A Review of the Human Resources Approaches on Strategy Implementation among SMEs in Zimbabwe

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Abstract:
Zimbabwe has been ravaged by a serious brain drain since 2000 as a result of the poor economic performance in the country and a desire for greener pastures by Zimbabweans across the globe. The brain drain has affected different sectors of the economy but the worst affected were SMEs due to unavailability of resources and as a result the performance of SMEs has been marginal at best. This study sought to establish the human strategies used by these SMEs and their contribution to the overall performance of these organisations. This was a qualitative study using the multiple case study approach involving 8 organisations. In depth interviews and non-participant observations were used to collect data from owner/managers. The major findings were that SMEs found it difficult to recruit employees. Only two organisations emphasized skills and experience, while the other six looked at loyalty as an employment and retention criteria. Where possible SMEs should offer in house training for educated employees and when skills are needed urgently, efforts should be made to subcontract specialists or to hire the skills on a part time basis. To increase organisational performances SMEs should focus on tangible rewards rather than buying loyalty.

Key words: strategy implementation, human resources, SMEs, loyalty

1. Introduction
The role played by SMEs in the development of an economy cannot be overemphasized but what makes businesses succeed is the quality of people in their employ. To a large extent SMEs suffer a significant disadvantage due to the brain drain that the country experienced from the year 2000. Skilled employees have left the country for the diaspora and according to Global Workforce Solutions (2010), “Estimates indicate that the country lost over 400, 000 professionals between 1990 and 2002. A recent study estimates that 25 per cent of Zimbabweans are living outside the country. Brain drain is usually regarded as an economic cost, since emigrants usually take with them the fraction of the value of their training sponsored by the government.”

All business types in Zimbabwe are affected by a lack of skilled employees, but the worst affected are SMEs operators due to significant disadvantages they experience in attracting and retaining skilled manpower. Since the early 1990s, a growing number of Zimbabwe’s valuable professionals have left the country in search of “greener pastures” in the region and the world over. The trend and magnitude of the brain drain have serious implications for the country’s capacity to engage in sustainable development (Scientific and Industrial Research and Development Centre [SIRDC], 2002). This tends to negatively impact on their performance and contribution to economic growth in Zimbabwe. SMEs in Zimbabwe has tended to deploy human resources sources that are very different from those generally applicable to the industry they operate in. “These days, it is a well-established fact that knowledge is now the fundamental instrument for the creation of wealth and the primary factor in international competitiveness. This has given rise to a greater awareness of the seriousness of the ongoing skills exodus. No country can ignore this systematic loss of skills, which it has accumulated within its borders. These losses have a clear negative impact on a country’s development system”, (SIRDC; 2003). In addition, according to SIRDC (2003), “Internal brain drain occurs when human resources are not employed in the fields of their expertise in their own country or when human resources move from the public sector to the private sector or within a sector e.g. When university lecturers become commuter bus drivers or nurses become informal traders, etc.” The shortages of jobs have forced Zimbabweans to work outside their own professions to the detriment of national development and it becomes very difficult for SMEs to attract the requisite skills to enhance organisational performance. This situation is worsened by the lack of resources among Zimbabwean SMEs. This might mean that professionals are going outside their professional comfort zones to eke out a living in the SMEs and informal sectors. SIRDC (2003) states “Brain drain in Zimbabwe affects the capacity of all sectors of the economy to deliver their mandates. It also runs across all categories of human resources from top, middle and low level experts, technical, entrepreneurial and managerial experts, general workers and the unemployed.”
Nyangá et al (2012) state “It has been noted that efficiency of those who replace the emigrants has been low. In some sectors such as engineering, some limited levels of economic development have been achieved, but at a higher cost.” The foregoing statement points to a situation where the major sectors are starved of essential skills. The SMEs are therefore in a dire situation compared with larger organisations which can afford reasonable wages and salaries. This removes the ability of SMEs to operate successfully in a highly competitive environment. This study seeks to analyse the human resources strategies that SMEs, owners in Zimbabwe have adopted to maintain and grow operations in the face of critical human resource skills deficit and the impact these have had on these SMEs.

