

The Impact of Organization Structure on Human Resource Management in a Bi-national Organization—A Case Study of Tanzania-Zambia Railway Authority (TAZARA)

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This study explores the impact of organization structure on human resource management in a bi-national organization Tanzania-Zambia Railway Authority (TAZARA). It is a bi-national organization because it is jointly owned and managed by the two contacting states of the United Republic of Tanzania and the Republic of Zambia. Tanzania-Zambia Railway stretches 1,860 meters from the Port of Dar es Salaam in East Africa to New Kapiri Mposhi in Zambia. The study seeks to provide answers to such questions as what is an organization structure. Can an organization structure affect human resource management in an organization? If so how? What type of organization structure can be appropriate for a bi-national organization? What are the advantages and the limitations of the organization structure designed for TAZARA? What measures can be taken to deal with the disadvantages? Organization structure refers to the formal arrangement of tasks, communication, and authority relationships that influence and control how people coordinate and conduct their work (Martin & Fellenz, 2010). The study was undertaken within phenomenological paradigm due to the nature of the inquiry of the impact of the organization structure on a bi-national organization concerned with the relationships of actors such as governments as both institutions and employers and employees as individuals and groups. Phenomenological paradigm is concerned with the understanding of human behavior from the participants' frame of reference. The study was designed as a case study where the researcher explores a phenomenon (case) in this case (the organization structure) bounded in time and activity (in this case TAZARA as an institution) and collects data using a variety of procedures during a sustained period of time. It was appropriate for exploring, understanding, and obtaining in depth knowledge of understanding the impact of organization structure on a bi-national organization Tanzania-Zambia Railway Authority, which is divided into two regions and the Head office. Both primary and secondary data were collected from the two regions and the Head office. Primary data were collected by focus group discussion, and structured interviews and questionnaires while secondary data were collected by archival method, organization documents, books, and news papers. Data were analyzed using both qualitative and quantitative methods by triangulation techniques. Sample size comprised eight governments and Board of Directors officials, 35 Management officials, 11 trade union officials and 58 focus group members from seven discussions groups, and bring the total to 112. The study revealed that the organization structure has both advantages and limitations. From governments' perspective the structure provides the means of maintaining equal commitment, ownership, and

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management of the organization by the two contracting states, while the business perspective has identified two limitations. First, the three-tier structure is expensive because of duplication of duties. Second, the involvement of government officials in managing the organization brings in government bureaucracy which should be avoided in business due to slow decision making. Efforts to change the structure to make it business, as so far have proved futile due to governments' reluctance to relinquish power as this will be seen as reducing their commitment to the organization.

Keywords: bi-national organization, three-tier organization structure, phenomenological paradigm, case study, triangulation

Introduction

Zambia is a land locked country, whose economy has been overwhelmingly dependant on the mining industry. The mining industry is highly mechanized and uses heavy equipments brought in by sea, railway, road, or a combination of these transport systems. Metals need to be exported to the market using the same transport systems. For a land locked country a reliable rout to the sea is not only essential but also inevitable.

During colonial era being land locked was not a problem because Northern Rhodesia (now, Zambia) was colonized from the South (Bailey, 1976) and multinational corporations which controlled the mines had access to the sea through South Africa. The Anglo-American Corporation despite its name was a South African Company and the Roan Antelope Consolidated Copper mines were controlled by American shareholders. The other routes to the sea passed through Portuguese colonies of Mozambique to the port of Beira and Angola to the port of Luanda.

At independence in 1964, Zambia found herself neighbors white minority regimes. The relationship between her neighbors became hostile as she was suspected of being the spring board for freedom fighters. The hostility deepened when Southern Rhodesia (now, Zimbabwe) was unilaterally declared independence by Ian Smith in November 1965 and the British Government and the International Community opted to use sanctions instead of using military force to bring down the rebellion (Bailey, 1976; Hall & Penyman, 1976).

Not only was Zambia threatened by the hostility of her neighbors, but also her economy was also threatened since all her routes to the sea passed through their territories. This prompted Zambia to look for an alternative route to the sea through an independent African state. She had to find a partner with whom she would form a joint venture and that partner was found in Tanzania to the mutual benefit of Tanzanians and Zambians.

The governments of Tanzania and Zambia recognized the need to seek financial assistance from international community but this turned the construction of the railway project into what I call ideological battle field. The West did not like to see communism penetrate into an area which was regarded as their preserve, while China regarded the project as an opportunity to sell Chinese Communism as opposed to Russian Communism which China regarded as imperialism. The nationalists were determined not only to defend their hard worn independence but also show that they were responsible for shaping the destiny of their countries.

The leaders' partnership, determination, and responsibility of shaping the destiny of their countries would be considered as the driving force of designing the present Tanzania-Zambia Railway Authority organization structure.

