ECONSTOR
Make Your Publications Visible.

A Service of
ZBW
Leibniz-Informationszentrum Wirtschaft
Leibniz Information Centre for Economics

Egbert, Henrik; Fischer, Gundula; Bredl, Sebastian

**Working Paper**

# Different background - Similar strategies: Recruitment in Tanzanian-African and Tanzanian-Asian companies

Discussion Paper, No. 53

**Provided in Cooperation with:**
Justus Liebig University Giessen, Center for international Development and Environmental Research (ZEU)

*Suggested Citation:* Egbert, Henrik; Fischer, Gundula; Bredl, Sebastian (2010) : Different background - Similar strategies: Recruitment in Tanzanian-African and Tanzanian-Asian companies, Discussion Paper, No. 53, Justus-Liebig-Universität Gießen, Zentrum für Internationale Entwicklungs- und Umweltforschung (ZEU), Giessen

This Version is available at:
https://hdl.handle.net/10419/74447

**Standard-Nutzungsbedingungen:**

Die Dokumente auf EconStor dürfen zu eigenen wissenschaftlichen Zwecken und zum Privatgebrauch gespeichert und kopiert werden.

Sie dürfen die Dokumente nicht für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, öffentlich zugänglich machen, vertreiben oder anderweitig nutzen.

Sofern die Verfasser die Dokumente unter Open-Content-Lizenzen (insbesondere CC-Lizenzen) zur Verfügung gestellt haben sollten, gelten abweichend von diesen Nutzungsbedingungen die in der dort genannten Lizenz gewährten Nutzungsrechte.

**Terms of use:**

*Documents in EconStor may be saved and copied for your personal and scholarly purposes.*

*You are not to copy documents for public or commercial purposes, to exhibit the documents publicly, to make them publicly available on the internet, or to distribute or otherwise use the documents in public.*

*If the documents have been made available under an Open Content Licence (especially Creative Commons Licences), you may exercise further usage rights as specified in the indicated licence.*

http://creativecommons.org/licenses/by-nc-nd/3.0/de/

WWW.ECONSTOR.EU

Mitglied der Leibniz-Gemeinschaft

**Zentrum für internationale Entwicklungs- und Umweltforschung der Justus-Liebig-Universität Gießen**

# Different Background – Similar Strategies: Recruitment in Tanzanian-African and Tanzanian-Asian Companies

by

HENRIK EGBERT*, GUNDULA FISCHER**, SEBASTIAN BREDL***

No. 53

Gießen, July 2010

**Keywords**: labour market, social capital, organizational culture, recruitment methods

**JEL**: J23, M12, M51

**SA CC**: 0621, 0671, 0410

*Henrik Egbert is Associate Professor of Economics at the American University in Bulgaria. His research interests are within Institutional and Behavioral Economics, e-mail: Henrik.Egbert@wirtschaft.uni-giessen.de.

**Gundula Fischer is Lecturer at Tumaini University, Iringa, Tanzania. Her area of specialization is in the Sociology and Anthropology of Work and Organizations, e-mail: GundulaFischer@gmx.net.

***Sebastian Bredl is Research Assistant, Statistics and Econometrics at Giessen University, Germany, e-mail: Sebastian.Bredl@wirtschaft.uni-giessen.de.

Dieses Werk ist im Internet unter folgender Creative Commons Lizenz publiziert:
http://creativecommons.org/licenses/by-nc-nd/3.0/de/

Sie dürfen das Werk vervielfältigen, verbreiten und öffentlich zugänglich machen, wenn das Dokument unverändert bleibt und Sie den Namen des Autors sowie den Titel nennen. Das Werk darf nicht für kommerzielle Zwecke verwendet werden.

ABSTRACT. The literature on enterprises in Sub-Saharan Africa provides evidence that there are significant differences between companies run by members of the majority population and those run by members of minorities. Differences are frequently related to size, age, and certain success indicators. However, it remains unclear whether decisions concerning the acquisition of personnel also diverge. This paper outlines results of a questionnaire survey on recruitment methods of enterprises in Tanzania. The authors tried to discover differences in the recruitment strategies of Tanzanian-African and Tanzanian-Asian companies but found none. The interpretation is that companies operate in similar business environments and face comparable, exogenously given institutional restrictions. Thus, strategies of personnel recruitment seem to be alike.

## Content

1. Introduction ..... 1
2. Review of the Literature ..... 2
3. Companies in Mwanza ..... 8
   3.1. The Sample ..... 8
   3.2. Results ..... 9
   3.3. Discussion ..... 13
4. Conclusions ..... 15

## Tables

Table 1. Ethnicity and Activity ..... 10
Table 2. Ethnicity and the Presence of a Human Resource Manager ..... 12
Table 3. Informal and Formal Recruitment for High Ranking Positions ..... 12
Table 4. Informal and Formal Recruitment for Low Ranking Positions ..... 13

## 1. Introduction

Social scientists studying enterprises in East Africa tend to distinguish companies run by members of minorities (mainly Asians) from those owned and managed by Africans. Much of the literature finds a high proportion of minority owned enterprises in certain branches of the economy. One area of interest in research on minority owned enterprises has been the acquisition of resources. For Sub-Saharan Africa research shows that, for instance, differences in the acquisition of capital do exist. Ethnically based informal business networks of minorities allow for a better access to capital than formal institutions, thus favoring members of these networks (e.g., Biggs and Shah 2006; Egbert 1998). The strong focus on distinctiveness, however, leaves open how far differences actually reach. In this article we explore both differences and similarities by focusing on labor as another resource besides financial capital, and more specifically on the acquisition of human capital in the form of new personnel. In the evaluation we compare recruitment methods of private Tanzanian-African and Tanzanian-Asian companies. In the following we apply the short terms “African” and “Asian” for the above types of companies. Furthermore, we suppose that company owners control managers. The latter may be held responsible for their decisions by the former. Our use of the term “owner” implies that actual decisions could be made by a manager (in our case the human resource manager). Nevertheless, decisions of a manager bear a relationship to the management concept of the owner.

