced with fake ones by unscrupulous technicians.

This study has also shown that SMEs are not practicing general recruitment procedures due to a number of factors, which include lack of funds to cover the cost of advertisement in the electronic and print media. There is also, the issue of reward system because SMEs work with customers in low income bracket, thus the small holder entrepreneurs cannot afford a good reward system to enable them retain talented employees, especially graduates. Additionally due to high labour turnover many SMEs end up losing talented youths who always keep on looking for greener pasture.

On the other hand, SMEs are generally considered as the engine of the economy; accordingly, various programmes have been introduced at the national level with the intention of formalizing SMEs. According to Beck et al. (2010), the banks find SMEs as a lucrative market to lend different products. The banks provide loans to SMEs which are faced with high labour turnover and that compromises the ability of these SMEs to compete in the services market. Persistent high labour turnover it likely to make a number of SMEs default payment back their loans. The reason is simple; they don’t have well talented young mechanics with formal education. It can therefore be suggested that the banks ought to enable SMEs to recruit well talented mechanics and design retention strategies for the recruits to continue working in the firms owned by SMEs in order to help the latter improve performance.
Policy Implications

This study has several policy implications in Tanzania. While the current cultural and economic context may encourage informal HRM practices, the study indicates that there is a positive association between a firm’s size and HR formality and performance (Brayant and Nguyen, 2004, Athur, 1994, MacDuffie, 1995). This implies that the government should support programmes that introduce more professional training and education to SMEs. An organisation like Small Industries Development Organisations (SIDO) and Local governments can be used to support SMEs in acquiring this education. Furthermore, public universities such as the Open University of Tanzania and MUCAOBS with centres in almost every region in the country can be integrated to support SMEs in getting HRM education. Currently, education which is provided to SMEs in the country is not coordinated and regulated in the manner that can encourage private institutions to come up with their own syllabuses.

Also in the training awareness among to the owners of the car service stations need to be raised. This is because the current study has identified those SMEs in the subsector are not proud with what they are doing. While in Kenya, (D’Lima and Oyuga, 1992, Obura, 1996) workers in an informal sector are proud of their job while in Tanzania the opposite is the case. This trend will destabilize their will and jeopardise their future.

Managerial Implications

Scholars in management and SMEs believe that SMEs can adopt what large companies are doing but not the other ways round (de Kok, 2006, Cassel, 2002). However, the findings of this study suggest that large companies can also copy what SMEs in a car maintenance industry are doing with HR recruitment process. The finding has also shown that SMEs in Tanzania request for references from the next of kin of the candidate to comment on the behaviour of the latter with the intention of avoiding recruiting unethical people. Currently common practice by large companies is to request for reference with a condition that the referee should not be a relative or a member of family. The assumption is that relatives or family members can recommend a candidate favourably you. However, unethical practices such as theft, embezzlement, bribery and corruptions still abound in these organisations with these formal recruitment procedures. Such practices could be minimised if some one was to realise that stealing, embezzlement or involvement in other similar acts would lend one’s relatives in trouble. Furthermore, SMEs in car maintenance sector they interview the guardians or parents of the candidate, in order to be assured that the candidate is indeed reliable and a responsible individual. The assumption is that during the probing the honest guardian or parent will provide positive commendation for a bad behaving family member, with the realisation that such an act may have severe consequences not only to the candidate but also to the guardian/parent him/herself.

Scholarly Contribution

Chandler and McEvoy, (2000), Barrett and Mayson, (2006), observe that although published research indicates that effective management of HR is one of the most important problems faced by SMEs, there is still an acute shortage of research that investigate the common practices in small businesses. This study aimed at investigating the practices used by SMEs in a car maintenance sub sector in Tanzania. Generally, HRM practices among the SMEs vary depending mostly on the nature of the job and sector (Barret and Mayson, 2005, de Kok et al 2006). This study has shown that SMEs a car maintenance sub sector in Tanzania has its own mechanism of handling human resource issues and which help them to minimise the problem of unethical behaviour among the staff at the working place. Some of the mechanisms in
recruitment include the use of family members as referees, interviewing, the candidate’s guardian or parent, and the use of in-house training for capacity building purpose. Furthermore, scholars wishing to do further research on SMEs and their practices should focus on much on what they (SMEs) are doing instead of expecting them to adopt corporate managerial methods which have no importance to them for the improvement of their business performance. Currently, their is a belief among scholars that SMEs are not rational but will copy each and everything provided it has been implemented for some years by the corporate companies.

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