Reasons for Constructing Tanzania-Zambia Railway

The leaders of Tanzania and Zambia were determined to build the railway for three main reasons. First, the railway would provide Zambia with a safe route to the sea for the country's major export and copper, which had hitherto passed through countries ruled by hostile white regimes (Bailey, 1976; Hall & Peyman, 1976). Second, the railway would provide employment for Tanzanians and Zambians; and third, the railway would provide transport and development through areas hitherto neglected by the colonial powers. It is, however, important to note that securing a safe route for Zambia has become irrelevant following the establishment of majority-rule governments in Southern Africa; Zambia now has the opportunity to choose the most economic route to the sea. The other two reasons are still valid. By 2005 the railway had become one of the biggest rural employers in both Tanzania and Zambia, with a total of 3,613 workers (1,501 and 2,112 respectively) with most employees based at stations in rural areas. Although the number of employees has slightly reduced the organization has still maintained its status of being the biggest rural employer in both countries. The railway has proved a viable transport project in the development of areas neglected by the colonial powers, especially the Mlimba and Makambako areas in Tanzania which were impassable because of mountainous terrain. The Tanzanian Government's construction of a hydroelectric power station for Mlimba was made possible by the transportation of equipment on the railway. In Zambia, there have been developments in electricity supply to areas near Chozi railway station. The project has been instrumental in the development of many settlements along the line in both countries.

Implementation of the Tanzania-Zambia Railway Project

After securing the loan from China, the governments of Tanzania and Zambia worked out modalities regarding the establishment and management of the operation of the railway. These included: the enactment of the Tanzania Zambia Railway Authority Act (1968) in parliaments of Tanzania and Zambia, similar in content in both countries.

The 1968 Act, provided for the establishment of the Tanzania-Zambia Railway Authority (TAZARA) as a body corporate, and how it would be regulated. The 1968 Act was repealed and replaced in 1975 by one which provided for, among other things, the organizational structure of the railway. The current 1995 Act, the third in the series, reaffirms the continued existence of TAZARA and the provision of an organizational structure of a Council of Ministers, Board of Directors and Management, and defines the functions and powers of the authority and these governing organs.

The Basis of the Railway's Organizational Structure

There are two important aspects of an organizational structure: First, job design which refers to the process by which managers specify the content, methods, and relationships of jobs to satisfy both organizational and individual objects. Second, organizational design which refers to the overall organizational structure, spelling out the tasks and authority relationships that will channel the behavior of individuals and groups towards the achievement of organizational objectives.

The legislation for the implementation of the Tanzania-Zambia Railway project and subsequent legislation, is anchored in the philosophy of dual ownership and equal national representation by Tanzanians and Zambians. This is reflected in the design of the railway's three-tier organizational structure, uncommon type of structure in both Tanzania and Zambia (Price Waterhouse Coopers, 2004). It is unique for TAZARA because it was

designed to ensure equal national representation and dual national ownership. The three levels of governing organs have equal national representation from each state. The Council of Ministers and the Board of Directors comprise the same number of members from each state. The positions of the Managing Director and Deputy Managing Director are prescribed for Zambian and Tanzanian nationals respectively. This practice of assigning positions to nationalities is not confined to the legislated positions of Managing Director and Deputy Managing Director only but, by custom and practice, it has been extended to senior management positions at the Head Office, Mbeya, and TAZARA Training Schools, where both nationalities work together. The system is designed to maintain the national balance in administrative positions. This strategy has the political advantage of national representation, but it has a business disadvantage of creating a tall organizational structure, as the establishment of one position is likely to trigger the establishment or upgrading of another position for the purpose of balancing, irrespective of business interest. A recent example which took place during this study relates to one management position upgraded to a directorate level which triggered the split of one directorate, resulting in six officers at director level reporting to the Managing Director instead of four.

There has been a debate over whether positions in a bi-national organization should be nationally prescribed. There were two schools of thought on the question of whether the Managing Director, Deputy Managing Director, and other management positions should be prescribed on national basis. One school which I would call "Patriotic School" favoured by government officials, argued that this is the only way of maintaining 50/50 ownership and control and that without this system most, if not all, employees would come from one country making a mockery of dual ownership. One focus group in Tanzania gave a hypothetical example of an organization jointly owned by Tanzania and Kenya, predicting that the organization would end up being manned solely by Kenyans because Kenyans are more exposed and articulate than the Tanzanians and cited inadequate knowledge of the English language as one of Tanzanians' weaknesses at the time. The other school of thought, which I would call "Business School" was of the view that TAZARA as a bi-national organization should adopt geocentric staffing model where positions should be filled on merit by people with the necessary qualifications and relevant experience. This school pointed out that employees become demoralized when they realize that they will never be promoted because their next position is nationally prescribed; such employees either get transferred to another department where there are opportunities of promotion or resign from the organization. This school cited examples of employees who have resigned from the railway for higher positions in other organizations. However, both schools expressed the view that the first priority should be given to serve employees before going to the open labour market and that very little can be done to change the status of the Managing Director and Deputy Managing Director positions since they were enacted by Act of Parliaments of the two contacting governments and therefore, would involve repealing the current provision.