We formulate two hypotheses. The first hypothesis states that the social background of a company owner and the social institutions (ethnic and family networks) connected to it influence his behavior in such a way that methods and decisions related to the recruitment of personnel have to be different in companies owned by members of the majority and members of the minority population. This hypothesis is in line with differences recorded in the literature, e.g., business practices, ways to access capital, or attitudes towards business. In brief, the hypothesis claims that different social backgrounds lead to different recruitment strategies. The second hypothesis claims that enterprises operate in the same environment and that their

owners and managers face similar problems. Independent of being a member of the majority or minority population, owners have to decide how to act on the labor market. Thus, it can be assumed that similar exogenous restrictions evoke similar decisions. Both hypotheses emphasize the importance of institutions for decisions. While the first hypothesis asserts a dominance of formal or informal social institutions related to the owner, the second claims a dominance of institutions related to the business environment (e.g., markets).

It should be noted that we formulate and test both hypotheses only for a specific case of human resource management, namely recruitment methods. We ask whether the search and screening of potential employees is organized differently in African and Asian companies. Our data are taken from a survey conducted in 2008 and 2009 in Tanzania's second biggest town Mwanza (Egbert, Fischer, Bredl 2009). The results indicate that there are no significant differences and thus support the second hypothesis. We conclude that in spite of proven differences between African and Asian companies, similarities should not be overlooked.

In the following second section we review studies that compare African and Asian enterprises in Tanzania. In section three we present our sample as well as the results and provide a discussion of the findings. The fourth section concludes.

## 2. Review of the Literature

Most studies of Asians in East Africa, and respectively in Tanzania, either review the immigration process[1] or focus on sub-groups and communities.[2] A general note of

[1] Compare Kirby (1958), Hollingsworth (1960), Delf (1963), Mangat (1969), Bharati (1970), Ghai (1970), Ghai and Ghai (1970), Alpers (1976), Balachandran (1981), Gregory (1993), Voigt-Graf (1998).

[2] See Lokhandwalla (1955), Amiji (1975), Egbert (1998) for Boharas; compare Amiji (1971), Bocock (1971), Walji (1983), Kadende-Kaiser and Kaiser (1998) for Ismailis; for Ithna-asheri see Amiji (1971), Rizvi and King (1973); for Hindu Lohana see Oonk (2008); for rivalry among Asian sub-groups see Morris (1957), Amiji (1971).

caution seems to be appropriate. The comparison of groups subsumed as African and Asian is problematic as none of the groups are homogenous with respect to ethnicity and religion. In fact, no other region in the world shows the same high degree of social fractionalization as Sub-Saharan Africa (Collier and Gunning 1999). We are aware of problems related to subsuming individuals or smaller groups into two larger groups (Egbert 1998; 2009). Nevertheless, we apply this approach for an exploration of general patterns and apply the terms “ethnic” and “ethnicity” as variables in our empirical analysis. Further detailed studies will be necessary to account for the complex ethnic and religious fractionalizations within each of the two large groups. For our evaluation we use the minority or majority situation only (each, however, with its specific implications) as a criterion for group establishment.

In the next paragraphs we first look at the history of Asian minorities as entrepreneurs in East Africa. Then we review publications, which compare companies of both groups and outline theories, which explain differences. Finally, we discuss the few existing studies on personnel recruitment in Tanzania.

In the 19$^{th}$ and 20$^{th}$ century Asians from the Indian subcontinent came to East Africa. Immigrants brought along two scarce resources: specific human capital and financial capital. Their knowledge as technicians, craftsmen, and their skills in public administration were valued by the colonial powers. Asian merchants introduced money and credit relations to East Africa. They became the middleman minority between local African producers in the hinterland and Arabic and European traders at the coast. Business activities of Asians fostered the integration of African producers and consumers in globalizing trade relations. Since immigrants partly reinvested their earnings and profits in East Africa they contributed to setting up industries. In the 20$^{th}$ century Asian entrepreneurs established themselves in branches such as cotton and sisal production, printing, the chemical industry, tourism, banking, insurance and transport businesses (see Gregory 1993; Voigt-Graf 1998). However, the conspicuous business activities of some Asian entrepreneurs led to tensions with part of the African population. The ‘success’ of Asians was ascribed to specific business strategies and was related to exploitative behavior. Before the

independence of the East African countries the general picture was that Asians and their companies had a stronger position in all markets than Africans. On the labor markets Asians mainly appeared as employers and Africans as employees; on product markets Asians companies were producers and Africans consumers; on credit markets Asians were creditors and Africans debtors.

After Tanganyika's independence (1961) and soon after the unification with Zanzibar (1964) the political elite of the new state of Tanzania introduced elements of planned economies, e.g., the control of markets and the nationalization of private enterprises. Members of the Asian minority owned a considerable number of private enterprises and saw their property nationalized. State interventions in markets changed existing economic and social structures. After 20 years it became apparent that the socialist development did not yield the expected gains, but – by and large – failed. Consequently, from the mid 1980s, and particularly in the 1990s, economic policy swung towards the introduction of more market-oriented mechanisms. Within the new macro-economic framework private entrepreneurship became an opportunity for both Africans and Asians. For many Tanzanians setting up a company was the only chance to make a living (see Maliyamkono and Bagachwa 1990). Enterprises with Asian owners and management again became prominent in Tanzania.