2. Literature Review

Kohtamaki, Kraus, Makila and Ronvko (2012) argue that personnel’s commitment to strategy implementation indicates the link between participative planning and company performance. The effectiveness of strategy implementation is affected by the quality of the people involved in the process, i.e. The skills, attitudes, experience and other characteristics required by a specific position (Peng & Littlejohn, 2003). Participative planning increases personnel’s understanding of the company’s purpose and strategic goals, clarifies why strategies are implemented and creates a sense of shared purpose among employees (Kohtamaki et al, 2012, and Dandira, 2011). To be able to participate effectively in organisational issues, employees need a certain level of skills and experience.

Dobni et al (2001) adds that the behaviour of all organisational members, regardless of their position, is responsible for the design and implementation of operational strategies to support the goals of the organisation. However, according to Garengo & Bernadi (2007), insufficient attention is paid to human resources and very often employees occupy different positions at the same time. Employees are often managed unsystematically by the entrepreneur, and individual performance and knowledge are rarely measured (Garengo & Bernadi, 2007). Garengo & Bernadi (2007) contend that the main criteria used are informal and based on trust and feelings.

Varyiam & Kraybill (2001) argue that a planning strategy may yield higher returns to firms with higher endowments of human capital. Logic suggests that human capital will have a positive effect on strategy formulation and implementation. Firms with higher levels of human capital have a better command of technical information for implementing strategies and such firms have a higher allocative ability and hence, are more efficient in utilizing the knowledge they acquire (Varyiam & Kraybill, 2001).

Okumus (2003) notes the need for training to enable employees and management to improve their understanding and skills in the area where changes are envisaged. According to Okumus (2003), the key areas to be considered are:

- “The recruitment of relevant staff for the new strategy implementation.
- The acquisition and development of new skills and knowledge to implement the new strategy.
- The types of training activities to develop and prepare managers and employees.
- The provision of incentives related to strategy implementation and their implications.
- The impact of a company’s overall HRM policies and practices on implementing strategy.”

According to Singh, Gang & Deshmukh (2010), SMEs often face constraints such as scarce resources, a lack of technical expertise, a paucity of innovation, reduced intellectual capital and the like. It would therefore be difficult if not impossible for SMEs, particularly in Zimbabwe, to have adequate resources to pursue identified strategies. SMEs find it difficult to employ and retain high calibre staff (Singh et al, 2010). Meldrum & Atkinson (1998) identify issues which frequently block individual effectiveness and can prevent managers from making the transition required to operate at higher levels of efficiency and responsibility. Singh et al (2010) points out that SMEs founders did not possess much personnel management or financial expertise and they operated with a dearth of talent within the ranks of senior management.

As a result, management practices are steeped in kinship networks and communal dynamics as evidenced by the fact that core staff in an enterprise are usually family members and relatives gradually cascading down to community and group members regardless of competence and merit (Shrestha et al, 2008). Shrestha et al (2008) add that the emphasis on intra-group networks, reliance, and reciprocity rather than formal contractual transactions tends to be compounded by and reinforces the ongoing practice of ethnic identity.

To cope with envisaged change, management training courses prepare people for a more commercial approach to business (Meldrum & Atkinson, 1998). Given to other business pressures, the majority of SMEs might view investing in people as a waste of resources and might implement strategies without the necessary capabilities, thereby jeopardising the success of the strategies. This view is indicative of the quality of management in place; Varyiam & Kraybill (2001) contend that human capital plays a major role in strategy selection and by extension strategy implementation. They contend that the better educated the owner or manager, the higher the probability that the firm employs strategies such as planning and the use of new technology to promote growth.

In support of the above views, Shrestha et al (2008) state that how well Kenya can develop and sustain its competitive advantage in the global economy largely depends on how well human resources are developed and managed to bring about necessary and continuous improvements in the quality/efficiency of the other environmental forces. The success of SMEs in Zimbabwe also depends on the quality of human resources in these organisations, but the quality is compromised by such factors as the brain drain. Improving understanding and commitment can close this dangerous implementation gap (Li et al, 2008). How then are SMEs in Zimbabwe trying to close the dangerous implementation gap through a human resources deployment approach? Klenke (2008) argues that social capital is indeed a typically scarce resource. How has Zimbabwean SMEs been able to build this scarce resource into their organisational fabric and what has it contributed to the implementation of the strategy?