Tanzania-Zambia Railway Authority Organizational Structure

Council of Ministers. The Council consists of three Ministers of Transport, Finance, and Commerce from each contracting government. The Chair rotates between the Ministers of Transport each financial year. The Council is responsible for giving direction to the Board and formulation of government policy.

The 1975 Act provided for at least two Council meetings a year, but subsequent reduction to once a year reflects less Council involvement in the management of the organization; unfortunately, it also means a delay in decisions making on policy issues as the Board and Management may have to wait longer before implementing

policies which require Council approval. There have been some gaps in Council meetings. The main reason of lack of a quorum, for the meeting to take place there should be at least one member from each state. The Council's crucial provision that decisions shall be by majority vote and shall include an affirmative vote of at least one Minister representing each of the contracting governments means that any disagreement in the Council has to be referred to the Cabinets of the two governments, resulting in further delays in decision making.

Board of Directors. The Board of Directors is subject to the overall control of the Council, and responsible for providing direction to the management of the Authority. It consists of six members: three from each country—the Permanent secretary of the Ministry of Transport in each country and two other members each from the industry. No procedure has been laid down for the appointment of the members from industry except that appointment shall be based on experience in industry, finance, administration, or technology; current Board members have both business and railway experience. The chair rotates annually between the Permanent Secretaries of the Ministries of Transport; a quorum of at least one member from each state is required.

The three-tier organizational structure means there are two organs in the Strategic Management Tasks subsystem making strategic decisions for one organization. It is therefore, not surprising that there is duplication of roles between the Council and the Board. In 1981 the Board recommended to the Council the delineation and delegation of the responsibilities and powers among the three organs. Despite the amendment of the Tanzania-Zambia Railway Act in 1975 the amended Act did not clearly and unequivocally define the extent and the limits of the responsibilities and powers of the three organs of the authority, namely, the Council, the Board, and the Managing Director. Duties which are supposed to be performed by the Council are also performed by the Board and vice versa. It was observed that if this ambiguity is not resolved it could lead to considerable duplication of effort resulting in inefficient management (Memorandum No. CM 09/81).

The Council responded to these criticisms by delegating considerable power to the Board and Management, and incorporating some recommendations in the Tanzania-Zambia Railway Authority Act (1995). Nevertheless, the Council retains overall power of direction in the Authority.

The duplication of roles suggests that one of the organs is irrelevant and justifies the abolition of the Council of Ministers. However, for political reasons the two governments have found it difficult not to be involved in the management of TAZARA. The abolition of the Council will reduce the hierarchical levels of management to two, the Board and Management, speeding up decision making and improve the efficiency of the organization. Currently the role of Board seems to have been overshadowed by the Council and therefore, functions as a transmission belt between the Council and Management.

Managing Director and Deputy Managing Director. The Managing Director (MD) and Deputy Managing Director (DMD) are appointed by the Government of the Republic of Zambia and the Government of the United Republic of Tanzania respectively. The MD is responsible for the day-to-day operations of the organization while the DMD assists and in the absence of the MD, discharges his functions. The Act states that in the process of making these appointments each contracting government shall have regarded the desirability of appointing persons having wide experience of and shown capacity in matters pertaining to the operations and administration of railways. Yet in reality such appointments may be based on the political connections of the officer concerned; it was observed in a study of managers in Kenya where one of the essentials of managerial success was the building and maintenance of political connections (Blunt & Jones, 1992). Until 1990,

TAZARA MD and DMD were Presidential appointees. This practice ensured a direct connection to the office of the President and elevated the managerial status of the position to ambassadorial level, which speeded up consultation between the two offices. These appointments were based on the officers' management and leadership qualities, not necessarily on railway experience. One of the most popular and effective TAZARA MDs was an army officer, Major General Charles Nyirenda. During his tenure of office operations, profits improved significantly. This contradicts the assertion (Blunt & Jones, 1992) that in Africa attached to the principles of specialization/departmentalism causes jurisdictional disputes. However, dependence on connections with the political establishment makes the officer vulnerable to any change of government. It also provides for what Muuka calls wako-ni-wako appointments, which are appointments on a partisan basis or on the basis of political affiliation (Muuka & Mwenda, 2004).