What do empirical data tell us about the differences between African and Asian companies? Quantitative surveys and qualitative case studies provide us with concurring results. Survey data collected by the World Bank through the Regional Program on Enterprise Development (RPED) – with a strong focus on manufacturing companies – form the basis for a number of quantitative studies. Ramachandran and Shah (1999), for instance, outline differences between firms owned by Asians and Africans in Tanzania.[3] Companies with African owners are smaller compared to those of their Asian counterparts. Owners of larger firms have a higher level of education and are more often of Asian origin. Furthermore, the parents of Asian owners are more often active in business than the parents of African owners (5.8

[3] Data: RPED, round I (1991-1992), total n = 145 for Tanzania.

percent African versus 55.6 percent Asian). This may indicate that a positive attitude toward entrepreneurial activities is fostered more strongly in Asian than in African families. Asians have comparatively more often worked for foreign owned firms and therefore may have more international experience than Africans. Finally, more than half of the Asians run a second business compared to less than a quarter of the African owners, thus indicating a comparatively stronger commitment of Asians in business related activities. Another study by Biggs and Shah (2006) uses data from the RPED[4] and shows that Asians have advantages in getting loans and credits. The authors argue that although social capital derived from networks has positive effects on Asian companies, it negatively discriminates against African companies, as networks tend to reinforce themselves. In a qualitative analysis Jenssen and Kristiansen (2004) outline how cultural characteristics influence social capital and how the latter again impacts on business resources such as information, ideas, capital, or market access. In a case study of woodworking enterprises Jenssen and Kristiansen (2004) compare one African with one Asian businessman. Their comparison shows that the social capital of the Asian is of a much better quality and leads to better business opportunities than the social capital of the African. In another sample with 12 enterprises (7 of them being Asian companies) Kristiansen (2004) comes to similar results with the social networks of Asians being more dynamic and providing access to better resources. The empirical data underline a general picture of Asian companies being – on average – larger, older and more capital intensive. The parametric values of indicators for business success are regarded as better for Asian companies than those of African companies (see additionally Willer and Rösch 1993: 194).

Migration theories, as well as human and social capital theories explain the establishment of minority companies. Firstly, Asian immigrants in Tanzania are members of social communities that are strongly overrepresented in business in the countries their forefathers emigrated from. Papanek (1962) outlines the importance of Muslim communities – such as the Khoja and Bohara – in Pakistan's economy.

[4] Total n = 158 for Tanzania.

Members of the same communities are among the most active in business in Tanzania. One conclusion is that migration had a selection effect: Asian immigrants in East Africa came particularly from communities that can be described as entrepreneurial minded (see Kristiansen and Ryen 2002). Secondly, empirical studies indicate that a higher human capital (e.g., years of schooling or degree) correlates positively with business growth and business development. The educational level of Asians in Tanzania is (on average) higher than that of Africans and thus may have a positive impact on their enterprises. Several empirical investigations confirm this for Tanzania (Ramachandran and Shah 1999; Kristiansen 2004; Kristiansen et al. 2005; Biggs and Shah 2006; but see for a contrary effect Egbert 2004: 302-304). Thirdly, differences in social capital may influence the success of companies. For instance, company owners in high-risk environments rely on social capital for contract enforcement and the selection of business partners. Urban social networks of Asians seem to be more effective in contract enforcement and the provision of information than networks of Africans (see Biggs and Shah 2006 for credit relations; see for Kenya Collier and Gunning 1999: 86-88). This can be explained by strong social cohesion and identity within small groups. Social cohesion and identity are incentives to behave non-opportunistic, as social punishment is easy to implement and costly for an individual (Greif 1993). For the family as a social network, Egbert (2009: 667-670) describes how the families of African owners had a negative effect on financial capital. The same was not true for the Asians in his study. From this it seems that Asians' social capital is more favorable to promoting business than that of Africans.

The discussed theories and empirical studies may be criticized for several reasons. First, they relate differences in individuals (education, work experience) and differences in social background (ones own group) to features of companies and do not sufficiently examine the complex interaction between African and Asian company owners on markets. Second, they may be criticized for their narrow focus on business success and their overemphasis on distinctiveness. Moreover, little attention has been paid to actual decisions and processes *within* the two types of Tanzanian companies, especially in the field of human resource management. Our

aim is to contribute towards closing this gap. We therefore ask for similarities and differences in personnel recruitment methods as a case in point. Following the tenor of the literature reviewed above and the first hypothesis formulated by us, one would expect that recruitment methods vary with respect to ethnic ownership. Evidence, however, is not yet available, as the only four empirical studies that investigate recruitment methods in Tanzania do not consider differences between African and Asian companies. Trulsson (1997) addresses the question of recruitment methods in a qualitative study of 26 business owners in Mwanza. He summarizes (1997: 245-247) that interviewees very often rely on friends and other contacts when searching for new employees. The main reason for this informal strategy is seen in finding personnel who can be trusted. Egbert (2001: 70-72) uses a sample of 76 private small and medium enterprises in Tanga. He asks employers which criteria were most important for the last recruitment of employees. The criteria trust and qualification were mentioned first (similar to Trulsson's results), followed by experience and age. Referrals from trustworthy persons were mentioned to be of only minor importance. Fischer (2006: 26-49) investigates the recruitment practices of a big industrial company in Dar es Salaam before and after privatization. In the Socialist era production workers were mainly recruited through current employees' referrals. After privatization, qualification standards were lifted and given top priority in the recruitment process. In spite of this, personal ties remain crucial for the placement of highly skilled permanent and low skilled temporary workers. Finally, Egbert, Fischer and Bredl (2009) find that informal recruitment methods are primarily applied for low-ranking positions while formal methods such as advertisements are used for higher ranks. Using the same data pool we will now present a study of recruitment methods of African and Asian companies in Mwanza.

## 3. Companies in Mwanza

In the period between May 2008 and January 2009 we conducted research in Mwanza, Tanzania's fastest growing city with approximately 700,000 inhabitants in 2009.[5] Since the country turned away from Socialism private enterprises were set up and had to face international competition. This is also true for companies in Mwanza, as the city on the shores of Lake Victoria is in proximity to Kenya, Uganda, Rwanda, Burundi, and the Democratic Republic of Congo. We collected data by half-standardized questionnaires and additional open interviews.[6] Previous studies on companies in Mwanza have shown that trust and networking are of particular importance (see Murphy 2002, 2003, 2006; Trulsson 1997, 2000).