Implementing strategy requires SMEs to change what they require doing in order to take the organisation to the next level of development and this skills upgrades. One factor that might minimise the fear of change is effective training (Marasini, Ions &
Ahmad, 2008). Strategy implementation involves the development of new skills, attitudes and competencies to deliver new services and value to the customer (Enz, 2012). Training is considered to enable adaptation to the new order; however, all Marasini et al’s (2008) interviewers commented on the poor quality of training, with one interviewee stating:

“Training actually increased the employees’ fear because it reinforced their fear of change, that change was both difficult and disruptive.”

Enz (2012) observed that researchers have found that the multi-Skilling of customer-contact employees was significantly related to both incremental and radical innovation. However, the poor quality of training actually increased their fear that change was difficult and disruptive (Marasini et al, 2008). In Zimbabwe this could be a result of the lack of resources and the emphasis on the actual production or provision of services. According to Marasini et al (2008), the success of strategy implementation was largely due to informal learning that enabled the knowledge creation, capture and transfer.

In conclusion Marasini et al (2008) contend that their study provides some evidence that improvisational models of change are aligned to SMEs’ culture and therefore offer appropriate ways of managing technological change in such organisations. Improvisation could be a key ingredient in the survival and growth of SMEs in Zimbabwe due to many factors, including the lack of resources and key personnel. How SMEs in Zimbabwe continues to survive in a turbulent environment can offer key lessons. If learning is by means of improvisation, how do SMEs use such learning in their future operations? Improvisation seems to be a one-off approach; how has the lack of such learning impacted strategy implementation among SMEs in Zimbabwe? It has been suggested that the solution is training, but without resources and an emphasis on improvisation, organisations will be hard pressed to implement strategies. How have SMEs circumvented this challenge?

3. Methodology
This was a qualitative study using the multiple case study approach. Eight organisations were selected using convenience sampling given the fact that only organisations with fewer than 100 employees and were five years or more were chosen for this study. In depth interviews were conducted with the owner/managers over two hour sessions and these interviews were collaborated by non-participant observations. After typing the interview responses were given to the owner/managers for verification. Once verified the information was coded using Atlas ti after which code families and memos were created.

4. Findings
At the centre of SMEs growth is the human resource capability of an organisation. The human resources available to an organisation should therefore fit the strategy being implemented if an organisation is to survive and grow. Skills possessed by employees were considered to be critical to the performance of SMEs in Zimbabwe with HRE 2 arguing that:

“Correct skills sets are critical within the business and are a key prerequisite to strategy implementation.”

However, SMEs, owners in this study indicated that they recruited employees using different methods, but it was apparent that it was difficult to get skilled and experienced employees. The brain drain was blamed by some, while others attributed skills shortages to the lack of resources to attract talented employees. HRE 2 stated that:

“The major challenge in our line of business is the need for the right skills set in which employees are simply not available in the market place. We have had to recruit straight from colleges, but while these employees have the right academic qualifications, they often lacked the skills and experience necessary to compete in this industry. We have had to train these employees on the job. The lack of skills has resulted in delays and speed of action to get to our goals. Delayed results and costly mistakes have been the hallmark of our growth journey. The challenge has never been that of resources or money, but that of the lack of the relevant skill levels to be able to effectively compete.”

The human resources position in Zimbabwe is bad due to the brain drain and other factors. This view was shared by HRE3 who state that:

“As an organisation it has been difficult to recruit the talent that is needed to implement the strategy in place and we have to just do with what is available i.e. people without the necessary experience but with the right education.”

Most organisations in the study were recruited employees from colleges, but these employees did not have the relevant work experience. What was apparent from the study that potential employees were looking for any type of job to gain any work related experience after which they would move on to greener pastures.

This is compounded by a lack of resources/funding on the part of SMEs. One is tempted to think that skills are not available in the country, but HRE 1 and BYO 2’s approach belies this assumption. For example, HRE 1 asked employees to recruit skilled people known to them with relevant work experience and as a result the best available talent was lured into the business, making it competitive. In addition, one particular employee was employed on a job by job basis at full salary; but the employee was allowed to do private work and use company resources free of charge to compensate for low salaries. This arrangement suited both parties. On the other hand BYO 2 sub-contracted special work that could not be done in house to specialists at an agreed cost. The problem with the other businesses was that they wanted permanent employees, yet they could not afford them. This mentality could have affected the ability of these organisations to secure relevant skills.