In 1990 the new Zambian government proposed that the positions be filled through open labour market, recruited by the Board and approved by the Council; this procedure has prompted Price Waterhouse Coopers (2004) consultant to observe that in reality the Council of Ministers decides.

Regional General Manager. The Tanzania Zambia Railway is divided into two geographical regions: Tanzania Region and Zambia Region. The regions are administered by the Regional General Managers who are nationals of their respective countries, recruited by the MD from the open labour market and approved by the Board. They are accountable to the MD and responsible for supervision of day-to-day operations in their regions.

The Impact of the Organizational Structure on Human Resource Management

Recruitment Policy

TAZARA recruitment policy is ethnocentric. That is, all employees in each region are nationals of that country. However, there are two exceptions to this policy: The first exception is when one region lacks appropriate skilled personnel, the MD can transfer them from one region to the other until the other region recruits its own national(s). Zambia benefited from this provision when the region was unable to recruit mechanical and civil engineers because in Zambia the labour market paid engineers higher salaries than those offered by TAZARA, and most Zambian engineers were young and preferred to work in town rather than in TAZARA's rural stations. The second exception relates to stations where both nationalities share common facilities such as the TAZARA Training School, Mbeya Workshops, and the Head Office.

Limitations of TAZARA Organizational Structure

TAZARA organizational structure has been the subject of criticism by business consultants, donors, and development aid agencies who have argued that the three-tier structure peculiar to TAZARA has resulted in excessive powers, concentrated in the Council, with insufficient delegation to the Board and Management. MJC Consultants (1999) and Price Waterhouse Coopers (2004) have argued that the three-tier structure has been responsible for management and equipment problems, citing the following reasons:

Firstly, the Council is a political body that no longer has any role to play in the control of a commercial organization.

Secondly, although the Board is expected to sit at least four times a year, the consensus requirement has meant either postponement or delay in making complex and difficult decisions; there have been cases where the Board has not been able to sit for lack of a quorum. One Board member cited lack of a quorum as one of the weaknesses of the TAZARA Board of Directors and attributed the problem to government reshuffles both in

Tanzania and Zambia. One government official argued that the purpose of a reshuffle is to put someone you can work with in place; normally this entails political support. In Zambia we have had two ruling parties in government since independence, which means a change of allegiance from one party to another, and with the party in power appointing those they are capable of implementing their manifesto. In Tanzania, although there have been changes in government, the ruling party has remained the same, thus no change in party allegiance.

Thirdly, Price Waterhouse Coopers (2004) observed that the division of TAZARA into two operational regions makes its operational costs higher because of the duplication of positions; these costs could be reduced if the Authority were managed from a central location. However, the political background may not be compatible with running the organization from a central location, which would be tantamount to making TAZARA stateless. This observation may be a plausible business possibility in future but at the moment it appears to be politically remote.

Conclusion

Tanzania-Zambia Railway Authority is regulated by Tanzania Zambia Railway Authority Act (1968) repealed in 1995, which provides for the establishment of three-tier organization structure, comprising the Council of Ministers, the Board of Directors, and the Management and it is designed to reflect equal control and ownership of the organization by the two contracting states. Consequently the membership of these bodies is nationally appointed and equal in number.

The study revealed that the three-tier organization structure has resulted in duplication of duties and responsibilities among the three organs, prompting the Directors to request the Council of Ministers to streamline them by delineating duties and responsibilities. The result has been delegating more responsibilities to both the Board and Management while the Council has retained national policy responsibilities.

Most of the respondents and records of Management Consultants are highly critical of the three-tier organization structure especially the role of the Council of Ministers which they think they outlived its purposed following attainment of majority rule all the countries in the region. The decline of TAZARA performance has been attributed to three-tier structure system with its bureaucratic procedures. Consequently privatization has been considered though not yet implemented.

The top-most positions of Managing Director and Deputy Managing Director are the only two senior positions provided by the Act to be nationally appointed, yet by custom and practice, and other senior management positions have been appointed on nationality basis.

Price Waterhouse Coopers have noted that the division of TAZARA into two operational regions makes its operational costs higher than it would have been if it was managed from a central location. However, the organization's political background may not be compatible with running it from a central location. While this may be a plausible business possibility in future at the moment it appears to be a politically remote possibility as it seems to alienate the two governments' involvement in the management of the organization.

The organization structure has both advantages and disadvantages. For governments, it has the advantages of getting involved in the management of the organization and ensuring that the organization provides employment for their nationals within their region. It has two disadvantages: Firstly, it is frustrating to senior management employees whose advancement is limited by nationally allocated positions. Secondly, governments' involvements in its operational decision make it difficult if not impossible for the organization to compete favourably with other business oriented organizations.

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