### 3.1 The Sample

The sample includes 79 companies, which are mainly active in service related industries (87 percent) such as education, transport, garages, trade, hotels and restaurants, and security. The rest of the enterprises can be classified as belonging to the production and manufacturing sector. All but two companies of the sample can be classified as small (7.5 to 50 employees) or medium (51 to 400 employees).[7] In detail, 24 percent of the enterprises employ 7.5 to 20 employees, 34 percent have 21 to 50 employees, and 39 percent between 51 and 400 employees in 2008 (average 82 employees, median 37.5). Concerning the size of the companies our selection criteria match the ones employed by the Central Register of Establishments of 2007

5 For more details on study set-up and sampling compare Egbert, Fischer and Bredl (2009).

6 Seven advanced sociology students of Saint Augustine University of Tanzania in Mwanza assisted in the research process under the supervision of Fischer.

7 Many companies employ full-time and part-time employees. We calculated the number of total employees by adding part-time employees with the factor 0.5 to the number of full-time employees. The following data refer to the number of total employees.

(United Republic of Tanzania 2008), as only companies engaging five or more persons are considered. The comparatively large number of companies in the service sector (transport, garages, hotels and restaurants) reflects the fact that Mwanza is a transport hub in Northwest Tanzania. We also include companies which are active in the educational sector. Such enterprises were not considered in former studies on Tanzanian companies and have mushroomed since the liberalization of the educational market in the 1990s.

### 3.2 Results

According to ethnic ownership, 57 enterprises (72 percent) can be classified as African and 22 as Asian. Our classification is based on answers provided in the questionnaires and on additional information collected through qualitative interviews. This figure shows that Asian companies are strongly overrepresented considering the fact that the members of the Asian minority are only a fraction of less than 1 percent of the total Tanzanian population.[8]

The questionnaire data allow us to compare features of African and Asian companies. We first focus on companies' characteristics such as age, size and activity (production vs. service). Secondly, we explore the organization of recruitment within African and Asian companies. Key aspects are the presence of a human resource manager, the employment of formal or informal recruitment methods, and the period positions left vacant when hiring new employees. As formal methods we define help-wanted signs, advertisements in the media (newspapers and internet), and recruitment through agencies. Informal methods include the re-recruitment of former employees, walk-ins and all kinds of referrals (from friends, business partners, schools or current employees).

[8] Of the nearly 42 million Tanzanians, 99 percent are African and less than 1 percent of the population belongs to the Asian, European, and Arab minorities (CIA World Factbook 2010).

Looking at company characteristics, we use two-way tabulations (Table 1). We find that Asian companies are significantly more often engaged in manufacturing than their African counterparts. The number of Asian companies in the manufacturing sector exceeds the number one would expect under the Null hypothesis (H0) of independency of the attributes ethnicity and activity, whereas the opposite is true for African companies. The share of manufacturing companies among Asian companies is 36 percent (8/22), whereas it is only 3.5 percent (2/57) among African enterprises. The difference between actual and expected numbers is large enough to reject the Null hypothesis, with the risk of committing a Type I error – i.e. rejecting the Null hypothesis, although it is true – being practically zero (p(H0)=0.000).

**Table 1 Ethnicity and Activity**

| Ethnicity | Activity | Number | Expected numbers under H0 (independency of both attributes) |
|---|---|---|---|
| Asian | Manufacturing | 8 | 2.8 |
| African | Manufacturing | 2 | 7.2 |
| Asian | Service | 14 | 19.2 |
| African | Service | 55 | 49.8 |

**Note:** Expected numbers under H0 (independency of ethnicity and activity); p(H0)=0.000.

Investigating differences in the number of employees and the age of the company between Asian and African enterprises, we use the Mann Whitney test. This test sorts the number of employees (respectively the age of the company) in ascending order. The positions of the number of employees (respectively the age of the company) in the resulting series are then summed separately over the group of Asian and the group of African enterprises. Thereafter, it is checked whether the intra-group sums differ significantly from the sums that could be expected under the Null of independency of the attributes ethnicity and number of employees (respectively the

age of the company).[9] The results clearly indicate that Asian enterprises are larger (by number of employees) and older than African enterprises (significance levels 0.02 in both cases).

When running the Mann Whitney test with activity as separating variable (manufacturing vs. service), we find that enterprises engaged in manufacturing are significantly larger and older than enterprises engaged in the service sector. OLS-regression with size as dependent variable and ethnicity and activity as independent variables suggest that the activity variable is the driving force, as it leaves the ethnicity variable insignificant. The same pattern is observed when age is regressed on ethnicity and activity. However, due to the limited sample size and the high degree of multicollinearity between both regressors this finding should be interpreted with caution. Furthermore, it is interesting to note that two-way tabulations – despite the different characteristics of Asian and African companies – fail to reveal a significant relationship between ethnicity and the company's legal structure (sole proprietorship vs. limited company).

The next test is meant to reveal the influence of the ethnicity variable on the organization of recruitment. We start by investigating whether ethnicity is significantly related to the probability of having a Human Resource (HR) manager who is in charge of acquiring new personnel. The two-way tabulation presented in Table 2 suggests that Asian enterprises employ a HR manager more often than African enterprises.

[9] We employ the non-parametric Mann Whitney test instead of a t-test, as Kolmogorov-Smirnov tests clearly reject the Null of a normal distribution for both the number of employees and the age.