The lack of experience was not strategically addressed by the majority of organisations in the study. However, given the right level of education of most employees, it should have been easy to train such employees in house given that the owners had the relevant experience and should have been able to train subordinates. While the lack of robust training could be due to a lack of
resources, equally important was the mobility of personnel in various sectors. It was considered a waste of resources to train employees who would move on and thus employees were expected to learn on their own with the owner doing the bulk of the work. This would retain key knowledge within the organisation rather than offering training, empowering employees with skills that would benefit other organisations or make the employees the competition.

This is an interesting approach to recruitment, where the organisation got the best from what was available and brought in people who were a perfect fit and who could hit the ground running. The ability to attract suitable employees helped the organisation to secure big event contracts from well-known organisations. Therefore recruitment becomes a key success factor in strategy implementation. However, in the majority of the SMEs, this issue received the least attention.

For example, in the case of GRU 2, the recruitment of employees was primarily based on a church relationship with no particular qualification required. On the job training was provided by members of staff that had served the organisation for a long period of time. They also recruited additional part-time employees to offload trucks. These employees had no merchandising or security experience. They were not trained for these roles and did not perform in accordance with expectations; it was stated that they often used abusive language to customers.

The focus shifted from people who could make an immediate impact to those who were trainable; on the job training became a key success factor in strategy implementation. The cost to the organisation was delayed implementation and costly mistakes, but the journey to successful strategy implementation was definitely on track. This approach was significantly different from the approach adopted by HRE 3, who was more concerned with retaining control; this perpetuated skills shortages. HRE 2 opted to develop the required skills through training, suffering delays in the short term. However, once the skills were developed the company stood to benefit. The results of the two entities were very telling, with HRE 2 experiencing growth while HRE 3 experienced shrinkage. The growth of the former could be attributed to the positive approach to human resources development rather than waiting for employees to acquire skills through trial and error, and self-development. There are no timeframes to this last approach and as a result the organisation could lag behind; markets could be taken by the competition willing to invest in human resources development. HRE 2 accepted that every business has a responsibility to develop human resources for the benefit of the industry and the country. Human resources development was therefore part of its vision. In traditional business lines like retail and transport, the employee pool was very large with no need for special skills. GRU 2 and MRE 1 valued loyalty more than ability.

Owners in the retail line of business hired family and church members in the majority of cases and their emphasis was on loyalty rather than skills. The development patterns of the SMEs followed different trajectories depending on their recruitment approaches i.e. skills as opposed to loyalty being more in line with business growth. The business-oriented SMEs hired people with high development potential and quickly developed employees to enhance their potential to make a contribution to the business.

Although there is recognition that employee motivation is key to overall performance, the organisations in this study have been found wanting in this regard. Employees go for months without salaries as resources are channelled to other business activities. This is bound to affect performance but the organisation believes that the environment is more influential. For example at GRU 2 employees were given basic monthly salaries that were considered to be above those set by the employment council. It was also claimed that employees were given performance-related salary increments but there are no performance appraisal systems in place. The till operators were observed to be the most demotivated; this resulted in long queues with no consideration for the impact on customers. After 17hrs 00, the till operators discouraged employees manning the entrance allowing customers into the shop by using abusive language against colleagues. There was a general lack of enthusiasm to help with strategy implementation and to live the company’s values.

At GRU 2 the employees responsible for dispatch were contract workers who helped offload supplies from delivery trucks. These were paid piece work rates for offloading each truck. However, when they became permanent, they were moved to monthly salary packages. To compensate for the lack of daily income, they demand payment from those who buy in bulk to speed up the dispatch of the items. Those who do not pay such a tip encounter delays in serving the customers, which are very frustrating. The way employees are rewarded had a significant impact on the overall performance of the organisation with customers sourcing goods from other suppliers.

HRE 3 indicated that a reward system had not been institutionalised as yet. The organisation was of the view that a reward system whereby a certain percentage of a contract charge was given to the team that successfully completed an activity or task promoted loafing. As a result, HRE 3 stated that they:

“… were in the process of creating job descriptions for each and every employee which show what each employee is expected to generate in terms of revenue. Thereafter the employees will be given a percentage of their salary based on performance rather than a reward on income generated on a project.”