**Table 2 Ethnicity and the Presence of a Human Resource Manager**

| Ethnicity | HR Manager | Number | Expected numbers under H0 (independency of both attributes) |
|---|---|---|---|
| Asian | Yes | 9 | 5.8 |
| African | Yes | 12 | 15.2 |
| Asian | No | 13 | 16.2 |
| African | No | 45 | 41.8 |

**Note:** Expected numbers under H0 (independency of ethnicity and presence of HR-Manager); p(H0)=0.092.

Having a HR manager in place or not, companies rely on certain recruitment methods. We distinguish between formal and informal recruitment methods (see Rees 1966; additionally the literature survey in Egbert, Fischer and Bredl 2009). Wherever interviewees indicate more than one method, we consider only the starting method used in the recruitment process because we assume that it is the preferred method. Another criterion for analysis is the level of positions. We distinguish between high-ranking and low-ranking positions. In the questionnaire a high-ranking position is described as a management position, such as that held by a supervisor or accountant. Results show neither significant differences for high-ranking nor for low-ranking positions between African and Asian companies (Table 3 and Table 4).

**Table 3 Informal and Formal Recruitment for High Ranking Positions**

| Ethnicity | Method | Number | Expected numbers under H0 (independency of both attributes) |
|---|---|---|---|
| Asian | Formal | 7 | 6.5 |
| African | Formal | 15 | 15.5 |
| Asian | Informal | 13 | 13.5 |
| African | Informal | 33 | 32.5 |

**Note:** Expected numbers under H0 (independence of ethnicity and recruitment method); p(H0)=0.782. Number of observations does not total 79 due to missing values.

**Table 4 Informal and Formal Recruitment for Low Ranking Positions**

| Ethnicity | Method | Number | Expected numbers under H0 (independency of both attributes) |
|---|---|---|---|
| Asian | Formal | 4 | 2.1 |
| African | Formal | 3 | 4.9 |
| Asian | Informal | 17 | 18.9 |
| African | Informal | 45 | 43.1 |

**Note:** Expected numbers under H0 (independence of ethnicity and recruitment method); p(H0)=0.188. Number of observations does not total 79 due to missing values.

Finally we compare the vacancy period of high- and low-ranking positions. Based on the Mann Whitney test, we find no differences between African and Asian companies with respect to the vacancy periods of high-ranking positions (on average 38.5 days). However, Asian companies are significantly faster (significance level 0.02) in filling low-ranking positions. The average vacancy of low-ranking positions in Asian companies is 12 days compared to 15.5 days in African companies.[10]

Having presented these data, we conclude that in spite of significant differences with respect to activity, age and size, African and Asian company owners apply similar strategies of personnel recruitment. This result will be discussed further in the following section.

### 3.3 Discussion

Our empirical data support as well as contradict previous empirical findings regarding African and Asian companies in Tanzania. On average, Asian companies are larger (number of employees), older and more often active in the manufacturing sector. This may indicate that Asian companies work with more capital than their African counterparts, while the latter engage in the generally less capital-intensive service

[10] Note that the Mann Whitney test does not compare the mean but rather the entire distribution.

sector. Size and age of a company could also explain why a HR manager is more often employed in Asian than in African enterprises: long established companies of a specific size may develop more sophisticated organizational structures with respect to human resource management. These findings are in line with previous studies on companies in Tanzania.

A new picture emerges when we turn to recruitment strategies. Generally, our data support the dominance of the second hypothesis, i.e. that companies operating in the same environment face similar problems and thus may establish similar recruitment processes. This result is surprising as one would expect differences. Owners of Asian and African companies, for instance, use different social networks on capital markets (see Biggs and Shah 2006; for Kenya also Biggs, Raturi, and Srivastava 2002). A possible conclusion is that differences in the recruitment on the labor market are likely, too. This does not seem to be the case for our sample. At present, however, our findings do not allow us to reject the first hypothesis. In our study we were not able to investigate the social background of the company owners in detail (except for being of African or Asian descent). As discussed in the literature review above, we subsumed a diversity of religious and ethnic groups under the heading African versus Asian, just considering their minority or majority situation. It could thus be that attitudes, cultural beliefs and concepts of social organization related to the acquisition of personnel are not as different among some African and Asian groups as has been assumed until now. Similar recruitment methods would then be the result of similar norms and social practices. This aspect opens an important avenue for further studies.

## 4. Conclusions

Our study concentrates on a specific area of human resource management, the recruitment in companies owned by Africans and Asians in Tanzania. Although the literature generally emphasizes differences between companies run by minorities and the majority population, we have found supporting evidence only in part. In the field of recruitment, similarities outweighed differences. This makes clear that an overemphasis on distinctiveness obstructs insights into the realities of companies belonging to various groups. Resulting from this narrow focus, important questions have been neglected. One of them is the question of change. Differences in indicators such as size or capital investment are not stable but flexible over time. Our sample, for instance, contained some large companies owned by Africans. Could this indicate the growth of African companies, a trend that could have started in the 1980s (see Willer and Rösch 1993)? Another question is related to processes within companies. The above indicators of difference merely describe quantifiable features, but do not shed light on how managers and owners act, organize or take decisions (but see Fischer 2003, 2006). Detailed investigations into decision making in organizations could also reveal more about how owners organize their acquisition of personnel. Do they mainly draw on their social background? Do they react to institutions in the company's environment? Or is it a complex process of balancing and reconciling both? Studies on these questions could produce a more sophisticated picture on where companies differ and where they tend to be alike.

## 5. References


Alpers, E. A. (1976). "Gujarat and the Trade of East Africa, *c.* 1500-1800." *International Journal of African Historical Studies* 9(1): 22-44.

Amiji, H. M. (1975). "The Bohras of East Africa." *Journal of Religion in Africa* 7(1): 27-61.

Amiji, H. M. (1971). "Some Notes on Religious Dissent in Nineteenth-Century East Africa." *African Historical Studies* 6(3): 603-616.

Balachandran, P. K. (1981). "An Embattled Community: Asians in East Africa Today". *African Affairs* 80(320): 317-325.

Biggs, T., and M. K. Shah. (2006). "African SMES, Networks, and Manufacturing Performance." *Journal of Banking and Finance* 30(11): 3043-3066.

Biggs, T., Raturi, M., and P. Srivastava (2002). "Ethnic Networks and Access to Credit: Evidence from the Manufacturing Sector in Kenya." *Journal of Economic Behavior and Organization* 49(4): 473-486.

Bharati, A. (1970). "A Social Survey." In *Portrait of a Minority: Asians in East Africa.* 15-67. Eds. D. Ghai, Y. Ghai. Nairobi: Oxford University Press.

Bocock, R. J. (1971). "The Ismailis in Tanzania: A Weberian Analysis." *The British Journal of Sociology* 22(4): 365-379.

Collier, P., and J. W. Gunning (1999). "Explaining African Economic Performance." *Journal of Economic Literature* 37(1): 64-111.

Delf, G. (1963). *Asians in East Africa*, London: Oxford University Press.

Egbert, H. (1998) "Entrepreneurial Advantages and Disadvantages of Belonging." *GeoJournal* 46(2): 129-134.

——. (2001). *Netzwerke als unternehmerische Ressourcen und Restriktionen: Unternehmer in der tansanischen Stadt Tanga*, Berlin: Verlag für Wissenschaft und Forschung.

——. (2004). "Networking and Entrepreneurial Success: A Case Study from Tanga, Tanzania." In *African Development Perspectives Yearbook 2002/2003, Vol. 9.*

291-309. Eds. K. Wohlmut, A. Gutowski, T. Knedlik, M. Meyn, S. Pitamber. Münster: LIT.

——. (2009). “Business Success through Social Networks? A Comment on Social Networks and Business Success.” *American Journal of Economics and Sociology* 68(3): 665-677.

Egbert, H., G. Fischer, and S. Bredl. (2009). *Advertisements or Friends? Formal and Informal Recruitment Methods in Tanzania*, Giessen (Discussion Paper No. 46, December 2009, Giessen: Center for International Development and Environmental Research).

Fischer, G. (2003). “The Impact of Privatization on Quasi-familial Relationships in a Tanzanian Factory.” In *Le travail en Afrique noire*. 331-345. Eds. H. D’Almeida-Topor, M. Lakroum, and G. Spittler. Paris: Éditions Karthala.

——. (2006). *Unsere Fabrik, unsere Familie*, Berlin: LIT.

Ghai, D. P. (1970). “An Economic Survey” In *Portrait of a Minority: Asians in East Africa.* 98-127. Eds. D. Ghai, Y. Ghai. Nairobi: Oxford University Press.

Ghai, D. P., and Y. P. Ghai. (1970). “Historical Introduction” In *Portrait of a Minority: Asians in East Africa.* 1-14. Eds. D. Ghai, Y. Ghai. Nairobi: Oxford University Press.

Gregory, R. (1993). *South Asians in East Africa: An Economic and Social History, 1890-1980*, Boulder: Westview Press.

Greif, A. (1993). “Contract Enforceability and Economic Institutions in Early Trade: The Maghribi Traders’ Coalition.” *American Economic Review* 83(3): 525-548.

Hollingsworth, L. W. (1960). *The Asians of East Africa*, London: Macmillan.

Jenssen, J. I., and S. Kristiansen. (2004). “Sub-cultures and Entrepreneurship: The Value of Social Capital in Tanzanian Business.” *Journal of Entrepreneurship* 13(1): 1-27.

Kadende-Kaiser, R. M., and P. J. Kaiser. (1998). “Identity, Citizenship, and Transnationalism: Ismailis in Tanzania and Burundians in the Diaspora.” *Africa Today* 45(3/4): 461-480.

Kirby, A. (1958). “The Asians in East Africa.” *Asian Review* 54: 239-255.

Kristiansen, S. (2004). “Social Networks and Business Success: The Role of Subcultures in an African Context.” *American Journal of Economics and Sociology* 63(5): 1149-1171.

Kristiansen, S., and A. Ryen. (2002). “Enacting their Business Environments: Asian Entrepreneurs in East Africa.” *African and Asian Studies* 1(3): 165-186.

Kristiansen, S., J. Kimeme, A. Mbwambo, and F. Wahids. (2005). “Information Flows and Adaptation in Tanzanian Cottage Industries.” *Entrepreneurship and Regional Development* 17(5): 365-388.

Lokhandwalla, S. (1955). “The Bohras, a Muslim Community of Gujarat.” *Studia Islamica* 3: 117-135.

Maliyamkono, T. L., and M. S. D. Bagachwa. (1990). *The Second Economy in Tanzania*, London and Athens OH: J. Currey and Ohio University Press.

Mangat, J. S. (1969). *A History of the Asians in East Africa 1886-1945*, Oxford: Clarendon Press.

Morris, H. (1957). “Communal Rivalry among Indians in Uganda.” *British Journal of Sociology* 8(4): 306-316.

Murphy, J. T. (2002). “Networks, Trust, and Innovation in Tanzania’s Manufacturing Sector.” *World Development* 30(4): 591-619.

——. (2003). “Social Space and Industrial Development in East Africa: Deconstructing the Logics of Industry Networks in Mwanza, Tanzania.” *Journal of Economic Geography* 3(2): 173-198.

——. (2006). “The Sociospatial Dynamics of Creativity and Production in Tanzanian Industry: Urban Furniture Manufacturer in a Liberalizing Economy.” *Environment and Planning A* 38(10): 1863-1882.

Oonk, G. (2008). “Negotiating Hinduism in East Africa.” *Transforming Cultures eJournal* 3(2): 93-123.

Papanek, G. F. (1962). “The Development of Entrepreneurship.” *American Economic Review Papers and Proceedings* 52(2): 46-58.

Ramachandran, V., and M. K. Shah. (1999). “Minority Entrepreneurs and Firm Performance in Sub-Saharan Africa.” *Journal of Development Studies* 36(2): 71-87.

Rees, A. (1966). “Information Networks in Labor Markets.” *American Economic Review* 56(1/2): 559-566.