This should be viewed in the context of salaries that were said to be uncompetitive, meaning that the percentage of salary would not act as a significant incentive to employees. The mentality of the organisation would be to maximise income for the organisation, giving very little to employees; which would negatively affect employee performance.

There seems to be no plan in place to generate sufficient work for employees and there is a tendency to wait until work becomes available. Where salaries are linked to the work done; the lack of work is likely to demotivate employees and strategy implementation. HRE 3 indicated that computerisation was not a priority for organisations as they were concerned about the recapitalisation of production processes. This was compounded by the fact that the organisation also failed to attract paying contracts due the quality of its employees. This meant that the introduction of incentives would not make much sense to employees.
The industry average or national employment council figures were used to determine employee salary rates. No incentives were added. Due to economic challenges some SMEs failed to pay salaries on time. This resulted in employees being paid in kind. For example, GRU 1 allowed employees to earn additional income by carrying small private loads and passengers. This acted as an incentive to keep a driver on the road rather than staying at home. This was also the case at GRU 2, where employees were allowed to purchase breakages at giveaway prices and at BYO 1 where employees were allowed to take vegetables for their own consumption.

There was evidence that GRU1 was facing serious challenges in its day to day operations but, while acknowledging its liability to pay salaries, it bought employees’ loyalty by pretending not to see the irony of them carrying small loads en route to a business sanctioned trip. This is literally a dismissable offence. The “I know what you are doing was illegal attitude” coerced employees to be loyal to the organisation and prevented them from complaining about the lack of salaries. The organisation continued to benefit from the employees’ labour. The employee was forced to continue working since driving the truck would ensure that they raised some money for their family while waiting for their salary. In such a scenario, employees grudgingly implemented goals. The employer created the impression that it was consulting with employees by asking them how the income generated should be distributed. The employees generally suggested that the money should be used to repair the trucks so as to ensure that they could continue to operate their private business on the side.

In similar vein BYO 1 involved family members in company activities and hoped that the family link would help motivate employees to be loyal to the organisation. These included Christmas parties and social events for spouses and other family members. Being loyal was seen as the equivalent of being performing employees. All the SMEs tried to build a certain level of loyalty among their employees; employees were sometimes pardoned for blatant mistakes or had communal meals where everyone ate from the same plate, African style.

According to BYO 1: “Dismissal of employees does not work in small organisations like ours but would work for large organisations. In our case we get to know family members and the family situation. This helps a lot in monitoring and controlling the behaviour of employees at work. Once rehabilitated, they become very principled employees and very honesty in their business dealings as was the case with the stationery employee.”

This could be the result of the strong bond established in the running and management of the business, where the employee’s behaviour is compensatory to being pardoned for misdemeanours. An employee’s contract of employment might thus not be governed by labour laws, but by social factors in the organisation. The extension of social capital to the family buys the loyalty of both employees and family members.

Loyalty was viewed as very important in the operations of SMEs; indeed, it was regarded as negating the other disadvantages organisations suffer. The value of loyalty could not be expressed in monetary terms but it had a serious impact on organisational performance. It might not result in growth, but was a key element in survival.

5. Conclusion and Recommendations

Agnedel & Chetty (2007) posit that SMEs in particular tend not to have adequate internal resources to mobilise relevant knowledge and therefore depend on external sources. A major finding of this study was that the majority of SMEs in Zimbabwe have very different human resources approaches from those outlined in the literature. The majority were handicapped by the unavailability of competent staff. Their ability to secure the best talent on the market was handicapped by the lack of financial resources. Therefore, they sought out people who would be loyal rather than focusing on quality employees that met the requirements of strategy implementation. Relations, church members and those recruited after serving as casual employees from time to time were in the majority. These employees rewarded the owner with support and allegiance rather than commitment, but added little or no value to the organisation’s ability to pursue and implement chosen strategies. This was the case with GRU1 and in order to buy loyalty, employees were forgiven for serious offences; all the businesses acknowledged that forgiven employees were the most loyal. Employers conceded that these employees had become the most loyal. Furthermore, BYO 1 and HRE 3 stated that dismissals were not in the best interests of SMEs.

Garengo & Bernadi (2007) found that employees were often managed in an unsystematic manner by entrepreneurs, and individual performance and knowledge were seldom measured; and when they were, ad hoc systems were used.

The current study confirmed these findings as all the organisations lacked performance management and reward systems. The owners blamed this on a lack of resources. There have been sporadic attempts to link rewards to performance. HRE 3 used to give employees a percentage of revenue earned but this was discontinued for the same reason. While incentives aim to boost performance, SMEs scrapped them in order to cap expenditure.

The entrepreneurs did not recruit quality staff; nor did they seek to upgrade the skills of their employees in line with what was required to implement the strategies. The exceptions were HRE 1, who sought the best skills available, BYO 2, who subcontracted highly technical work and BYO 1 who recruited skilled farm labourers. Output was higher when there was match between skills and strategy. This was not the case with regard to GRU 1, GRU 2 and MRE 1 who recruited people on a social rather than skills basis. Firms with higher levels of human capital have better command of technical information for implementing strategies and such firms have higher allocative abilities and hence are more efficient in utilizing the knowledge they acquire (Variyam & Kraybill, 2001). BYO 1 had skilled technical staff on the production side with two agronomists on site and very experienced farm labourers. Okumus (2003) stated that there is a need for training to enable employees and management to improve their understanding and skills in the areas where changes are envisaged.
To a large extent, there were no clear recruitment policies in all the organisations under study; this suggests that these SMEs recruited whoever was available due to the massive brain drain experienced in the pre-dollarization era starting in February 2009. In addition to the variables suggested by Boddy & Paton (2005) and Okumus (2001), incentives related to strategy implementation, overall HRM policies, implementation practices and training for successful strategy implementation were absent in all the SMEs under study. Due to the unavailability of suitable labour, HRE 2 opted to hire school leavers with the potential to learn fast on the job. On the other hand, GRU 2 opted for people who had shown a tendency to work hard during temporary daily offloading tasks or who were known to the owner from social interactions like attending the same church. For HRE 2, the results obtained were impressive; employees with potential quickly came to grips with the job requirements. However, the lack of recruitment and training policies and incentives packages related to strategy implementation hampered robust strategy implementation and strong overall business performance. This study found that the human resources aspect, which is central to strategy implementation, was only given peripheral attention by SMEs, with these organisations paying industry average salaries and providing no incentives save for free meals in some organisations.

In addition, most of the SMEs did not seem to have any recognised organisational structure. For example, GRU 1 expected drivers to be responsible for vehicle maintenance as well as doing office work or driving from time to time. All employees were expected to do work over and above what they were employed to do. The same was true for BYO 1 and GRU 2, where employees were expected to play several roles.

The literature points out, that, changes in organisational structure are the key to successful strategy implementation. The Zimbabwean SMEs were not able to adjust their organisational structure due to the costs relating to restructuring exercises. In all cases, the owners remained the CEOs of their organisations and there were no changes at other staff levels other than efforts to recycle some employees, especially in GRU 2 and BYO 1. Given the manner in which some SMEs recruited employees, there were also no efforts to recruit new people to help drive the new vision. SME owners in Zimbabwe can therefore be regarded as ‘control freaks’ who want to control every major activity. Employees were recruited to carry out tasks rather than helping to move the organisation in a new direction. This observation is probably true for most organisations where the top management tasks remain family controlled, thereby hindering pursuit of the vision. Edvinsson and Malone in St-Pierre & Audet (2011) state that, “Human capital is the individual abilities, knowledge, know-how, talent and experience of both employees and managers.” Human capital helps build a firm’s capabilities. According to Voola & O’cass (2010), human capital is being increasingly viewed as an organisational dimension that must be developed and deployed to implement a particular competitive strategy effectively. Management has to create an environment that connects employees to the organisation’s mission and motivates their creativity, commitment and passion.

SMEs in Zimbabwe should adopt more professional approaches to recruit educated employees. Where possible, SMEs should offer in-house and external training for educated employees to help build the competency levels of these employees rather than depending on individual learning as is the case presently. When skills are needed urgently efforts should be made to subcontract specialists or to hire the skills on a part time basis to cut recruitment costs. To increase organisational performances SMEs should focus on tangible rewards rather than buying loyalty. There is need to build trust among the employees and the employers by being transparent in all employment details.

6. References