Rizvi, S. S. A., and N. Q. King. (1973). “Some East African Ithna-Asheri Jamaats (1940-1967).” *Journal of Religion in Africa* 5(1): 12-22.

Trulsson, P. (1997). *Strategies of Entrepreneurship: Understanding Industrial Entrepreneurship and Structural Change in Northwest Tanzania*. Linköping: Linköping University.

——. (2000). “Social Embeddedness: Families and Firms in Tanzania.” In *Local Economies in Turmoil*. 43-59. Eds. Á. Sverrisson, M. van Dijk. Houndmills: Macmillan.

United Republic of Tanzania (2008). *Central Register of Establishments: December 2007*. Dar es Salaam: National Bureau of Statistics.

Voigt-Graf, C. (1998). *Asian Communities in Tanzania: A Journey through Past and Present Times*. Hamburg: Institute of African Affairs.

Walji, S. R. (1983). *A History of the Ismaili Community in Tanzania*, Ann Arbor: University Microfilms International.

# Bisherige Veröffentlichungen in der Discussion Papers-Reihe

No. 1 HERRMANN, R., KRAMB, M. C., MÖNNICH, Ch. (12.2000): Tariff Rate Quotas and the Economic Impacts of Agricultural Trade Liberalization in the WTO. (etwas revidierte Fassung erschienen in: "International Advances in Economic Research", Vol. 7 (2001), Nr. 1, S. 1-19.)

No. 2 BOHNET, A., SCHRATZENSTALLER, M. (01.2001): Der Einfluss der Globalisierung auf staatliche Handlungsspielräume und die Zielverwirklichungsmöglichkeiten gesellschaftlicher Gruppen.
(erschienen in: "List-Forum für Wirtschafts- und Finanzpolitik", Bd. 27(2001), H. 1, S. 1-21.)

No. 3 KRAMB, M. C. (03.2001): Die Entscheidungen des "Dispute Settlement"-Verfahrens der WTO im Hormonstreit zwischen der EU und den USA – Impli kationen für den zukünftigen Umgang mit dem SPS-Abkommen.
(überarbeitete Fassung erschienen in: "Agrarwirtschaft", Jg. 50, H. 3, S. 153-157.)

No. 4 CHEN, J., GEMMER, M., TONG, J., KING, L., METZLER, M. (08.2001): Visualisation of Historical Flood and Drought Information (1100-1940) for the Middle Reaches of the Yangtze River Valley, P.R. China.
(erschienen in: Wu et al. (eds) Flood Defence '2002, Beijing, New York 2002, pp. 802-808.)

No. 5 SCHROETER, Ch. (11.2001): Consumer Attitudes towards Food Safety Risks Associated with Meat Processing.
(geänderte und gekürzte Fassung ist erschienen unter Christiane SCHROETER, Karen P. PENNER, John A. FOX unter dem Titel "Consumer Perceptions of Three Food Safety Interventions Related to Meat Processing" in "Dairy, Food and Environmental Sanitation", Vol. 21, No. 7, S. 570-581.)

No. 6 MÖNNICH, Ch. (12.2001): Zollkontingente im Agrarsektor: Wie viel Liberalisie rungsfortschritt? Ergebnisse und Diskussion einer Auswertung der EU-Daten.
(gekürzte Fassung erschienen in BROCKMEIER, M., ISERMEYER, F., von CRA MON-TAUBADEL, S. (Hrsg.), Liberalisierung des Weltagrarhandels - Strategien und Konsequenzen. "Schriften der Gesellschaft für Wirtschafts- und Sozialwissenschaften des Landbaues e.V.", Bd. 37(2002), S. 51-59.)

No. 7 RUBIOLO, M. (01.2002): EU and Latin America: Biregionalism in a Globalizing World?

No. 8 GAST, M. (02.2002): Zollkontingente bei US-amerikanischen Käseimporten. (gekürzte Fassung erschienen in: "Agrarwirtschaft", Jg. 51, H. 4, S. 192-202.)

No. 9 BISCHOFF, I. (08.2002): Efficiency-enhancing Effects of Private and Collective Enterprises in Transitional China.

No. 10 KÖTSCHAU, K. M., PAWLOWSKI, I., SCHMITZ, P. M. (01.2003): Die Policy Ana lysis Matrix (PAM) als Instrument zur Messung von Wettbewerbsfähigkeit und Politikeinfluss - Zwischen Theorie und Praxis: Das Fallbeispiel einer ukraini schen Molkerei.

No. 11 HERRMANN, R., MÖSER A. (06.2003): Price Variability or Rigidity in the Food-retailing Sector? Theoretical Analysis and Evidence from German Scanner Data.

No. 12 TROUCHINE, A. (07.2003): Trinkwasserversorgung und Armut in Kasachstan: Aktueller Zustand und Wechselwirkungen.

No. 13 WANG, R.; GIESE, E.; GAO, Q. (08.2003): Seespiegelschwankungen des Bosten-Sees (VR China).

No. 14 BECKER, S.; GEMMER, M.; JIANG, T.; KE, CH.. (08.2003): 20th Century Precipitation Trends in the Yangtze River Catchment.

No. 15 GEMMER, M.; BECKER, S.; JIANG, T (11. 2003): Detection and Visualisation of Climate Trends in China.

No. 16 MÖNNICH, Ch. (12.2003): Tariff Rate Quotas: Does Administration Matter?

No. 17 GIESE, E.; MOßIG. I. (03.2004) Klimawandel in Zentralasien

No. 18 GIESE, E.; SEHRING, J. TROUCHINE, A. (05.2004) Zwischenstaatliche Wassernutzungskonflikte in Zentralasien

No. 19 DIKICH, A. N. (09.2004)
Gletscherwasserressourcen der Issyk-Kul-Region (Kirgistan), ihr gegenwärtiger und zukünftiger Zustand

No. 20 Christiansen, Th.; Schöner, U. (11.2004)
Irrigation Areas and Irrigation Water Consumption in the Upper Ili Catchment, NW-China

No. 21 NARIMANIDZE, E. et al. (04.2005)
Bergbaubedingte Schwermetallbelastungen von Böden und Nutzpflanzen in einem Bewässerungsgebiet südlich von Tiflis/Georgien - Ausmaß, ökologische Bedeutung, Sanierungsstrategien

No. 22 ROMANOVSKIJ, V.V.; KUZ'MIČENOK, V.A. (06.2005)
Ursachen und Auswirkungen der Seespiegelschwankungen des Issyk-Kul' in jüngerer Zeit

No. 23 ZITZMANN, K.; TROUCHINE, A. (07.2005)
Die Landwirtschaft Zentralasiens im Transformationsprozess
*(nicht mehr lieferbar!)*

No. 24 SEHRING, J. (08.2005)
Water User Associations (WUAs) in Kyrgyzstan -
A Case Study on Institutional Reform in Local Irrigation Management

No. 25 GIESE, E., MAMATKANOV, D. M. und WANG, R. (08.2005)
Wasserressourcen und Wassernutzung im Flussbecken des Tarim (Autonome Region Xinjiang / VR China)

No. 26 MOSSIG, I., RYBSKY, D. (08.2005)
Die Erwärmung bodennaher Luftschichten in Zentralasien. Zur Problematik der Bestimmung von Trends und Langzeitkorrelationen

No. 27 GAST, M.: (09.2005)
Determinants of Foreign Direct Investment of OECD Countries 1991-2001

No. 28 GIESE, E., TROUCHINE, A. (01.2006)
Aktuelle Probleme der Energiewirtschaft und Energiepolitik in Zentralasien

No. 29 SEHRING, J. (06.2006)
The Politics of Irrigation Reform in Tajikistan

No. 30 LANGENOHL, A. / WESTPHAL, K. (11.2006)
Comparing and Inter-Relating the European Union and the Russian Fede ration. Viewpoints from an international and interdisciplinary students' project

No. 31 WEBER, S./ ANDERS, S. (3.2007)
Price Rigidity and Market Power in German Retailing

No. 32 GAVARDASHVILI, G. / SCHAEFER, M. / KING, L. (8.2007)
Debris Flows at the River Mletis Khevi (Greater Caucasus Mountains, Georgia) and its Assessment Methods

No. 33 TEUBER, R. (5.2007)
Geographical Indications of Origin as a Tool of Product Differentiation – The Case of Coffee D

No. 34 DOSTAJ, Ž. D. (in Zusammenarbeit mit E. Giese und W. Hagg) (6.2007)
Wasserressourcen und deren Nutzung im Ili-Balchaš Becken

No. 35 FLATAU, J./ Hart, V. / KAVALLARI, A./ SCHMITZ, P.M. (7.2007)
Supply Chain Analysis of Olive Oil in Germany

No. 36 HART, V. / KAVALLARI, A. / SCHMITZ, P.M. / WRONKA, T. (7.2007)
Supply Chain Analysis of Fresh Fruit and Vegetables in Germany

No. 37 MÖSER, N. (7.2008)
Analyse der Präferenzen russischer Fachbesucher für ausgewählte Messeleistungen mit Hilfe der Choice-Based Conjoint-Analyse

No. 38 BISCHOFF, I. / EGBERT, H. (8.2008)
Bandwagon voting or false-consensus effect in voting experiments? First results and methodological limits

No. 39 BREDL, S. / WINKER, P. / KÖTSCHAU, K. (12.2008)
A Statistical Approach to Detect Cheating Interviewers

No. 40 HERRMANN, R. / MÖSER, A./ WEBER, S. (01.2009)
Grocery Retailing in Poland: Development and Foreign Direct Investment

No. 41 HERRMANN, R. / MÖSER, A./ WEBER, S. (02.2009)
Grocery Retailing in Germany: Situation, Development and Pricing Strategies

No. 42 GÖCKE, M. (05.2009)
Efficiency Wages and Negotiated Profit-Sharing under Uncertainty

No. 43 KRAMB, M. / HERRMANN, R. (05/2009)
Wie wirken gemeldete SPS-Maßnahmen? Ein Gravitationsmodell des Rindfleischhandels der EU

No. 44 BREDL,S. (10/2009)
Migration, Remittances and Educational Outcomes: the Case of Haiti

No. 45 BELKE, A. / GÖCKE, M. / GUENTHER, M. (11/2009)
When Does It Hurt? The Exchange Rate "Pain Threshold" for German Exports

No. 46 EGBERT, H. / FISCHER, G. / BREDL, S. (12/2009)
Advertisements or Friends? Formal and Informal Recruitment Methods in Tanzania

No. 47 RAKHIMOV, M. (01/2010)
The European Union and Central Asia: Challenges and Prospects of Cooperation

No. 48 NAJMITDINOV, A (01/2010)
Central Asian integration as a way of guaranteeing regional security and economic growth feasibility and prospects

No. 49 JETPYSPAEVA, Y (03/2010)
Central Asia: Changing Politics. Case of Kazakhstan

No. 50 JONBOBOEV , S. (03/2010)
Humanities in Transition: Liberation of Knowledge in Central Asia and possible Impact of European Union

No. 51 KULAKHMETOVA, , A. (03/2010)
Protection Mechanisms and services for young Workers in Central Asia and the European Union

No. 52 MOMOSHEVA, S. (03/2010)
The EU strategy for Central Asia and Kyrgyzstan foreign policy

No. 53 Egbert, H. / Fischer, G./ Bredl, S. (06/2010)
Different Background – Similar Strategies: Recruitment in Tanzanian-African and Tanzanian-Asian

Stand: 22. Juni 2010

Die Diskussionsbeiträge können auf der Homepage des ZEU
http://www.uni-giessen.de/zeu
im Menü „Forschung“, „Veröffentlichungen“ kostenlos heruntergeladen werden.